Charnwood

This meeting will be recorded and the sound recording subsequently made available via the Council's website: charnwood.gov.uk/pages/committees

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

You are requested to attend the meeting of the Charnwood Borough Council to be held in the Preston Room, Woodgate Chambers, Woodgate, Loughborough on Monday, 20th January 2020 at 6.30 pm for the following business.

Chief Executive

Southfields
Loughborough

10th January 2020

AGENDA

1. APOLOGIES

2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

3. MINUTES OF THE PREVIOUS MEETING 6 - 16

To confirm the minutes of the Extraordinary Council meeting held on 4th November 2019 and the Council meeting held on 4th November 2019.

4. ANNOUNCEMENTS

4.1. MAYOR'S ANNOUNCEMENTS

To receive announcements from the Mayor (if any).

4.2. LEADER'S ANNOUNCEMENTS

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

4.3. CHIEF EXECUTIVE'S ANNOUNCEMENTS

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

5. PETITIONS

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

6. BUSINESS RESERVED TO COUNCIL

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

6.1. CAPITAL PLAN AMENDMENT REPORT — 17 - 27

A report of the Cabinet, seeking approval for changes to the 2019/20 to 2021/22 Capital Plan and its financing, is attached.

6.2. MEDIUM TERM FINANCIAL STRATEGY 2020-2023 — 28 - 73

A report of the Cabinet, enabling the Council to consider a Medium Term Financial Strategy for 2020-2023, is attached.

6.3. TREASURY MANAGEMENT UPDATE - MID-YEAR REVIEW FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019 — 74 - 96

A report of the Cabinet, enabling the Council to consider the mid-year review of the Treasury Management Strategy and Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators for the first six months of 2019/20, is attached.

6.4. ANNUAL PAY POLICY STATEMENT — 97 - 122

A report of the Personnel Committee, recommending that the Pay Policy Statement for 2020/21 be approved and adopted, is attached.

7. CALL-IN REFERENCES

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

8. POSITION STATEMENTS

No requests for position statements have been received.

9. MOTIONS ON NOTICE

No motions on notice have been received.

10. QUESTIONS ON NOTICE

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

10.1. GUIDANCE ON RECYCLING

Question submitted by Councillor Gerrard.

10.2. BIN PROVISIONS AT HOUSES IN MULTIPLE OCCUPATION

Question submitted by Councillor Parton.

10.3. STUDENT BLOCKS AND COUNCIL TAX EXEMPTION

Question submitted by Councillor Parton.

10.4. ANTI-SOCIAL BEHAVIOUR

Question submitted by Councillor Bolton.

10.5. BULKY WASTE

Question submitted by Councillor Hamilton.

10.6. PLANNING CONSULTATIONS

Question submitted by Councillor Radford.

11. MINUTE REFERENCES

There are no minute references.

12. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN

12.1. ACQUISITION OF PROPERTIES 123 - 128

A report of the Chief Executive to note a decision taken by the Head of Strategic and Private Sector Housing to acquire properties which were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9.

12.2. MEMBER GRANTS SCHEME 129 - 142

A report of the Chief Executive to note decisions taken by the

Lead Member for Communities, Safety and Wellbeing to award grants which were exempted from call-in accordance with Scrutiny Committee Procedure 11.9.

13. APPOINTMENTS TO COMMITTEES 143 - 144

To approve changes to the membership of Committee for the current Council year (2019/20).

FORTHCOMING SCHEDULED MEETINGS OF COUNCIL

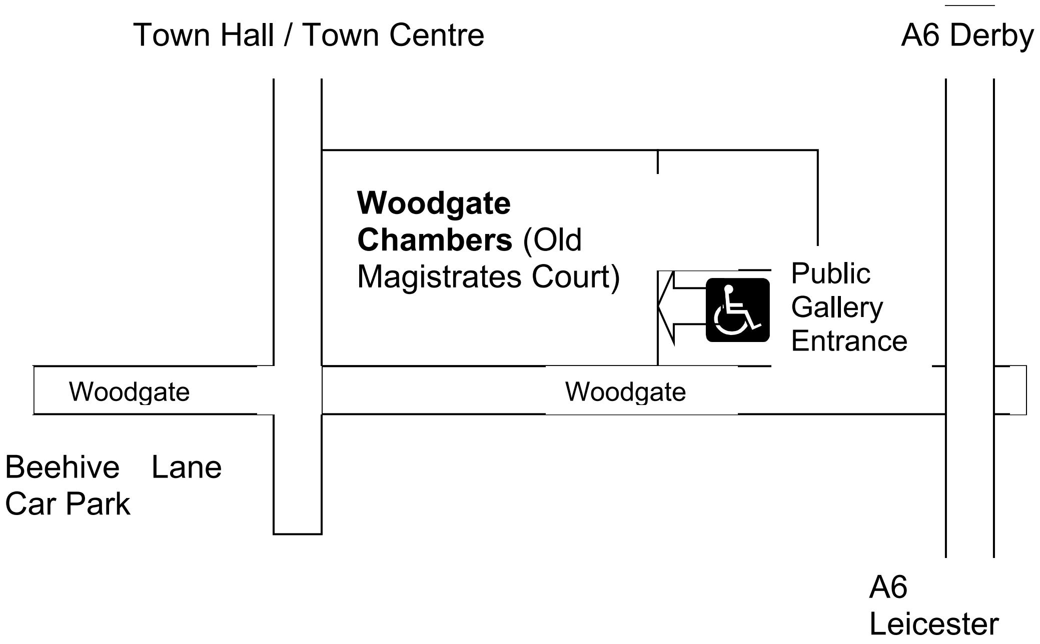
Council Meeting Date	**Deadline Date and Time for Councillors to submit Questions on Notice (under Full Council Procedure 9.9(a)), Requests for Position Statements (under Full Council Procedure 9.10) and Motions on Notice (under Full Council Procedure 9.11(a))**
Monday, 24th February 2020	Friday, 14th February 2020 at noon
Monday, 27th April 2020	Friday, 17th April 2020 at noon
Monday, 18th May 2020	Annual Council – No Questions on Notice, Position Statements and Motions on Notice

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

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

WHERE TO FIND WOODGATE CHAMBERS AND PUBLIC ACCESS

Woodgate Chambers
70 Woodgate
Loughborough
Leics
LE11 2TZ



INFORMATION FOR ATTENDING THE MEETING

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

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

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

CHARNWOOD BOROUGH COUNCIL

MEETING OF THE CHARNWOOD BOROUGH COUNCIL HELD IN THE PRESTON ROOM, WOODGATE CHAMBERS, WOODGATE, LOUGHBOROUGH ON 4TH NOVEMBER 2019

PRESENT
The Mayor (Councillor Seaton)
The Deputy Mayor (Councillor Snartt)

Councillor Bailey
Councillor Barkley
Councillor Bentley
Councillor Bokor
Councillor Boldrin
Councillor Bolton
Councillor J. Bradshaw
Councillor S. Bradshaw
Councillor Brennan
Councillor Brookes
Councillor Campsall
Councillor Capleton
Councillor Draycott
Councillor Forrest
Councillor Fryer
Councillor Gerrard
Councillor Goddard
Councillor Grimley
Councillor Hadji-Nikolaou
Councillor Hamilton
Councillor Harper-Davies
Councillor C. Harris
Councillor K. Harris
Councillor Howe
Councillor Hunt
Councillor Lowe
Councillor Mercer
Councillor Miah
Councillor Morgan
Councillor Murphy
Councillor Needham
Councillor Pacey
Councillor Parsons
Councillor Parton
Councillor Poland
Councillor Popley
Councillor Radford
Councillor Ranson
Councillor Rattray
Councillor Savage
Councillor Shepherd
Councillor Smidowicz
Councillor Tassell
Councillor Taylor
Councillor Tillotson
Councillor Ward

Honorary Aldermen R Shields and J Tormey

54. APOLOGIES

Apologies for absence had been received from Councillors Baines, Charles, Paling and Rollings, and from Honorary Alderman Bush and Stott.

55. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

56. CONFERMENT OF THE TITLE OF HONORARY ALDERMAN

Councillor Tillotson arrived at 6.41pm.

In accordance with Full Council procedure 9.3, Councillors Barkley, Bentley, Morgan, Ranson and Taylor submitted a request to the Chief Executive that an Extraordinary Meeting of the Council be called for 4th November 2019, for the purpose of considering conferring the title of Honorary Alderman on Paul Day, a former Councillor who has rendered eminent services to the Council.

It was proposed by Councillor Morgan and seconded by Councillor Ranson, that pursuant to provisions of section 249(1) of the Local Government Act 1972, Paul Day be admitted an Honorary Alderman of the Borough, in recognition of his eminent services to the Borough and its people.

RESOLVED that, pursuant to the provisions of Section 249(1) of the Local Government Act 1972, Paul Day be conferred with the title of Honorary Alderman.

Reason

To recognise the eminent services to the Borough and its people, rendered by former Borough Councillor, Paul Day.

Note:

These minutes are subject to confirmation as a correct record at the next meeting of the Council which is scheduled for Monday 20th January 2020.

CHARNWOOD BOROUGH COUNCIL

MEETING OF THE CHARNWOOD BOROUGH COUNCIL
HELD IN
THE PRESTON ROOM, WOODGATE CHAMBERS, WOODGATE, LOUGHBOROUGH
ON 4TH NOVEMBER 2019

PRESENT
The Mayor (Councillor Seaton)
The Deputy Mayor (Councillor Snartt)

Councillor Bailey
Councillor Barkley
Councillor Bentley
Councillor Bokor
Councillor Boldrin
Councillor Bolton
Councillor J. Bradshaw
Councillor S. Bradshaw
Councillor Brennan
Councillor Brookes
Councillor Campsall
Councillor Capleton
Councillor Draycott
Councillor Forrest
Councillor Fryer
Councillor Gerrard
Councillor Goddard
Councillor Grimley
Councillor Hadji-Nikolaou
Councillor Hamilton
Councillor Harper-Davies
Councillor C. Harris
Councillor K. Harris
Councillor Howe
Councillor Hunt
Councillor Lowe
Councillor Mercer
Councillor Miah
Councillor Morgan
Councillor Murphy
Councillor Needham
Councillor Pacey
Councillor Parsons
Councillor Parton
Councillor Poland
Councillor Popley
Councillor Radford
Councillor Ranson
Councillor Rattray
Councillor Savage
Councillor Shepherd
Councillor Smidowicz
Councillor Tassell
Councillor Taylor
Councillor Tillotson
Councillor Ward

Honorary Aldermen R Shields and J Tormey

55. APOLOGIES

Apologies for absence had been received from Councillors Baines, Charles, Paling and Rollings, and from Honorary Aldermen Bush and Stott.

56. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

The following disclosures of pecuniary and personal interests were made:

i. Councillor Fryer disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

ii. Councillor Miah disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

iii. Councillor Parton disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

iv. Councillor Parton also disclosed a personal interest in item 10.2 Town Deals as a Councillor Member of the Leicestershire County Council Town Team.

v. Councillor Poland disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

vi. Councillor Radford disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

vii. Councillor Seaton disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

viii. Councillor Shepherd disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

ix. Councillor Taylor disclosed a personal interest in item 8.1 Unitary Status Update, as a Member of Leicestershire County Council.

57. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of Council held on 2nd September 2019 were confirmed and signed.

58. ANNOUNCEMENTS

59. MAYOR'S ANNOUNCEMENTS

The Mayor made the following announcements.

“I would like to mention that Charnwood Council now have a Mayoral Facebook page dedicated to the Mayor of Charnwood. A few of you have already liked the page and are following the updates about the engagements I have been attending. However, I would like to encourage more of you to like the page, which you can find by searching ‘Mayor of Charnwood’ on Facebook.

I am delighted to report that Loughborough has won gold at the Britain in Bloom finals. Earlier this year the town was selected to represent the region in the small city category at the national awards organised by the Royal Horticultural Society. This is the fourth time Loughborough has been at the Britain in Bloom finals. The town was awarded gold in 2016, a silver gilt in 2014 and achieved gold and was named the category winner in 2012. Well done to the many community groups, residents, businesses and organisations in the town that made this possible.

We are heading into a busy period. I have recently attended the Diwali lights celebrations and fast approaching is the Opening of Loughborough Fair on 13th November and the big Christmas light switch on taking place on 24th November.

I encourage you all to attend either the Loughborough or Mountsorrel Remembrance Day parades on Sunday 10th November. However, I do understand that Councillors may attend a service which is in their local town or village.

The Mayor's Community Carol Service is being held on Wednesday 18th December, at All Saints with Holy Trinity Loughborough Parish Church. The service starts at 7pm and it would be lovely to see you all there as well."

60. LEADER'S ANNOUNCEMENTS

The Leader made the following announcements.

"Madam Mayor I would like to announce that I have appointed Councillor Sue Gerrard as the Older Persons Champion until May 2023. We now have a range of Member Champions:

- Climate change – Cllr Needham
- Tree Planting – Cllr Howe
- Loneliness – Cllr Parton
- Armed Forces – Cllr Fryer"

61. CHIEF EXECUTIVE'S ANNOUNCEMENTS

The Chief Executive made no announcements.

62. PETITIONS

Councillor Ward presented a petition on behalf of attendees of a Climate Strike event in Loughborough.

The Mayor confirmed that the petition would be considered and responded to in accordance with the Council's petition scheme.

63. BUSINESS RESERVED TO COUNCIL

64. INVESTMENT STRATEGY

A report of the Cabinet to consider the adoption of an Investment Strategy for the remainder of the financial year 2019/20 and the financial year 2020/21, as recommended by the Cabinet, was submitted (item 6.1 on the agenda filed with these minutes).

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

RESOLVED that the proposals set out at Appendix B to the report of the Strategic Director of Corporate Services (attached as an Annex) be 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.

65. CALL-IN REFERENCES

There were no call-in references from Scrutiny.

66. POSITION STATEMENTS

67. UNITARY STATUS UPDATE

The Labour Group had requested that a position statement regarding the Unitary Status proposals from Leicestershire County Council be present at the meeting.

The Leader had given notice of a position statement (item 8.1 on the agenda filed with these minutes).

The position statement was introduced by The Leader and the following issues were raised by Councillors:

i. the proposal of a Unitary Status Council was recurring, and the Council needed to be proactive in order to prepare for future events. The Councils in the area frequently communicated.
ii. there were other Local Authority models available, other than the unitary approach, which could be adopted instead.
iii. a Unitary Status Council would not make financial savings, due to high redundancy and pension costs.
iv. any change in the current Local Authority model would need to be in the interests of the residents in the area, rather than the Council itself.

RESOLVED that in addition to the Scrutiny Panel created to review the Unitary Status proposal, the matter be referred to the Cabinet.

Reason

To enable the Cabinet and Scrutiny Panel to consider the matter further in order for the Council to make appropriate preparations in the future.

68. MOTIONS ON NOTICE

69. INTERNATIONAL HOLOCAUST REMEMBRANCE ALLIANCE'S WORKING DEFINITION OF ANTISEMITISM

In accordance with Full Council Procedure 9.12, Councillor Poland had given notice of a motion on the International Holocaust Remembrance Alliance's Working Definition of Antisemitism (item 9.1 on the agenda filed with these minutes).

The motion was moved by Councillor Poland and seconded by Councillor Morgan, and

RESOLVED

1. that the Council adopts the International Holocaust Remembrance Alliance's working definition of Antisemitism.

2. that the Council notes the examples set out in the motion which may serve as illustrations.

70. QUESTIONS ON NOTICE

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

CLIMATE CHANGE

Councillor Gerrard did not have a supplementary statement or question.

TOWN DEALS

Councillor Parton asked whether there was more information available on how the Towns Deal would benefit Loughborough.

Councillor Morgan stated that our Town Deal would make a significant impact on Loughborough and that the Council was in the process of finalising the details of the programme. The Chief Executive had called a meeting with Senior Officers to agree actions and deadlines and the scope of the deal would be submitted in late November. Proposed improvements at this stage included infrastructure, connectivity, retail space and an increased reduction in Loughborough's carbon use.

LICENSING OF HOUSES IN MULTIPLE OCCUPATION

Councillor Parton stated that fire safety should be incorporated into the Council's Licensing Scheme. He suggested that resident's additional criteria included bins, exteriors and noise and that this should be addressed within the Licensing Scheme. Councillor Parton was hopeful that the Scheme would be stringent.

Councillor Smidowicz stated that a further criterion which the Licensing Scheme should include was parking. She stated that the Council had over 20 recommendations for the Scheme and welcomed the support of colleagues in approving the evidence-based Scheme.

LICENSING OF HOUSES IN MULTIPLE OCCUPATION

Councillor Draycott stated that the response received was contradictory and demonstrated a lack of communication. The Landlord in question had made numerous applications over time, all of which were incomplete and rejected, and Councillor Draycott believed that this information should have been communicated to the relevant Officers of the Council. She asked for reassurance that documentation received by the Council relating to Houses in Multiple Occupation would be passed to Licensing Officers for action.

Councillor Smidowicz referred to the mandatory licensing introduced by the Government in October 2018 and explained that the Landlord in question had not complied with this legislation, despite repeated correspondence from the Council. Legislation had been updated in 2016 and the Landlord had responded at this point and so had been prosecuted under the previous law. However, Councillor Smidowicz stated that the application remained incomplete and so the Landlord had not been compliant at any point. She assured the Council that action would be taken against any Landlord found to be not compliant with the Scheme.

Following interaction with private Landlords, Councillor Smidowicz believed that the proposed Scheme would be supported by them.

COUNCIL TAX ARREARS

Councillor Christine Harris thanked the Lead Member for the response but stated that the chart provided within it was unclear and misleading. The column containing data on Council Tax arrears in 2019 could not be considered as the year was incomplete. Councillor Harris also stated that the number of accounts in arrears did not necessarily represent the number of residents in arrears, as it was possible for residents to have multiple accounts.

Councillor Barkley stated that he did not anticipate that there was a significant number of residents in arrears moving around the Borough and so it was unlikely there were many residents with multiple accounts in arrears. He also stated that the Council does a lot of work to help residents avoid Council Tax arrears and that the Council could not accurately predict the figures for the remainder of 2019 but it is hoped that the decrease in Council Tax arrears continues.

LEISURE CENTRE

Councillor Julie Bradshaw thanked the Lead Member and Officers for the response but stated that it did not address her concerns. She stated that predominantly the main issues affecting users of the Leisure Centre were that equipment was not being replaced, unsatisfactory lockers, security and CCTV, poor water temperature and air quality systems and a lack of continual investment. Councillor Bradshaw also stated that she felt customer feedback should be collated and reviewed and asked how Members could be more involved in enhancing user experience at Loughborough Leisure Centre.

Councillor Harper-Davies believed that Councillor Julie Bradshaw's supplementary statement was not relevant to her initial question, but she was prepared to investigate these issues further. Councillor Harper-Davies also stated that the ideal water temperature would vary between users of the swimming pool at the Leisure Centre and so issues relating to this would be difficult to overcome.

SOCIAL HOUSING

Councillor Bolton thanked the Lead Member and Officers for the response and did not have a supplementary question or statement.

Councillor Morgan stated that he welcomed further discussion on this topic when required.

COUNTY LINES CRIME

Councillor Goddard commended the invaluable work of the Joint Action Group, the agencies involved in the Community Safety Partnership and the Police and Crime Commissioner. She asked whether there was anymore information available on identifying the signs of exploitation and the nature of gangs in Charnwood in relation to County Lines crime.

Councillor Taylor stated that there had been a 3.1% reduction in overall crime in Charnwood since April 2019 and praised operation Lionheart which was being undertaken by Leicestershire Police. She added that there were various strategies being employed by the Community Safety Partnership and the Police in order to raise awareness of the signs of exploitation, including social media campaigns, market stalls and information sharing. Councillor Taylor welcomed suggestions from Councillors in order to improve this work further.

BUILDING NEW COUNCIL HOUSING

Councillor Ward thanked the Lead Member and Officers for the response and referred to the report on the proposed Housing Development Company which was considered by the Cabinet in December 2018. At that meeting it was decided that a business case for the establishment of a Charnwood Borough Housing Development would be created. Councillor Ward asked when more information on this would be made available and when it would be brought before Full Council.

Councillor Morgan stated that a category on Housing had been incorporated into the Investment Strategy and that this would supersede the report considered by the Cabinet on a Housing Development Company in December 2018.

EXTREME WEATHER EVENTS AND HOMELESSNESS

Councillor Boldrin thanked the Lead Member for the response and asked that information within the Severe Weather Emergency Protocol (SWEP) regarding the total number of emergency spaces for the homeless, and the duration that those spaces were allocated for, be shared with Members.

Councillor Mercer agreed that figures could be circulated and stated that the Council had not experienced an issue with insufficient emergency spaces for rough sleepers during a period that the SWEP has been implemented. He explained that he participated in an annual count of rough sleepers in the Charnwood area and invited Councillor Boldrin to take part.

ENERGY EFFICIENCY STANDARDS FOR NEW BUILDINGS

Councillor Needham thanked the Lead Member for the response and referred to the chapter within the draft Local Plan 2019-36 which considers energy efficiency standards. She stated that a more robust policy was required, to reflect that of other Councils and offered to liaise with the Lead Member regarding this.

Councillor Hunt welcomed a meeting with Councillor Needham and stated that the Local Plan 2019-36 consultation had begun.

ALLOTMENTS

Councillor Forrest thanked the Lead Member for the response and suggested a meeting to discuss CCTV and other security concerns. She also recommended that the topic of allotment security be discussed at the Loughborough Area Committee at its next meeting.

Councillor Bokor welcomed a meeting with Councillor Forrest and suggested that each allotment site was considered separately as there are different requirements for each.

FOOD POVERTY AND THE ROLL-OUT OF UNIVERSAL CREDIT

Councillor Brennan stated that she had seen an increase in hunger in recent years and she believed that this was due to welfare reform, including the removal of the social fund loan and Universal Credit. She outlined data which suggested an average increase in Trussell Trust food bank usage of 52%, 12 months after the implementation of Universal Credit. According to the data, the food banks located in areas where Universal Credit had not been implemented had an increase in usage of 13% and Councillor Brennan highlighted this difference. She thanked the Lead Members and the Officers for the response and asked that the data provided be extended to include the past five years.

Councillor Barkley stated that the Council was involved in substantial work to address food poverty and that it was considered a serious matter. He stated that Universal Credit was not exclusively responsible and that there were numerous factors which contribute towards food poverty. He believed that providing equivalent figures for the past five years would not be helpful in improving the issue.

71. MINUTE REFERENCES

There were no minute references.

72. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN - ACQUISITION OF PROPERTIES

A report of the Chief Executive, informing the Council of an urgent decision made by the Cabinet that was exempted from call-in in accordance with Scrutiny Committee Procedure 11.9, was submitted (item 12 on the agenda filed with these minutes).

Councillor Draycott stated that the Labour Group had previously been critical of the policy but was pleased that the Council had acquired four two-bedroom properties

Councillor Morgan thanked the Labour Group for their support.

73. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN - MEMBER GRANTS SCHEME

A report of the Chief Executive, informing the Council of an urgent decision made by the Cabinet that was exempted from call-in in accordance with Scrutiny Committee Procedure 11.9, was submitted (item 13 on the agenda filed with these minutes).

74. APPOINTMENTS TO COMMITTEES

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

RESOLVED

That Councillor Gerrard be appointed to the Housing, Planning, Regeneration and Regulatory Services Scrutiny Committee to replace Councillor Rattray.

Reason

To reflect the wishes of the Conservative Group in making appointments to committees and to comply with sections 11.2(d) and 12.4(a) of the Council's Constitution.

Note:

These minutes are subject to confirmation as a correct record at the next meeting of the Council which is scheduled for Monday 20th January 2020.

COUNCIL – 20TH JANUARY 2020

Report of the Cabinet

ITEM 6.1 CAPITAL PLAN AMENDMENT REPORT

Purpose of Report

To seek approval for changes to the 2019/20 to 2021/22 Capital Plan and its financing.

Recommendation

To add a new scheme Investment in Commercial Property for £10m to be funded as appropriate following a financing option appraisal split £5m in 2019/20 and £5m in 2020/21 approved by Cabinet on 19th September 2019, Minute 32.

Reason

To enable the scheme budget to be available in 2019/20 and 2020/21 to allow the Investment in Commercial Property to be funded in a financially advantageous manner.

Policy Justification and Previous Decisions

The Capital Plan is an integral element of all policies and the current three-year plan was adopted by full Council on 26th February 2018. The Financial Regulations in the Council's Constitution require that decisions regarding the addition of Council funding of greater than £250k to existing schemes must be approved by full Council.

At its meeting on 16th December 2019, the Cabinet considered a report of the Head of Finance and Property Services regarding the 2019/20 to 2021/22 Capital Plan and its financing. That report is attached as an Annex.

An extract from the Cabinet minutes which details the Cabinet's consideration of the matters reserved to Council is set out below.

"59. CAPITAL PLAN AMENDMENT REPORT

Considered, a report of the Head of Finance and Property Services to consider amendments to the 2019/20 Capital Plan and its financing (item 9 on the agenda filed with these minutes).

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

RESOLVED

[…..]

2. *that **it be recommended to Council** to add a new scheme Investment in Commercial Property for £10m to be funded as appropriate following a financing option appraisal split £5m in 2019/20 and £5m in 2020/21 approved by Cabinet on 19th September 2019, Minute 32;*

[…..]

Reasons

[…..]

2. *To enable the scheme budget to be available in 2019/20 and 2020/21 to allow the Investment in Commercial Property to be funded in a financially advantageous manner.*

[…..]"

Implementation Timetable including Future Decisions and Scrutiny

As detailed in the attached Annex.

Report Implications

As detailed in the attached Annex.

Key Decision:	Yes
Background Papers:	None
Officer to Contact:	Laura Strong Democratic Services Officer 01509 634734 laura.strong@charnwood.gov.uk

ANNEX

CABINET – 16TH DECEMBER 2019

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

Part A

ITEM CAPITAL PLAN AMENDMENT REPORT

Purpose of the Report

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

Recommendations

1. That the current Capital Plan for 2019/20-2021-22, as amended by the changes shown in Appendix 1, in the sum of £37,836,800 be approved.

2. That it be recommended to Council to add a new scheme Investment in Commercial Property for £10m to be funded as appropriate following a financing option appraisal split £5m in 2019/20 and £5m 2020/21 approved by Cabinet on 19th September 2019, minute 32.

3. To note amendments to the Capital Programme since Cabinet 19th September 2019 Minute 30 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 and 2020/21 to allow the Investment in Commercial Property to be funded in a financially advantageous manner.

3. 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 19th September 2019 Capital Plan Amendment Report.

Implementation Timetable including Future Decisions and Scrutiny

This report will be available for scrutiny by the Scrutiny Commission on 9th December 2019.

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	Remote (1)	Major (4)	Low (4)	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 Capital Monitoring & Senior Management Team and Cabinet.

Key Decision: Yes

Background Papers: None

Officer to Contact: Lesley Tansey
Head of Finance and Property Services
01509 634848
Lesley.tansey@charnwood.gov.uk

Part B

Background - Capital Plan

1. The Capital plan amendedment 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 to 2021/22 .

2. The net effects of these changes on the 2019/20 Capital Plan are as follows:

2019/20 Capital Plan	**£'000**
Approved 2019/20 Capital Plan	13,714,700
Add: Carry Forward Budgets 2018-19	1,079,800
Net new/amended schemes	5,038,700
Amended 2019/20 Capital Plan	**19,833,200**

Funded by:	**£'000**
General Fund:	
Grants, S106 Contributions and Revenue	2,909,200
Contributions from Capital Plan Reserve	900,400
Contributions from Capital Receipts	1,929,100
External Borrowing	5,000,000
Total General Fund	**10,738,700**
HRA:	
MRA or equivalent	8,253,400
Contributions from Capital Receipts	841,100
Total HRA	**9,094,500**
Total Funding for 2019/20	**19,833,200**

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. The current Capital Plan, excluding the changes listed in Appendix 1, are included in Appendix 2.

New/Amended Schemes	£
Investment in Commercial Property	**£10,000,000**
Expansion of the Council's Commercial property portfolio split £5m in 2019/20 and £5m in 2020/21.	
Queniborough Parish Council – new community/scout hall	**£40,000**
Contribution towards the cost of a new community/scout hall, fully funded by S106 monies received by the authority.	
HRA – Sheltered Housing Improvements including heating and equipment & Door Entry Systems	**£60,000**
Virement to resource door entry system upgrade to stock due to early failure at Great Centre Road and Pevensey Road.	
Replacement Hardware Programme	**£30,000**
Budget has been brought forward from 2020/21 into 2019/20 to facilitate the rollout of Office 365 and associated IT equipment.	
Bedford Square Gateway	**(£260,000)**
Reduction in LLEP external funding grant awarded	

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 2019/20-2021/22

CAPITAL PLAN AMENDMENT REPORT 2019/20			**Appendix 1**
	2019/20	**2020/21**	**2021/22**
	£	**£**	**£**
Capital Plan Amendment Report - 19th September 2019 - Minute 30	**15,023,200**	**13,033,600**	**0**
Cabinet 19th September 2019 - Minute 32			
Investment in Commercial Property - funded from External Funding	5,000,000	5,000,000	0
E-mail P Oliver - 23rd September 2019			
Sheltered Housing Improvements inc heating & equipment - virement	(60,000)		
Door Entry Systems - virement	60,000		
E-mail A Khan - 3rd October 2019			
Replacement Hardware Programme - Block Sum - allocation brought forward	30,000	(30,000)	
Delegated Decision (DD095 2019) - 16th July 2019			
Queniborough Parish Council - new community/scout hall	40,000	0	
Email R Bennett - 20th November 2019			
Bedford Square Gateway reduction in external LLEP funding	(260,000)		
Update Report - Total	19,833,200	18,003,600	0
Total of 3 Year Capital Plan			**37,836,800**

Appendix 2

CAPITAL PLAN 2019/20

Scheme Details	Total Cost Scheme £	Spend Before 2019/20 £	2019/20 Current Budget £	2019/20 Actual Spend 31/10/19 £	2019/20 Balance £	2020/21 Current Budget £	2021/22 Current Budget £
SUMMARY OF CAPITAL PLAN							
Directly Delivered Schemes							
Community Wellbeing	**8,014,586**	**1,668,986**	**860,600**	**44,937**	**815,663**	**5,485,000**	**0**
Corporate Services	**12,250,178**	**1,994,678**	**5,210,500**	**124,943**	**5,085,557**	**5,045,000**	**0**
Housing, Planning & Regeneration & Regulatory Services - General Fund	**785,424**	**239,424**	**446,000**	**101,516**	**344,484**	**100,000**	**0**
Housing, Planning & Regeneration & Regulatory Services - HRA	**35,996,953**	**20,721,853**	**9,094,500**	**1,992,405**	**7,102,095**	**6,180,600**	**0**
Sub-total Direct Delivery	**57,047,141**	**24,624,941**	**15,611,600**	**2,263,801**	**13,347,799**	**16,810,600**	**0**
Indirectly Delivered Schemes							
Community Wellbeing	**1,359,302**	**343,402**	**955,900**	**503,736**	**452,164**	**60,000**	**0**
Corporate Services	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Housing, Planning & Regeneration & Regulatory Services - General Fund	**20,004,232**	**15,605,532**	**3,265,700**	**499,125**	**2,766,575**	**1,133,000**	**0**
Housing, Planning & Regeneration & Regulatory Services - HRA	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Sub-total Indirect Delivery	**21,363,534**	**15,948,934**	**4,221,600**	**1,002,861**	**3,218,739**	**1,193,000**	**0**
GF Total	**42,413,722**	**19,852,022**	**10,738,700**	**1,274,257**	**9,464,443**	**11,823,000**	**0**
HRA Total	**35,996,953**	**20,721,853**	**9,094,500**	**1,992,405**	**7,102,095**	**6,180,600**	**0**
Grand Total	**78,410,675**	**40,573,875**	**19,833,200**	**3,266,662**	**16,566,538**	**18,003,600**	**0**
Community Wellbeing							
Direct Delivery							
JT Z478 Shortcliffe Community Park	162,099	146,799	15,300	0	15,300	0	0
JT Z697 Bell Foundry Pocket Park - Phase 1 & 2	89,009	80,609	8,400	(15,284)	23,684	0	0
JT Z494 Public Art Provision - Loughborough & Shepshed	92,824	17,724	75,100	45,468	29,632	0	0
JR Z388 CCTV	224,974	97,874	92,100	0	92,100	35,000	0
SW Z785 Old Rectory Museum Toilet	12,000	0	12,000	11,930	70	0	0
SW Z392 Public Realm and Art Improvements	104,694	104,694	0	(3,245)	3,245	0	0
SW Z421 Carillon Tower Restoration Project	298,026	298,026	0	(23,019)	23,019	0	0
SW Z426 Loughborough Market - Replacement Tug and Trailer	21,500	0	21,500	7,753	13,747	0	0
KS Z746 Charnwood Museum Public Toilets Refurbishment	19,887	19,887	0	171	(171)	0	0
NB Z748 Loughborough Festive Lights and Street Dressing	129,997	99,097	30,900	(6,000)	36,900	0	0
NB Z749 Loughborough Market Improvements	59,954	35,954	24,000	1,042	22,958	0	0
RK Z757 Town Hall Roof Upgrade	50,024	17,524	32,500	(8,721)	41,221	0	0
MB Z394 Provision of Neighbourhood Notice Boards	14,956	13,056	1,900	525	1,375	0	0
MB Z739 Green Spaces Programme	590,034	492,334	97,700	(45,770)	143,470	0	0
JT Z747 Dishley Pool Access Works	32,632	12,432	20,200	4,446	15,754	0	0
MB Z784 Loughborough Cemetery - New Burial Provision	650,000	0	0	41,150	(41,150)	650,000	0
SR Z750 Loughborough Old Cemetery Green Flag Site Development	40,000	0	40,000	0	40,000	0	0
SR Z752 Mountsorrel Castle Park Green Flag Site Development	40,000	0	40,000	0	40,000	0	0
MB Z753 The Outwoods Country Park - Septic tank system replacement	45,009	28,009	17,000	2,944	14,056	0	0
MB Z754 The Outwoods Country Park - Visitor Centre and Café	188,000	1,200	186,800	(738)	187,538	0	0
MB Z782 Outwoods Country Park	140,038	125,738	14,300	14,056	244	0	0

Appendix 2

CAPITAL PLAN 2019/20

Scheme Details			Total Cost Scheme £	Spend Before 2019/20 £	2019/20 Current Budget £	2019/20 Actual Spend 31/10/19 £	2019/20 Balance £	2020/21 Current Budget £	2021/22 Current Budget £
MB	Z755	Shortcliffe Park Access Bridges	49,950	34,750	15,200	0	15,200	0	0
MB	Z790	Environmental Services - Fleet Purchase	4,800,000	0	0	0	0	4,800,000	0
AG	Z503	Charnwood Sites Access and Security	49,979	43,279	6,700	8,088	(1,388)	0	0
MB	Z791	Shelthorpe Golf Course - Fencing	89,000	0	89,000	10,141	78,859	0	0
AG	Z792	Community Tree Planting Programme	20,000	0	20,000	0	20,000	0	0
		Sub-total Direct Delivery	**8,014,586**	**1,668,986**	**860,600**	**44,937**	**815,663**	**5,485,000**	**0**
Indirect Delivery									
JR	Z348	Community Facilities Grants	395,532	158,732	176,800	25,010	151,790	60,000	0
JR	Z427	Members Grants	26,000	0	26,000	5,460	20,540	0	0
JR	Z488	Thorpe Acre Residents Association - contribution towards Community Hub building	25,900	0	25,900	0	25,900	0	0
JR	Z499	Syston Town Council - contribution towards Cemetery in Syston	237,382	160,182	77,200	77,262	(62)	0	0
JR	Z292	Hallam Fields Community Hall	499,988	24,488	475,500	293,831	181,669	0	0
JR	Z500	Birstall Cedars Academy all weather pitch	50,000	0	50,000	0	50,000	0	0
JR	Z783	Thurmaston Parish Council - Silverdale and Elizabeth Park	32,300	0	32,300	32,265	35	0	0
JR	Z789	Rothley Parish Council - additional recreation & play area facilites at Mountsorrel Lane	29,900	0	29,900	29,908	(8)	0	0
JR	Z794	Queniborough Parish Council - new community/scout hall	40,000	0	40,000	40,000	0	0	
MB	Z778	Syston Community Garden	22,300	0	22,300	0	22,300	0	0
		Sub-total Indirect Delivery	**1,359,302**	**343,402**	**955,900**	**503,736**	**452,164**	**60,000**	**0**
		Community Wellbeing - Total	**9,373,888**	**2,012,388**	**1,816,500**	**548,673**	**1,267,827**	**5,545,000**	**0**
Corporate Services									
Direct Delivery									
AK	Z085	Replacement Hardware Programme - Block Sum	1,317,424	1,222,424	80,000	38,327	41,673	15,000	0
AK	Z354	Infrastructure Development - Block Sum	201,502	143,502	28,000	20,749	7,251	30,000	0
AK	Z780	Wireless connectivity including presentation facilities	34,615	34,615	0	(3,050)	3,050	0	0
KB	Z423	Call Secure System - PCI Compliance	40,152	4,252	35,900	20,625	15,275	0	0
KB	Z425	Corporate Booking System	22,875	22,875	0	0	0	0	0
DC	Z415	Southfields Offices - Roofing	101,470	101,470	0	(355)	355	0	0
DC	Z493	Fearon Hall	249,997	237,497	12,500	44,059	(31,559)	0	0
DW & DC	Z759	Woodgate Chambers - high level roof and windows improvements	50,000	20,000	30,000	4,132	25,868	0	0
DC	Z777	Messenger Close, Lough - Options for future use	208,043	208,043	0	456	(456)	0	0
AK	Z793	ITrent Upgrade & New Flexi Time System	24,100	0	24,100	0	24,100	0	0
SJ		Investment in Commercial Property	10,000,000	0	5,000,000	0	5,000,000	5,000,000	0
		Sub-total Direct Delivery	**12,250,178**	**1,994,678**	**5,210,500**	**124,943**	**5,085,557**	**5,045,000**	**0**

Appendix 2

CAPITAL PLAN 2019/20

		Scheme Details	Total Cost Scheme £	Spend Before 2019/20 £	2019/20 Current Budget £	2019/20 Actual Spend 31/10/19 £	2019/20 Balance £	2020/21 Current Budget £	2021/22 Current Budget £
		Corporate Services - Total	**12,250,178**	**1,994,678**	**5,210,500**	**124,943**	**5,085,557**	**5,045,000**	**0**
		Housing, Planning & Regeneration & Regulatory Services - General Fund							
		Direct Delivery							
AT	Z744	Beehive Lane Car Park Improvements and refurbishment scheme	180,029	4,829	75,200	0	75,200	100,000	0
AT	Z781	Beehive Lane Car Park fire & safety evacuation systems	125,000	0	125,000	102,296	22,704	0	0
AT	Z786	Car Parks Resurfacing and Improvements	170,000	0	170,000	0	170,000	0	0
DC	Z738	Carbon Management Schemes	190,972	135,172	55,800	(780)	56,580	0	0
RB	Z468	Planning and Regeneration Essential Technology Refresh	84,461	83,361	1,100	0	1,100	0	0
AS	Z424	Choice Based Lettings Software	34,962	16,062	18,900	0	18,900	0	0
		Sub-total Direct Delivery	**785,424**	**239,424**	**446,000**	**101,516**	**344,484**	**100,000**	**0**
		Indirect Delivery							
DH	Z366	Loughborough University Science & Enterprise Park	500,000	150,000	350,000	0	350,000	0	0
DH	Z367	Bleach Yard	29,951	24,051	5,900	0	5,900	0	0
DH	Z787	Bedford Square Gateway	520,000	0	520,000	0	520,000	0	0
DH	Z835	Shepshed Bull Ring	600,000	0	600,000	0	600,000	0	0
DH	Z745	Leicestershire Superfast Broadband Phase 3	100,000	0	100,000	0	100,000	0	0
DH	Z126	Loughborough Eastern Gateway	4,056,249	4,056,249	0	7,000	(7,000)	0	0
RB	Z396	Public Realm - Shepshed Town Centre	50,487	18,687	31,800	13,137	18,663	0	0
RS	Z210	Disabled Facilities Grants - Block Sum	11,773,931	9,283,731	1,432,200	469,511	962,689	1,058,000	0
RS	Z346	Private Sector Housing Grants - Block Sum	398,998	150,098	173,900	9,237	164,663	75,000	0
RS	Z141	Regional Housing Pot Grant	1,889,057	1,846,157	42,900	0	42,900	0	0
RS	Z363	Fuel Poverty Scheme	85,559	76,559	9,000	240	8,760	0	0
		Sub-total Indirect Delivery	**20,004,232**	**15,605,532**	**3,265,700**	**499,125**	**2,766,575**	**1,133,000**	**0**
		Housing, Planning & Regeneration & Regulatory Services - General Fund - Total	**20,789,656**	**15,844,956**	**3,711,700**	**600,641**	**3,111,059**	**1,233,000**	**0**
		Housing, Planning & Regeneration & Regulatory Services - HRA							
		Direct Delivery							
PO	Z300	Major Adaptations	5,741,912	5,741,912	0	0	0	0	0
PO	Z761	Major Adaptations - Fortem	1,425,716	370,716	605,000	43,754	561,246	450,000	0
PO	Z301	Minor Adaptations	709,129	609,129	50,000	4,087	45,913	50,000	0
PO	Z302	Stairlifts	730,056	610,056	60,000	43,153	16,847	60,000	0
PO	Z762	Major Void Works - Fortem	617,247	84,347	252,900	5,589	247,311	280,000	0
		Compliance							
PO	Z434	Asbestos Removal	1,712,663	1,412,663	150,000	177,136	(27,136)	150,000	0

Appendix 2

CAPITAL PLAN 2019/20

Scheme Details			Total Cost Scheme £	Spend Before 2019/20 £	2019/20 Current Budget £	2019/20 Actual Spend 31/10/19 £	2019/20 Balance £	2020/21 Current Budget £	2021/22 Current Budget £
PO	Z771	Communal Area Improvements - Fortem	450,030	150,030	150,000	29,212	120,788	150,000	0
PO	Z742	Communal Area Electric	986,903	586,903	200,000	1,194	198,806	200,000	0
PO	Z374	Carbon monoxide/smoke alarms	240,379	240,379	0	0	0	0	0
PO	Z772	Carbon Monoxide Alarms	122,239	2,239	90,000	4,474	85,526	30,000	0
PO	Z401	Fire Safety	1,532,314	1,532,314	0	(31,394)	31,394	0	0
PO	Z773	Fire Safety Works	211,292	11,292	100,000	(10,000)	110,000	100,000	0
PO	Z774	Cavity/Loft insulation - Fortem	129,000	29,000	50,000	(24,497)	74,497	50,000	0
		Stock Maximisation							
PO	Z375	Garages	100,000	0	50,000	0	50,000	50,000	0
		Decent Homes							
PO	Z763	Kitchens - Fortem	992,915	255,715	379,200	(19,201)	398,401	358,000	0
PO	Z764	Bathrooms - Fortem	2,073,058	308,558	1,034,000	619,448	414,552	730,500	0
PO	Z765	Electrical Upgrades - Fortem	151,720	18,720	54,000	103	53,897	79,000	0
PO	Z766	Windows - Fortem	40,000	0	20,000	0	20,000	20,000	0
PO	Z767	Central Heating and Boiler Installation - Fortem	1,661,294	767,294	460,000	(7,331)	467,331	434,000	0
PO	Z743	Sheltered Housing Improvements inc heating & equipment	951,753	611,753	140,000	0	140,000	200,000	0
PO	Z768	Door Replacement - Fortem	925,215	75,815	534,400	6,505	527,895	315,000	0
PO	Z769	Re-roofing - Fortem	1,777,793	577,793	600,000	(79,850)	679,850	600,000	0
PO	Z770	Major Structural Works - Fortem	540,000	40,000	250,000	84,278	165,722	250,000	0
		General Capital Works							
PO	Z776	Estate and External Works - Fortem	615,071	71	410,000	24,415	385,585	205,000	0
PO	Z857	Housing Capital Technical Costs	4,345,533	3,721,533	312,000	0	312,000	312,000	0
PO	Z378	Door Entry Systems	1,386,931	926,931	260,000	(23,073)	283,073	200,000	0
AS	Z760	Acquisition of Affordable Housing to meet housing need	5,642,128	1,945,228	2,804,800	1,108,650	1,696,150	892,100	0
AS	Z788	Barkby Road, Queniborough - acquisition of 27 dwellings	27,100	0	27,100	8,803	18,297	0	0
PO	Z775	Mobility Scooter Storage - Fortem	45,000	0	30,000	0	30,000	15,000	0
PO	Z470	Job Management System	112,562	91,462	21,100	26,950	(5,850)	0	0
		Sub-total Direct Delivery	**35,996,953**	**20,721,853**	**9,094,500**	**1,992,405**	**7,102,095**	**6,180,600**	**0**
		Housing, Planning & Regeneration & Regulatory Services - HRA - Total	**35,996,953**	**20,721,853**	**9,094,500**	**1,992,405**	**7,102,095**	**6,180,600**	**0**

COUNCIL – 20TH JANUARY 2020

Report of the Cabinet

ITEM 6.2 MEDIUM TERM FINANCIAL STRATEGY 2020-2023

Purpose of Report

To consider a Medium Term Financial Strategy for 2020-2023.

Recommendation

That the Medium Term Financial Strategy 2020-2023, as appended to the report to the Cabinet (attached as an Annex), be approved.

Reason

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

Policy Justification and Previous Decisions

The Medium Term Financial Strategy is prepared annually and is the key document for medium term financial planning within the authority. It is one of the Council's main strategies and helps the Council identify its priorities and set targets for what it plans to achieve.

The draft Medium Term Financial Strategy 2020-2023 was scrutinised by the Budget Scrutiny Panel on 25th September 2019.

At its meeting on 14th November 2019, the Cabinet considered a report of the Head of Finance and Property Services setting out a Medium Term Financial Strategy 2020-2023 for consideration and recommendation to Council. That report is attached as an Annex and includes a correction to the appended Medium Term Financial Strategy 2020-2023 as detailed in Cabinet Minute 47 2019/20.

The Cabinet resolved that it be recommended to Council that the Medium Term Financial Strategy 2020-2023 be approved, to identify the financial issues affecting the Council and the Borough in the medium term in order to provide a base for priorities to be set and to inform the Council's budget-setting process.

Implementation Timetable including Future Decisions and Scrutiny

The Medium Term Financial Strategy will provide a base for priorities to be set and inform the Council's budget-setting process.

Report Implications

Financial Implications

There are no financial implications associated with the recommendation of the Cabinet further to those detailed in the report of the Head of Finance and Property Services, which is attached as an Annex.

Risk Management

There are no risks associated with the recommendation of the Cabinet further to those detailed in the report of the Head of Finance and Property Services, which is attached as an Annex.

Key Decision:	Yes
Background Papers:	Budget Scrutiny Panel 25th September 2019 – Minutes
Officer to Contact:	Laura Strong Democratic Services Officer (01509) 634734 laura.strong@charnwood.gov.uk

ANNEX

CABINET – 14TH NOVEMBER 2019

Report of the Head of Financial & Property Services

Lead Member: Councillor Tom Barkley

Part A

ITEM MEDIUM TERM FINANCIAL STRATEGY 2020 - 2023

Purpose of Report

To bring forward a Medium Term Financial Strategy (MTFS) for consideration by Cabinet and recommendation to Council.

Recommendation

That it be recommended to Council that the MTFS 2020 to 2023, attached as an Appendix, be approved.

Reason

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

Policy Justification and Previous Decisions

The MTFS is prepared 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.

The Draft MTFS was approved for consultation by Cabinet at their meeting on 19th September 2019 (minute ref: 33), and was scrutinised by the Budget Scrutiny Panel on 25th September 2019. This final version of the MTFS will be available for scrutiny by the Scrutiny Commission on 11th November 2019.

Implementation Timetable including Future Decisions and Scrutiny

This MTFS is scheduled go to full Council for approval on 20th January 2020.

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:	Yes
Background Papers:	None
Officers to contact	Lesley Tansey Head of Finance & Property Services 01509 634828 lesley.tansey@charnwood.gov.uk Simon Jackson Strategic Director of Corporate Services 01509 634699 simon.jackson@charnwood.gov.uk

Part B

Background

1. This final version of the Medium Term Financial Strategy was updated in October 2019, in the light of new information coming forward, most significantly in respect of the 'Technical Consultation' for the 2020/21 Finance Settlement, released by the Ministry of Housing, Communities & Local Government on 3 October 2019.

2. More detail is set out within the MTFS itself (attached as an Appendix to this report) but on the basis of new information provided within the Technical Consultation it is esimated that New Homes Bonus funding will reduce by around £1.1m in 2021/22 and some £1.7m in 2022/23 compared to the draft version of the MTFS prepared for consultation (see Cabinet of 19th September 2019).

3. This version of the MTFS also reflects additional information becoming available in respect of ongoing costs and incomes, changes to the council tax base, and refinements to the transformation and efficiency plan.

4. In summary the financial projections now show:

   - 2020/21 will see £1.4m use of reserves assuming that £0.5m of transformation and efficiency savings can be delivered
   - 2021/22 will see a further £2.2m use of reserves assuming that £0.8m of transformation and efficiency savings can be delivered
   - 2022/23 will see a further £2.6m use of reserves assuming that £1.1m of transformation and efficiency savings can be delivered

5. Over the three year MTFS period this would imply a net use of reserves of £6.2m. Assuming no management action was taken to address the financial challenge evidenced within this number, all usable revenue reserves would be eliminated by 31 March 2023. Clearly this is not a sustainable position and the MTFS therefore outlines a budgetary approach, incorporating a judicious target use of reserves, that would address the financial challenges identified.

6. Whilst there is an inevitable health warning that must always be attached to the MTFS projections it seems reasonable to conclude that management action to address the identified financial challenges needs to start now. Initially, it is intended that this will be through the 2020/21 budget setting process, and by acceleration of the Council's transformation and commercialism programmes.

7. It is worth reiterating that the MTFS 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.

8. The MTFS is presented in full as an Appendix to this document.

Appendix

Charnwood Borough Council Medium Term Financial Strategy 2020 – 2023

Charnwood Borough Council

Medium Term Financial Strategy

2020 – 2023

Table of Contents

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. We now know that the process will be delayed into 2020 which naturally limits the amount of information on which to base our planning assumptions. However, on 3 October 2019, the Ministry of Housing, Communities and Local Government released a 'Technical Consultation' on proposals for the 2020/21 Financial Settlement which offers a strong indication on the future of New Homes Bonus funding. The News Homes Bonus is an integral element of the Council's total funding and whilst funding for 2020/21 is likely to be as predicted in the draft version of this Medium Term Financial Strategy, it appears that the Council will face significant funding reductions in future years, creating a more pessimistic outlook than previously presented.

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 combine a degree of pessism with (still) high levels of uncertainty, our past management record and current situation allow us to be optimistic about our ability to deal with the financial challenges ahead.

In some ways, the more pessimistic outlook shown in this version of the MTFS does not change our approach to addressing the forthcoming financial challenges; the outlook does however bring a sharper focus onto our transformation and commercialisation programmes, and the pace of implementation, as we consider the budgetary process for the 2020/21 financial year.

Councillor Tom Barkley

Cabinet Lead Member for Finance

October 2019

2. Executive summary

This Medium Term Financial Strategy (MTFS) 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 (or highly likely)* 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 £1.4m use of reserves assuming that £0.5m of transformation and efficiency savings can be delivered.

- 2021/22 will see a £2.2m use of reserves assuming that £0.8m of transformation and efficiency savings can be delivered.

- 2022/23 will see a further £2.6m use of reserves assuming that £1.1.m of transformation and efficiency savings can be delivered.

Over the three year MTFS period this would imply a use of reserves of £6.2m.

This financial position is not sustainable in the context of the Councils current reserve levels and it will be necessary to take action to address thefinancial challenges identified. (Tables 27 and 28 on page 38 provides information on the funding shortfall and reserve positions.)

These figures show a significant deterioration for the latter years of the projection compared to the draft version of this document. This reflects the content of the 'Technical Consultation' on the 2020/21 Finance Settlement released by the Ministry of Housing, Communities & Local Government (MHCLG) on 3 October 2019[1], and in

[1] https://www.gov.uk/government/consultations/local-government-finance-settlement-2020-to-2021-technical-consultation

particular the strong steer offered on the future of New Homes Bonus funding. More detail is set out in the body of this report but revised estimates in the light of this new information calculate that New Homes Bonus funding will reduce by around £1.1m in 2021/22 and some £1.7m in 2022/23 compared to the draft version of the MTFS.

This version of the document also incorporates revised estimates (where new information has become available) in respect of the council tax base, and the Council's transformation and efficiency, and commercialisation initiatives.

As noted previously, the use of reserves projected above is not sustainable and it is clear that the Council must take action towards rebalancing the budget on a sustainable basis over the life of this MTFS, with a committed focus on driving out efficiencies and increasing income generation. Notwithstanding the increasingly pessimistic view, these projections still carry some downside risks which include the Council's ability to deliver against mooted savings arising from transformation and efficiency initiatives, some of which remain non-specific or otherwise speculative. The largest risk element however, is around the outcome of the government's Fair Funding review which continues as the major uncertainty from the 2021/22 financial year.

Health warnings

As noted in the draft version of this MTFS, the numbers presented come with a 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 in the light of new information from the MHCLG Technical Consultation but suffice to say, ***the financial projections for the latter years of the MTFS (2021/22 and 2022/23) carry significant uncertainty and 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 and future budgets

The Council has adequate levels of revenue reserves and there is no requirement to make any immediate '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[2], despite the background of austerity and the well-publicised financial problems experienced by some local authorities.

However, as evidenced by the content of the Technical Consultation, it is difficult to make the case that the relatively benign conditions currently experienced will continue, and based on the projections above it is clear that a proactive approach to rebalancing the Council's financing will be required. This being the case the target use of reserves for each of the next three years will be:

I. 2020 / 21 £1.0m (budget target for this financial year)

II. 2021 / 22 £0.5m (prospective budget target for this financial year)

III. 2021 / 22 £nil (prospective budget target for this financial year)

These targets are ambitious and would reflect additional financial challenges/savings in the MTFS projections of £0.4m in 2020/21, £1.7m in 2021/22 and £2.6m in 2022/23.

The Council has – in accordance with the approach set out within previous iterations of the MTFS - retained resources to adapt our service offering to reflect a more difficult financial landscape. It now appears that these resources will be required over forthcoming years. To budget within the constraints set out above - and to 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. This funding will need to be combined with proactive planning and effective implementation, all delivered at pace.

[2] This is actually a common scenario amongst District Councils

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. The prospective exit date is still mooted as 31 October 2019 at time of writing, but this may be proven or otherwise by the time this Stategy is published, and there is still little certainty on the terms of this exit. In reality, the impact and ongoing uncertainty surrounding Brexit are likely to continue for some years to come.

The consensus opinion amongst professional economists is that 'Brexit' will have a negative impact on the economy in both the short and longer term[3]. 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.

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 argued that these pledges represent the basis of General Election manifesto rather than a programme for government, but in any event, it is not clear where local government services sit in the range of priorities for the current or prospective future administrations.

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.

[3] 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[4] with the impact (potentially) mitigated through the new business rate retention regime and / or some sort of transitional funding. Comments on New Homes Bonus within the recent MHCLG Technical Consultation seem to support this conclusion.

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 236 out of 317 English local authorities[5] (where '1' is the most deprived and '317' 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.

[4] HM Treasury are known to believe that NHB has not been successful in its stated objective of recovering house building

[5] English local authority Index of Multiple Deprivation 2019 (IMD average ranks – File 10; latest result available, updated 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, this will now 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 strongly suggests that this will be wound down beyond 2020/21 but no alternative approaches to the distribution of this funding pot have yet been proposed. Further detail on the Technical Consultation and MTFS assumptions based on this are set out subsequently.

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. The MHCLG Technical Consultation implies that these relaxations will continue into 2020/21 and 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

	Council Tax Band D	Rank (of 192)		Council Tax Band D	Rank (of 192)
NATIONAL PICTURE			LEICESTERSHIRE AUTHORITIES		
Lowest					
Breckland	£90	1	Hinckley & Bosworth	£132	15
West Oxfordshire	£99	2	**Charnwood**	**£144**	**24**
Hambleton	£109	3	Blaby	£163	53
			Harborough	£168	69
Charnwood	**£144**	**24**	North West Leicestershire	£173	76
			Melton	£203	127
Median			Oadby & Wigston	£225	157
South Holland	£183	96			
North Devon	£183	97			
East Staffordshire	£184	98			
Highest			** 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 MTFS; 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

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*	*20222/23*
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)[6]. 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.

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. 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. Information to date is that the pilot will not be extended into future financial years.

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%[7] plus an

[6] The government compensates local authorities for lost business rate income arising from small business reliefs and similar
[7] CPI = 2.1% (July 2019)

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

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

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.

The MHCLG sets out within the Technical Consultation at paragraph 6.4.5 that:

'It is the Government's intention to look again at the New Homes Bonus and explore the most effective way to incentivise housing growth. We will consult widely on proposals prior to implementation. As the roll forward is for one year, with any funding beyond 2020-21 subject to the 2020 Spending Review and potential new proposals, any new allocations in 2020-21 will not result in legacy payments being made in subsequent years on those allocations.'

Based on the above, the core assumptions for the calculation of the MTFS projections are that:

- The Council will receive a 'full' four years worth of NHB funding in 2020/21
- This will reduce to just two years worth of NHB funding in 2021/22
- There will be a further reduction to just one years worth of NHB funding in 2022/23

- There will be mitigation within other funding streams that will offset ***half*** the impact of 'lost' funding in 2021/22 and 2022/23 (ie. equivalent to one year and one and a half years worth of NHB funding respectively)

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.

Based on the recently completed CTB1 return the change in the council tax register calculated for NHB purposes was 749 properties (against an estimate of 765 properties in the draft version of this MTFS). 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 ACTUAL
Additional properties (Band D equivalent)	727	569	642	890	686	749

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

	2015/16	*2016/17*	*2017/18*	*2018/19*	*2019/20*	2020/21 ACTUAL
Additional properties (adjusted for NHB calculation purposes)	727	569	642	890	686	749
Associated NHB (year) £000	878	716	829	1,198	988	1,114
Cumulative NHB (grant) £000	3,775	4,491	4,004	3,621	3,731	4,129

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. These figures also do not include the 'deadweight' factor – which would reduce the numbers by around 300 – that is used to adjust the NHB figures.

Given that the NHB scheme is likely to be discontinued in its current form it is now unclear to what extent, if at all, that future housing delivery will be linked to direct Government funding.

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 for 2020/21 but will see reductions in funding as set out within the MHCLG Technical Consultation for subsequent years.

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

Mitigation of 'lost' New Homes Bonus funding

There is no information available as to what extent, if at all, the reduced NHB funding (reflecting two years 'lost' funding in 2021/22 and three years lost in 2022/23) will be offset by some other scheme that rewards housing growth, through adjustments to business rate retention within the Fair Funding review, or with some sort of transitional funding offset.

The core assumption for the purposes of calculating the MTFS projections is that half of the lost funding will be offset through some sort of mitigation.

Based on these assumptions the NHB projections (with offsetting mitigation) 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	749	710	710
Deadweight percentage applied	0.4%	0.4%	N/A	N/A
Standardised council tax rate	£1,670	£1,750	N/A	N/A
Associated NHB (£000)	988	1,114	N/A	N/A
Cumulative NHB (£000)	3,731	4,129	2,186	988
Mitigation (estimate) (£000)	N/A	N/A	1,102	1662
Total NHB + Mitigation (£000)	3,731	4,129	3,288	2,650

Sensitivity of New Homes Bonus and Mitigation

The significant uncertainty around the future of NHB beyond 2019/20 (and 2020/21 especially) and prospective mitigation means that this income stream can be regarded as vulnerable. Possible sensitivities include:

- Optimistic: mitigation completely replaces 'lost' NHB funding
- Pessimistic: NHB reduces in line with the MHCLG Technical Consultation but there is mo offsetting mitigation through other funding streams

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

Table 9: Variation in NHB income under alternative scenarios

(Monetary amounts £000)	*2020/21*	*2021/22*	2022/23
OPTIMISTIC			
Lost NHB funding is completley replaced (Based 710 Properties)	4,129	4,389	4,311
PESSIMISTIC			
There is No mitigation of lost NHB funding	4,129	2,186	988

As is apparent from the above, within the NHB funding stream alone, there is a wide range of potential funding outcomes in the latter years of the MTFS.

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[8][9] 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

[8] 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

[9] Changes such as described have, or would, require Full Council approval of the Treasury Management Strategy

Section 9 of this document, which covers the Council's transformation and efficiency plans.

Table 10: Investment income (interest receivable) projections

(Amounts £000)	*2019/20*	*2020/21*	2021/22	2022/23
Assumed returns	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

(Monetary amounts £000 unless stated)	*2020/21*	*2021/22*	*2022/23*
Wages and salaries • 2% annual increases assumed in line with most recent pay settlement	+2% = 275	+2% = 559	+2% = 851
Payroll on-costs • 1% annual increases assumed reflecting requirement for increased pension contributions	+1% = 138	+1% = 280	+1% = 426
Specific contractual commitments:			
Member allowances • Linked to staff salary increases	7	7	8
Environmental services contract (refuse collection and street cleaning) • Increases reflect ending of extension period in 2020 and requirement to replace refuse freighter fleet • Includes inflationary element • Amounts do not include additional efficiencies separately identified in transformation and efficiency plan	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

(Amounts £000)	*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

(Amounts £000)	*2019/20 budget*	*2020/21*	*2021/22*	*2022/23*
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.

Moving forward, the financial challenges identified by this iteration of the MTFS offer a strong case for the enhancement and acceleration of the Council's transformation and commercialisation programmes. Detailed plans are under development at the time of writing but a measure of the Council's intent is the earmarked investment in the skills and capacity required to deliver these programmes, outlined in the Cabinet Report of 17 October 2019, 'Transformation Programme – Resourcing for Mobilisation'[10], which requested £220,000 to fund the initial phase of work.

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

(Monetary amounts £000)	*2019/20*	*2020/21*	*2021/22*	2022/23
Proactive treasury management – Previous MTFS	25	25	25	

[10] Cabinet report: see https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=271&Ver=4

(Monetary amounts £000)	*2019/20*	*2020/21*	*2021/22*	2022/23
Amounts now included base budget assumptions				
Proactive treasury management – Current MTFS • **Review of Treasury Management Strategy to take** effect from 1 April 2020	**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

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

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 Investment Strategy recommended that a fund be set up for property acquisitions with a view to acquisitions commencing from financial year 2021/22, (and as noted previously, it is possible that plans for commercial investment will be expanded and accelerated). The comparison between MTFS projections is tabulated below:

Table 16: Investment in commercial (property) assets

(Monetary amounts £000)	*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	
Investment based on Capital Strategy (draft status at time of writing) – assumes creation of a £10m investment fund	**N/A**	**75**	**150**	**300**

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. Given the current focus on this area (eg. The review of rent and service charges within the Council's existing commercial property portfolio) 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

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

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

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

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

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

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

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

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

(Monetary amounts £000)	*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	

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

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, although for 2020/21 and subsequent years the bulk of this savings (estimated at £200,000) will be specified through the budgetary process

Table 22: Continuous improvement

(Monetary amounts £000)	*2019/20*	*2020/21*	*2021/22*	2022/23
Non-specific – Previous MTFS	150	230	300	
Specific – Addressed through budget process	N/A	200	200	200
Non-specific – Current MTFS	N/A	100	100	100
Current MTFS – as 2019/20 budget		**300**	**300**	**300**

<u>New initiatives identified</u>

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

Commercialisation – expansion of revenues within the 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 revenue

(Monetary amounts £000)	*2019/20*	*2020/21*	*2021/22*	2022/23
Additional Town Hall Seating		0	40	80
Total additional revenue		0	40	80

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.

Table 24: Transformation – Shared Building Control Service

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

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

(Monetary amounts £000)	*2020/21*	*2021/22*	2022/23
Proactive treasury management Review of Treasury Management Strategy to take effect from 1 April 2020	50	50	50
Commercial Property investment Investment based on Capital Strategy (draft status at time of writing) – assumes creation of a £10m investment fund	75	150	300
Commercialisation – review of fees and charges Speculative – projection based on non-garden waste element of previous MTFS figures	30	40	50
Commercialisation – Trade Waste Update for current MTFS	5	10	20
Major contract efficiencies Revised inflationary uplift method negotiated – revenues and benefits contract	20	45	75
Transformation – Accommodation Speculative savings through transformation - accommodation – Updated MTFS	0	0	50
Transformation – ICT enabled 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
Commercialisation – additional revenue Additional Town Hall Seating	0	40	80
Transformation – shared services Shared building control project with NWL DC	25	50	75
Continuous improvement Current MTFS – as 2019/20 budget	300	300	300
TOTAL	**547**	**757**	**1,102**

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

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 £500,000 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 and the Council is exploring options that may mitigate the cost of this service provision (such as setting up its own supported living facility), but unless existing facilities close it can be expected that this will present an ongoing budgetary challenge.

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

(Monetary amounts £000)	*2020/21*	*2021/22*	2022/23
Planning fee income risk	0	0	0
Building control income risk	(100)	(100)	(100)
Housing rent allowance	(547)	(582)	(618)
TOTAL	**(647)**	**(682)**	**(718)**

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 reserves levels are low and may go into deficit. Further action is required to address the projected net funding deficit across the period of the MTFS, as existing reserves cannot be used to fund ongoing revenue costs as these are to be set aside for one off emergency items.

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 is set out in the Cabinet report of 19 September 2019 – 'Investment Strategy'[11]. 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[12] 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 borrowing as

[11] Cabinet report: see https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=271&Ver=4
[12] Cabinet report: see https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=271&Ver=4

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
Net Service Expenditure	**19,269**	**20,059**	**20,743**
Interest Payable	240	240	240
Interest Receivable	(450)	(450)	(450)
	19,059	19,849	20,533
Transformation and efficiency plan (table 25)	(547)	(757)	(1,102)
Budget Risks crystallising (table 26)	647	682	718
Total Net Expenditure	19,159	19,774	20,149
Financing Funding			
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	(4,129)	(3,288)	(2,650)
Surplus on Council Tax	(100)	(50)	(50)
Total Precept income	**(17,729)**	**(17,569)**	**(17,579)**
Total Net Expenditure from above	19,159	19,774	20,149
Funding Shortfall	**1,430**	**2,205**	**2,570**
Target use of Reserves in year	1,000	500	0
Additional Financial Challenge in year	**430**	**1,705**	**2,570**

The implication of the above projections is that to bring the Council's finances back into a sustainable position (ie. where expenditure is restricted to match funding) is that by 2022/23 the Council will need to remove around £3.7m from its projected cost base (represented by £1.1m projected in respect of the current Transformation and Efficiency plan and £2.6m identified as the Additional Financial Challenge.

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

Table 28: Impact on Revenue Reserves

	Actual 2018/19	Budget Position 1/4/2019 2019/20	MTFS 2020/21	MTFS 2021/22	MTFS 2022/23
Working Balances Brought Forward (see note below)	7,057	6,871	5,900	4,470	2,265
Target Use of Reserves	(186)	(971)	(1,000)	(500)	0
Working Balances	6,871	5,900	4,900	3,970	2,265
Additional FinancialChallenge	0	0	(430)	(1,705)	(2,570)
Working Balance Surplus/(Deficit)	*6,871*	*5,900*	*4,470*	*2,265*	*(305)*
Analysis of earmarked Revenue Reserves					
Reinvestment Reserve	809	608	809	809	809
Capital Plan Reserve	2,193	1,093	1,575	1,575	1,575
Other Revenue Reserves	864	742	801	864	864
Total Earmarked Revenue Reserves	*3,866*	*2,443*	*3,185*	*3,248*	*3,248*
Overall Total Revenue Reserve Balances	*10,737*	*8,343*	*7,655*	*5,513*	*2,943*

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. These 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

(Monetary amounts £000)	*2020/21*	*2021/22*	2022/23
Projected use of reserves/Funding shortfall – main Scenario	**1,430**	**2,205**	**2,570**
#1: Optimistic – **mitigation replaces all** NHB funding lost as a result of curtailment of NHB scheme as outlined in MHCLG Technical Consultation	0	(1,102)	(1,662)
Revised use of reserves under Scenario #1	**1,430**	**1,103**	**908**
#2: Pessimistic – **no mitigation** to replace NHB funding lost as a result of curtailment of NHB scheme as outlined in MHCLG Technical Consultation	0	1,102	1,662
Revised use of reserves under Scenario #2	**1,430**	**3,307**	**4,232**

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 a favourable outcome for Charnwood arising from the Fair Funding review. Overall, however, the downside risks remain significant. 877iu

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.

COUNCIL – 20TH JANUARY 2020

Report of the Cabinet

ITEM 6.3 TREASURY MANAGEMENT UPDATE – MID-YEAR REVIEW FOR THE 6 MONTHS ENDED 30TH SEPTEMBER 2019

Purpose of Report

To consider the mid-year review of the Treasury Management Strategy and Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators for the first six months of 2019/20.

Recommendations

1. That the Prudential Borrowing limits (the Operational Boundary and Authorised limits) are both increased by £15m to cover the financial implications of the Investment Strategy Cabinet Report (minute ref 32, 19th September 2019) and the Purchase of Fleet Cabinet Report (minute ref 29, 13th September 2018).

2. That the mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy, as set out in Part B of the report to the Cabinet, attached as an Annex, be noted.

Reasons

1. To ensure that the Treasury Management Strategy and Prudential borrowing limits are updated to cover the proposed £10m Investment in Commercial Property recommended in the Investment Strategy Cabinet Report 19th September 2019 and £5m to cover the purchase of fleet for Environmental Services Contract; this will expand the borrowing headroom limits to meet the relevant financial implications.

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

Policy Justification and Previous Decisions

The Treasury Management Strategy Statement, Prudential and Treasury Indicators and Annual Investment Strategy must be approved by Council each year and reviewed half yearly. This review is set out in Part B of the report to the Cabinet, attached as an Annex. The Strategy for the year was approved by Council on 25th February 2019 (Council Minute 77.2 2018/19 refers).

At its meeting on 14th November 2019, the Cabinet considered a report of the Head of Finance and Property Services, setting out the the mid-year review of the Treasury Management Strategy and the Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators. That report is attached as an Annex.

The Cabinet resolved as follows, for the reasons set out:

*"1. that it **be recommended to Council** that the Prudential Borrowing limits (the Operational Boundary and Authorised limits) are both increased by £15m to cover the financial implications of the Investment Strategy Cabinet Report (minute ref 32, 19th September 2019) and the Purchase of Fleet Cabinet Report (minute ref 29, 13th September 2018);*

*2. that it **be recommended to Council** to note this mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy, as set out in Part B of the report of the Head of Finance and Property Services.*

<u>*Reasons*</u>

1. To ensure that the Treasury Management Strategy and Prudential borrowing limits are updated to cover the proposed £10m Investment in Commercial Property recommended in the Investment Strategy Cabinet Report 19th September 2019 and £5m to cover the purchase of fleet for Environmental Services Contract; this will expand the borrowing headroom limits to meet the relevant financial implications.

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

<u>Implementation Timetable including Future Decisions and Scrutiny</u>

If approved by Council, this decision will have immediate effect.

<u>Report Implications</u>

Financial Implications

There are no financial implications further to those set out in the report to the Cabinet, which is attached as an Annex.

Risk Management

There are no risks further to those set out in the report to the Cabinet, which is attached as an Annex.

Key Decision:	No
Background Papers:	None
Officer to Contact:	Laura Strong Democratic Services Officer (01509) 634734 laura.strong@charnwood.gov.uk

ANNEX

CABINET – 14TH NOVEMBER 2019

Report of the Head of Finance and Property Services

Lead Member: Councillor Tom Barkley

Part A

ITEM TREASURY MANAGEMENT UPDATE – MID-YEAR REVIEW FOR THE 6 MONTHS ENDED 30TH SEPTEMBER 2019

Purpose of Report

This report reviews the Treasury Management Strategy and the Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators for the first six months of 2019/20.

Recommendations

1. That it be recommended to Council that the Prudential Borrowing limits (the Operational Boundary and Authorised limits) are both increased by £15m to cover the financial implications of the Investment Strategy Cabinet Report (minute ref 32, 19th September 2019) and the Purchase of Fleet Cabinet Report (minute ref 29, 13th September 2018).
2. That it be recommended to Council to note this mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy, as set out in Part B.

Reasons

1. To ensure that the Treasury Management Strategy and Prudential borrowing limits are updated to cover the proposed £10m Investment in Commercial Property recommended in the Investment Strategy Cabinet Report 19th September 2019 and £5m to cover the purchase of fleet for Environmental Services Contract; this will expand the borrowing headroom limits to meet the relevant financial implications.

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

Policy Justification and Previous Decisions

The Capital Strategy including the Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy, Prudential & Treasury Indicators must be approved by Council each year and reviewed half yearly. This review is set out in the attached report as Part B. The Strategy for the year was approved by Council on 25th February 2019.

Recommendation 1 in this report seeks to ensure that the Prudential Borrowing limits are increased to reflect the financial implications of two previous Cabinet decisions, as noted within the recommendation.

Implementation Timetable including Future Decisions and Scrutiny

This report will be available for the Audit Committee on 19th November 2019. If approved by Cabinet the recommendations to Council will be considered at the full Council meeting on 20th January 2020.

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 arising from the recommendation in this report. Risks associated with the Treasury Policy etc. in general are included in Part B.

Key Decision:	No
Background Papers:	None
Officer to contact:	Lesley Tansey Head of Finance & Property Services 01509 634828 Lesley.tansey@charnwood.gov.uk Sarah Allen Senior Income Officer 01509 634819 Sarah.allen@charnwood.gov.uk

Part B

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

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

1.2 Proposed Changes Borrowing Limits - The Operational Boundary and The Authorised Limit

In reviewing the mid-year position, proposals set out in recent Cabinet reports may require the need to borrow externally, therefore it is necessary to increase the Operational boundary limit by £15m and the Authorised Limit by £15m. The Operational Limits is the limit which external debt is not normally expected to exceed. In most cases this would be similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under borrowing by other cash recourses. The Authorised limit is the borrowing limit which external debt is prohibited, and this limit needs to be set by full Council. This limit reflects the level external debt which, while not desired, could be afforded in the short term.

1.3 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

Accordingly, treasury management is defined as:

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

Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2019/20 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2019/20;
- A review of the Council's borrowing strategy for 2019/20;
- A review of any debt rescheduling undertaken during 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

2. Economics and Interest Rates

2.1 Economics Update

UK. This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on or 31 October, with or without a deal. However, in September, his proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020 if there is no deal by 31 October. MPs also voted down holding a general election before 31 October, though one is likely before the end of 2019. So far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing, (first week in October), the whole Brexit situation is highly fluid and could change radically by the day. Given these circumstances and the likelihood of an imminent general election, any interest rate forecasts are subject to material change as the situation evolves. If the UK does soon achieve a deal on Brexit agreed with the EU, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover relatively quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in government departments and services annual expenditure budgets and expenditure on infrastructure projects, to boost the economy.

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The MPC meeting of 19 September reemphasised their concern about the downturn in world growth and also expressed concern that the prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.

As for **inflation** itself, CPI has been hovering around the Bank of England’s target of 2% during 2019 but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

With regard to the **labour market,** despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The strong growth in employment numbers during 2018 has reversed into a falling trend during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates again in September to 1.75% - 2.00% and is thought likely to cut another 25 bps in December. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1 and then fell to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and unsurprisingly, the ECB stated that governments will need to help stimulate growth by fiscal policy. On the political front, Austria, Spain and Italy are in the throes of forming coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress also still needs to be made to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. The trade war with the US does not appear currently to have had a significant effect on GDP growth as some of the impact of tariffs has been offset by falls in the exchange rate and by transshipping exports through other countries, rather than directly to the US.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. The trade war between the US and China is a major concern to financial markets and is depressing worldwide growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns have resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been sub 50 which gives a forward indication of a downturn in growth; this confirms investor sentiment that the outlook for growth during the rest of this financial year is weak.

2.2 Interest Rate Forecasts

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	2.30	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.60	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40
25yr PWLB Rate	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00
50yr PWLB Rate	3.20	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90

The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth. The September MPC meeting sounded even more concern about world growth and the effect that prolonged Brexit uncertainty is likely to have on growth.

Bond yields / PWLB rates. There has been much speculation recently that we are currently in a bond market bubble. However, given the context that there are heightened expectations that the US could be heading for a recession, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

What we have seen during the last half year is a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but due to a correlation between US treasuries and UK gilts, which at various times has been strong but at other times weaker, in the UK. However, forecasting the timing of this and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious. Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt fuelled boom which now makes it harder for economies to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The Balance of Risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

One risk that is both an upside and downside risk is that all central banks are now working in very different economic conditions than before the 2008 financial crash. There has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for eleven years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could, therefore, over or under-do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor, though more recently concerns have arisen over her health.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within

the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- **UK inflation,** whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

3. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2019/20 was approved by this Council on 25th February 2019.

- The TMSS previously approved requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below and detailed in Section 1.2:

Prudential Indicator 2019/20	Proposed Change	Budget £ '000	Actual £'000
Authorised Limit	£111,000	£96,000	£81,190
Operational Boundary	£96,190	£81,190	81,190
Capital Financing Requirement	£81,190	£81,190	£81,190

4. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2019/20 Original Estimate £m	Actual Spend 30/9/2019 £m
General Fund	5,959	1,099
HRA	9,094	808
Total capital expenditure	**15,053**	**1,907**

The Actual Capital spend is slow for the first half of the year and excludes commitments. The is being closely monitored and will be addressed in the Capital Monitoring Amendment report to Cabinet in December 2019.

4.2 Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	**2019/20 Current Budget £m**
Total Capital Budget	**15.1**
Financed by:	
Capital receipts	**2.7**
Capital grants	**3.1**
Capital reserves (MRR)	**8.3**
Revenue	**1.00**
Total financing	**15.1**
Borrowing requirement	**0**

4.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement
We are on target to achieve the original forecast Capital Financing Requirement.

Prudential Indicator – the Operational Boundary for external debt

	2019/20 Current Budget £m	**Current Position £m**
CFR – Non Housing	0	0
CFR – Housing	81,190	81,190
Total CFR	**81,190**	**81,190**
Net movement in CFR	**0**	**0**
Borrowing	81,190	81,190
Total Debt (yearend position)	**81,190**	**81,190**

4.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2019/20 Original Estimate £m	Actual Position 30/9/2019 £m
Borrowing (Gross External Debt)	81,190	81,190
Less Investments	(35,956)	(58,810)
Net Borrowing (External Debt)	**45,234**	**22,380**

The Head of Finance & Property Services reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2019/20 Original Indicator	Current Position
Borrowing	96,000	81,190
Total	**96,000**	**81,190**

5. Investment Portfolio 2019/20

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short-term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The average level of funds available for investment purpose during the first half year was £50.05m. Internal investments as at 30th September 2019 and the investment portfolio yield for the first 6 months of the year is 0.97% against a benchmark of 3 months London interbank Bid Rate (LIBID) of 0.66 %. Although the rate of return is low, our performance can still be considered to be good as we have exceeded the target rate.

The interest rate earned by the Council's £5m External Property Funds' investments as at 30th June 2019 is 0.90% £91K. This is a reasonable rate in comparison to the benchmark average rate for the two Property investments funds of 0.60% supplied.

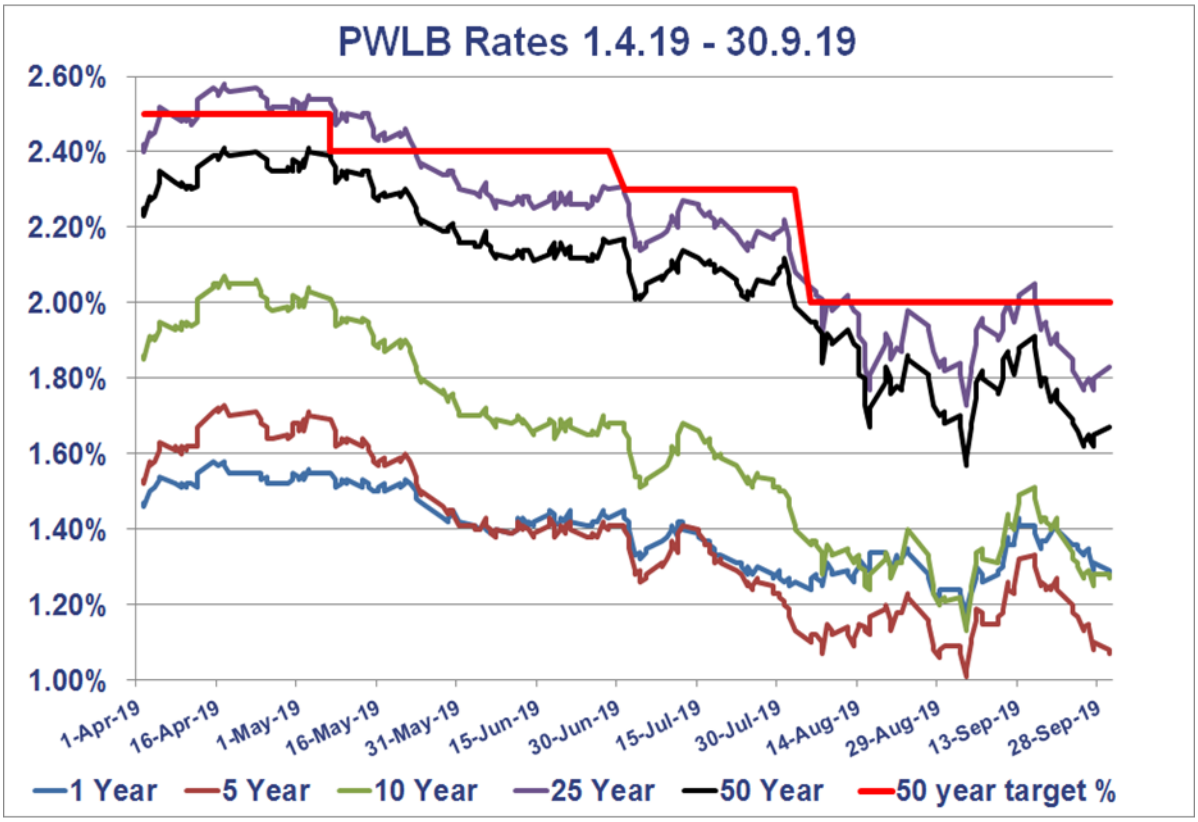
The Head of Finance & Property Services confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2019/20.

The Council's budgeted annual investment return for 2019/20 is £390k, and performance for the year to date is £307k including Property Funds. The Council performed above target in both percentage and actual returns to date and should perform above the budget set 2019/20.

6. Borrowing

The Council's capital financing requirement (CFR) for 2019/20 is £81,190m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council has borrowings of £81,190m.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. PWLB rates have been on a falling trend during this period and longer rate have almost halved to reach historic lows. The 50-year PWLB target (certainty) rate for new long-term borrowing fell from 2.50% to 2.00% during this period.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.17%	1.01%	1.13%	1.73%	1.57%
Date	03/09/2019	03/09/2019	03/09/2019	03/09/2019	03/09/2019
High	1.58%	1.73%	2.07%	2.58%	2.41%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	1.40%	1.37%	1.62%	2.20%	2.07%

Increase in the cost of borrowing from the PWLB

On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps on top of the current margin of *60 bps which* this authority has paid prior to this date for new borrowing from the PWLB. There was no prior warning that this would happen, and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing.

Whereas this authority has previously relied on the PWLB as its *main* source of funding, it now has to fundamentally reconsider alternative cheaper sources of borrowing. At the current time, this is a developmental area as this event has also taken the financial services industry by surprise. We are expecting that various financial institutions will enter the market or make products available to local authorities. Members will be updated as this area evolves.

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. This Authority may make use of this new source of borrowing as and when appropriate.

7. Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

No new borrowing was undertaken during the half year, the council however has plans to borrow in light of the Investment Strategy Report of 19th September 2019 and the Purchase of Fleet Cabinet Report 13th September 2018. The 100bps increase in PWLB rates from 9.10.19 only applied to new borrowing rates, not to premature repayment rates.

Appendices

Appendix 1: Portfolio of investments as at 30th September 2019

Appendix 2: Approved countries for investments as at 30.9.2019

Appendix 3: Glossary of Terms

APPENDIX 1: Investment Portfolio

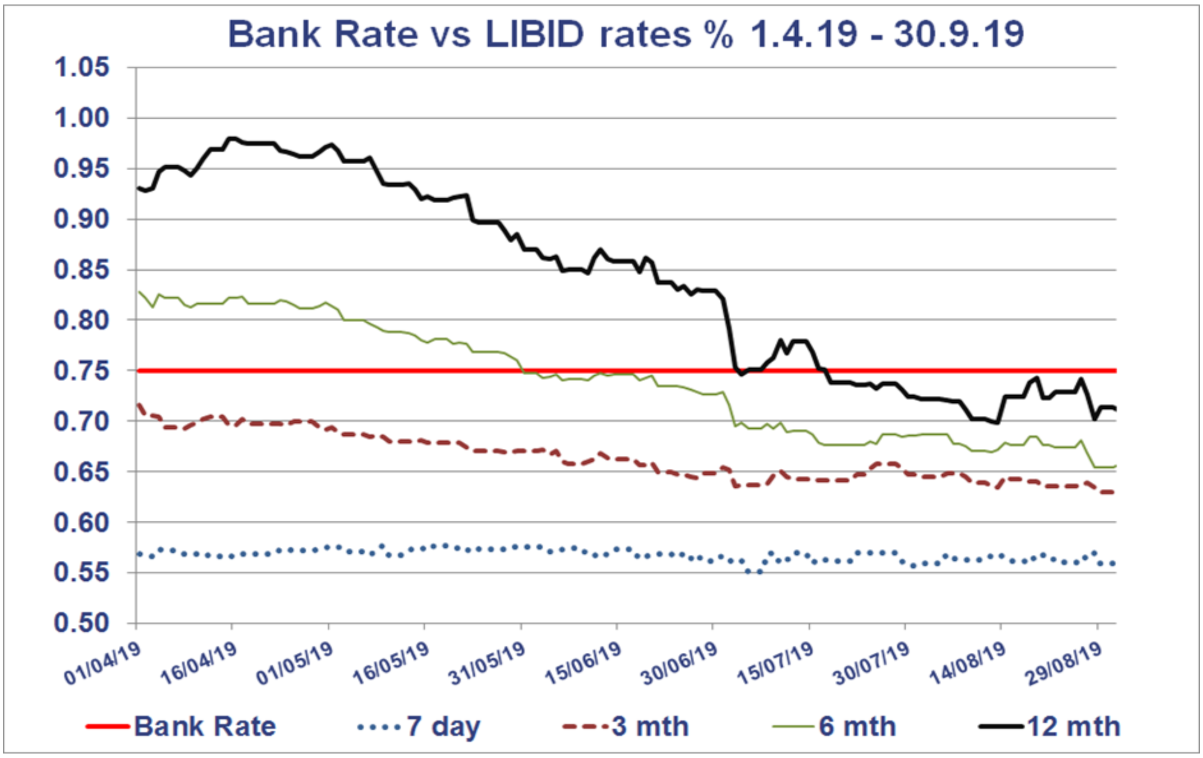
Investments held as at 30 September 2019

Institution	Maturity Date	Interest Rate %	Principal £'000
Lancashire County Council	30/01/2020	1.05	2,000
Wyre Forest District Council	09/10/2020	1.40	2,000
Close Brother	25/10/2019	1.10	2,000
Sumitomo Mitsui Banking Corporation Europe	13/01/2020	0.80	3,000
National Westminster Bank	05/02/2020	0.81	4,000
HSBC	3 Month Notice	0.91	5,000
Santander	180 Day Notice	1.00	8,000
Bank of Scotland	95 Day Notice	1.10	8,000
Goldman Sachs International Bank	95 Day Notice	0.94	2,500
Goldman Sachs International Bank	35 Day Notice	0.80	2,500
Federated Money Market Fund	1 Day Notice	0.74	7,000
Aberdeen Money Market Fund	1 Day Notice	0.74	7,000
Insight Money Market Fund	1 Day Notice	0.69	810
Lothbury Property Fund			2,500
Hermes Property Fund			2,500
Total			**58,810**

Internal Investment performance year to date as at 30 September 2019 (Excludes Property Funds)

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
6 month	0.73%	0.97%	£216k

	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.75	0.58	0.61	0.72	0.83	0.98
High Date	01/04/2019	09/05/2019	15/04/2019	01/04/2019	01/04/2019	15/04/2019
Low	0.75	0.55	0.58	0.63	0.65	0.69
Low Date	01/04/2019	05/07/2019	08/08/2019	29/08/2019	04/09/2019	04/09/2019
Average	0.75	0.57	0.60	0.66	0.73	0.83
Spread	0.00	0.03	0.03	0.09	0.18	0.29


Bank Rate vs LIBID rates % 1.4.19 - 30.9.19
1.05
1.00
0.95
0.90
0.85
0.80
0.75
0.70
0.65
0.60
0.55
0.50
01/04/19
16/04/19
01/05/19
16/05/19
31/05/19
15/06/19
30/06/19
15/07/19
30/07/19
14/08/19
29/08/19
Bank Rate
7 day
3 mth
6 mth
12 mth

APPENDIX 2: Approved countries for investments as at 30.9.19

This list is based on those countries which have a sovereign rating of AA- or Higher

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

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

AA-

- Belgium
- Qatar

APPENDIX 3: Glossary of Terms

Capital Financing Requirement
CFR is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

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

Authorised Limit for External Debt
A further key prudential indicator represents a control on the maximum level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Gross External Debt
This is the total amount borrowed by the Council at a point in time.

Investments
The budgeted figure is the estimated average funds available for investment during the year. The actual figure is the total amount invested as at 30th September for Internal Investments and 30th June Property Funds.

Net Borrowing
Net borrowing is gross external debt less investments.

Loans
In this mid-year (and previously) interest receivable has exceeded interest payable for the General Fund producing a negative number for net interest payable and a somewhat odd-looking negative ratio; this can be construed as indicating that the Council has no issues servicing General Fund loans at this time.

COUNCIL – 20TH JANUARY 2020

Report of the Personnel Committee

ITEM 6.4 PAY POLICY STATEMENT 2020/21

Purpose of Report

To consider a recommendation from the Personnel Committee that the Pay Policy Statement for 2020/21 be approved and adopted.

Recommendation

That the Pay Policy Statement for 2020/21, as set out in the Appendix to the report considered by the Personnel Committee (attached as an appendix), be approved and adopted.

Reason

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

Policy Justification and Previous Decisions

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

At its meeting on 17th December 2019, the Personnel Committee considered a report of the Head of Strategic Support setting out the Council's proposed Pay Policy Statement for the period 1st April 2020 to 31st March 2021. The Committee resolved to recommend to Full Council that the Pay Policy Statement for 2020/21 be approved and adopted. The report considered by the Committee, is attached as an appendix.

Implementation Timetable including Future Decisions

If approved by Full Council the Pay Policy Statement will be published on the Council's website either on or before 1st April 2020.

Report Implications

The following implications have been identified for this report:

Financial Implications

There are no financial implications arising from this decision.

Risk Management

There are no specific risks associated with this decision.

Background Papers:	Personnel Committee minute 22, 2019/20, 17th December 2019
Officer to Contact:	Nicky Conway Democratic Services Officer (01509) 634787 nicky.conway@charnwood.gov.uk
Appendix:	Pay Policy Statement 2020/21, report of the Head of Strategic Support, Personnel Committee, 17th December 2019.

ANNEX

PERSONNEL COMMITTEE – 17TH DECEMBER 2019

Report of the Head of Strategic Support

Part A

ITEM 10 PAY POLICY STATEMENT 2020/21

Purpose of Report

To gain Personnel Committee approval on the Council's Pay Policy Statement covering the period 1st April 2020 to 31st March 2021.

Recommendation

That the Pay Policy Statement for 2020/21, attached at Appendix 1, proceed to Full Council for formal approval and adoption.

Reason

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

Policy Justification and Previous Decisions

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

Implementation Timetable including Future Decisions

The Pay Policy Statement will be submitted for consideration by Full Council at their meeting scheduled on 24th February 2020. If approved, the statement will be published on the Council's website either on or before 1st April 2020.

Report Implications

The following implications have been identified for this report

Financial Implications

There are no immediate financial implications arising from this decision.

Risk Management

There are no specific risks associated with this decision.

Background Papers: None

Annexes:	Annex 1 - Pay Policy Statement –2020 - 21
Officer to Contact:	Adrian Ward Head of Strategic Support Telephone: 01509 634573 Email: Adrian.ward@charnwood.gov.uk

Part B

Background

1. An in year amendment to the Pay Policy Statement for 2020 - 21 was agreed at Full Council on 29th July 2019 in light of recommendations from the Personnel Committee to make changes to the salary arrangements for the Chief Executive post. The effective date for that policy revision was 1st August 2019.

2. There are no further amendments to date to the Pay Policy Statement 2020 - 21 since agreement at Full Council on 29th July 2019.

3. The policy will be updated accordingly once any relevant changes are agreed, such as updates to pay awards and the council's pay multiple.

4. For background information, on 15th November 2011 the Localism Act received Royal Assent. Under Section 38 of the Act, local authorities in England and Wales are required to produce a Pay Policy Statement for each financial year, which must be approved by Full Council.

5. The statement must set out the Council's policies in relation to:

    i. The remuneration of its chief officers;
    ii. The remuneration of its lowest-paid employees; and
    iii. The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

6. For the purposes of this statement, remuneration includes basic salary, bonuses and other allowances or entitlements related to employment.

7. This is the ninth Pay Policy Statement published by Charnwood Borough Council since the Localism Act was implemented. The Pay Policy Statement for 2020 - 21 has been updated to provide a more comprehensive account of the Council's approach to the remuneration of its workforce.

8. The Council is required to publish the Pay Policy Statement for 2020 – 21 on or before 1st April 2020.

Key Points

9. The proposed Pay Policy Statement attached sets out:

    - the Council's approach to job evaluation and grading of posts;
    - additional payments that employees are eligible to receive, such as overtime, enhancements etc.
    - the Council's pay multiple - the ratio between the highest paid employee and the median average salary of the Council's

workforce, (Chief Exec scale - points CEX 1 to CEX 4) and the median average salary of the Council's workforce is 5.455 to 6.110.

- the Council's approach to pay progression, honorariums, market supplements, salary protection and the re-engagement of employees;
- that there is no distinction between chief officers and other employees in relation to pension benefits and severance payments.
- Pension Scheme Discretionary Arrangements – Regulation 60 of the LGPS Regulations 2013 (as amended) require each scheme employer to publish and keep under review five policies explaining how it will apply certain discretions. The pension discretions have been published in accordance with pension requirements.

10. The sections which have been added in the Pay Policy Statement for 2020 - 21 are:

- Revision to salary scale in relation to implementation of Chief Executive grades.

ANNEX 1

Pay Policy Statement 2020/2021

Contents

Purpose

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

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

This Pay Policy Statement sets out the Council's policies relating to the pay of its workforce for the period from 1st April 2020 to 31st March 2021, in particular the:

- Remuneration of Chief Officers;
- Remuneration of the lowest paid employees;
- Relationship between the remuneration of chief officers and employees who are not chief officers.

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

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

Scope

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

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

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

Definitions

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

Remuneration
This includes three elements:

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

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

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

In Charnwood Borough Council this definition would apply to the posts set out in Appendix A.

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

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

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

Pay and Grading Structure

The Chief Executive's salary scale has been updated with effect from 1st August 2019 in line with recommendations from the Personnel Committee following a benchmarking exercise conducted by the East Midlands Council. This post sits at the highest level within the officer salary grade and does not have a comparator. As such it is for the Council to determine the salary arrangements for the post without needing to go through a specific job evaluation process.

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

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

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

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

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

The NJC pay claim for 2018-2020 is made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association. The existing pay award for all employees up to and including P04 (SCP 43) follows the national award made by the National Joint Council for Local Government Employees and covers the period 1 April 2018 to 31 March 2020. The Craft Pay Rates for 2018 – 20 cover the period 1 April 2018 – 31 March 2020. A pay award covering the same period has been agreed for employees on Joint Negotiating Committee (JNC) terms and conditions for Chief Officer's. The same agreement was reached for employees on JNC for Chief Executives of Local Authorities.

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

A copy of the Council's organisation chart, showing grades of posts, can be found on the Council's website.

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

The 'pay multiple' - the ratio between the highest paid salary (Chief Exec scale - points CEX 1 to CEX 4) and the median average salary of the Council's workforce is 5.455 to 6.110.

The figure has increased following a bench marking exercise as part of the recruitment process for a new Chief Executive to the Council.

Remuneration on Appointment

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

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

Market Premia

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

Incremental Progression

Chief Officers
Progression through the pay grade for Chief Officers is dependent on them achieving set criteria and objectives which are agreed at the officer's annual Performance Development Review. Progression through the Chief Executive's grades will be dependent on an annual performance review if not appointed at the top grade, as with other chief officers.

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

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

Enhancements

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

Overtime Payments

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

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

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

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

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

Overtime and Additional Hours Holiday Pay

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

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

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

Other Allowances

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

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

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

Broadband

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

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

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

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

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

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

Bonus Payments

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

Pension Benefits

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

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

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

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

Honoraria

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

Salary Protection

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

Severance Payments

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

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

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

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

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

Full Council have the opportunity to vote on severance packages over £100,000 before they are approved. The information presented will clearly set out the components of the severance package (e.g. salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid).

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

Re-Engagement of Employees

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

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

Election Duties

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

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

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

Publication and Access to Information

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

Appendix A - Charnwood Borough Council's Chief Officers

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

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Appendix B - Pay and Grading Structure

Annual Salaries and Hourly Rates from 1st August 2019

Grade	SCP	Annual Salary	Hourly Rate	Monthly	Wkly
A	1	17364	9.0002	1447.00	333.01
	2	17711	9.1801	1475.92	339.66
	3	18065	9.3636	1505.42	346.45
B	4	18426	9.5507	1535.50	353.38
	5	18795	9.7419	1566.25	360.45
	6	19171	9.9368	1597.58	367.66
	7	19554	10.1354	1629.50	375.01
C	8	19945	10.3380	1662.08	382.51
	9	20344	10.5448	1695.33	390.16
	10	20751	10.7558	1729.25	397.96
	11	21166	10.9709	1763.83	405.92
	12	21589	11.1902	1799.08	414.04
D	13	22021	11.4141	1835.08	422.32
	14	22462	11.6427	1871.83	430.78
	15	22911	11.8754	1909.25	439.39
	16	23369	12.1128	1947.42	448.17
	17	23836	12.3548	1986.33	457.13
E	18	24313	12.6021	2026.08	466.28
	19	24799	12.8540	2066.58	475.60
	20	25295	13.1111	2107.92	485.11
	21	25801	13.3733	2150.08	494.81
SO1	23	26999	13.9943	2249.92	517.79
	24	27905	14.4639	2325.42	535.16
	25	28785	14.9200	2398.75	552.04
SO2	26	29636	15.3611	2469.67	568.36
	27	30507	15.8126	2542.25	585.07
	28	31371	16.2604	2614.25	601.64
PO1	29	32029	16.6015	2669.08	614.25
	30	32878	17.0415	2739.83	630.54
	31	33799	17.5189	2816.58	648.20
	32	34788	18.0315	2899.00	667.17
PO2	33	35934	18.6255	2994.50	689.15
	34	36876	19.1138	3073.00	707.21
	35	37849	19.6181	3154.08	725.87

Grade	SCP	Annual Salary	Hourly Rate	Monthly	Wkly
JNC A	50	47609	24.6770	3967.42	913.05
	51	48835	25.3125	4069.58	936.56
	52	50047	25.9407	4170.58	959.81
	53	51273	26.5762	4272.75	983.32
JNC B	54	52497	27.2106	4374.75	1006.79
	55	53711	27.8398	4475.92	1030.07
	56	55056	28.5370	4588.00	1055.87
	57	56392	29.2295	4699.33	1081.49
JNC C	58	58620	30.3843	4885.00	1124.22
	59	59944	31.0706	4995.33	1149.61
	60	61283	31.7646	5106.92	1175.29
	61	62609	32.4519	5217.42	1200.72
JNC D	62	67326	34.8969	5610.50	1291.18
	63	69005	35.7671	5750.42	1323.38
	64	70690	36.6405	5890.83	1355.70
	65	72373	37.5128	6031.08	1387.98
JNC E	66	74051	38.3826	6170.92	1420.16
	67	75756	39.2663	6313.00	1452.85
	68	77001	39.9117	6416.75	1476.73
	69	79167	41.0344	6597.25	1518.27
Chief Executive	CEX1	125000	64.7908	10416.67	2397.26
	CEX2	130000	67.3825	10833.33	2493.15
	CEX3	135000	69.97408	11250.00	2589.04
	CEX4	140000	72.56572	11666.70	2684.90
Skills Group 1	17	23836	12.3548	1986.33	457.13
	20	25295	13.1111	2107.92	485.11
	25	28785	14.9200	2398.75	552.04
Skills Group 2	17	23836	12.3548	1986.33	457.13
	19	24799	12.8540	2066.58	475.60
	22	26317	13.6408	2193.08	504.71
Skills Group 3	14	22462	11.6427	1871.83	430.78
	15	22911	11.8754	1909.25	439.39
	20	25295	13.1111	2107.92	485.11

	36	38813	20.1178	3234.42	744.36
PO3	37	39782	20.6201	3315.17	762.94
	38	40760	21.1270	3396.67	781.70
	39	41675	21.6013	3472.92	799.25
	40	42683	22.1237	3556.92	818.58
PO4	41	43662	22.6312	3638.50	837.35
	42	44632	23.1340	3719.33	855.96
	43	45591	23.6310	3799.25	874.35

Skills Group 4	7	19554	10.1354	1629.50	375.01
	8	19945	10.3380	1662.08	382.51
	9	20344	10.5448	1695.33	390.16

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

	Scale Point	**Annual Salary (£)**
Group 1	**17**	**23,836**
	20	**25,295**
	25	**28,785**
Group 2	**17**	**23,836**
	19	**24,799**
	22	**26,317**
Group 3	**14**	**22,462**
	15	**22,911**
	20	**25,295**
Group 4	**7**	**19,554**
	8	**19,945**
	9	**20,344**

Levels of Apprenticeship	NJC Salary	
Intermediate	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Appropriate NMW age rate for those aged 21 and above
Advanced	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Appropriate NMW age rate for those aged 21 and above
Higher	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Spinal column points 1 – 4 (Grade A scp 1 – 3 and Grade B scp 4) with annual incremental progression
Degree	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Spinal Column points 4 – 7 (Grade B) with annual incremental progression

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

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

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

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

The Council is required to publish the following five policies.

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

Explanation and Employer's Policy

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

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

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

Explanation and Employer's Policy

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

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

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

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

The Council has not adopted this discretion.

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

Explanation and Employer's Policy

An active member who has attained the age of 55 or over who reduces working hours or grade of an employment may, with the Scheme employer's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in local government service on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

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

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

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

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

Explanation and Employer's Policy

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

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

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

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

The Council will not apply either discretion.

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

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

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

The Personnel Committee and the Director involved will consider any cases and will decide whether the actuarial reductions should be waived. In all cases the financial position of the Charnwood Borough Council must be considered.

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

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

Explanation & Employer's Policy

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

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

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

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

Explanation & Employer's Policy

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

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

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

- Cost to the Council in releasing the scheme member's pension
- Requirement/ability to recruit to the vacated hours or grade
- Additional costs as a result of recruitment/training to the vacated hours or grade

- Capacity to re-allocate work amongst co-workers
- Impact on service delivery and work performance
- Suitability of individual's proposed working arrangements, i.e. days, hours etc.

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

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

Explanation & Employer's Policy

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

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

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

Explanation & Employer's Policy

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

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

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

Explanation & Employer's Policy

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

The Council has not adopted this discretion.

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

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

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

Regulation 5: Power to increase statutory redundancy payments

Explanation & Employer’s Policy

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

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

Regulation 6: Discretionary Compensation

Explanation & Employer’s Policy

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

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

COUNCIL – 20TH JANUARY 2020

Report of the Chief Executive

ITEM 12.1 URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN - ACQUISITION OF PROPERTIES

Purpose of Report

To note decisions taken by the Head of Strategic and Private Sector Housing to acquire properties which were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9.

Action Requested

In accordance with Full Council Procedure 9.11(d) questions may be asked of the Leader in relation to the urgent decisions that were taken. The Leader may ask the relevant Lead Member to respond.

Policy Justification and Previous Decisions

The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission (or in his/her absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

On 19th October 2017 the Leader delegated authority to the Head of Strategic and Private Sector Housing to acquire additional Housing Revenue Account (HRA) properties for rental. It is likely that any properties acquired will exceed £150,000 in value, and therefore each purchase will be a key decision. It would not be practical for the usual call-in arrangements for key decisions to be applied as any delay caused could result in the purchase falling through, and therefore the then Mayor, in the absence of the Chair of the Scrutiny Management Board, gave her approval for decisions taken under this delegated authority to be exempted from call-in under Scrutiny Procedure Rule 11.9. The Chair of the Scrutiny Commission has subsequently confirmed that she is happy with these arrangements. These arrangements were reported to Council on 6th November 2017 (minute 57 2017/18 refers), and the changes to the Scrutiny function and subsequent changes to the Constitution were confirmed by Council on 25th March 2019 (minute 91.2 2018/19 refers).

The purchase of properties being reported to this meeting of Council:

- 6 Lowther Way, Loughborough – 2 bed house
- 5 The Lime Kilns, Barrow upon Soar – 2 bed house

The decisions of the Head of Strategic and Private Sector Housing to exchange contracts on the purchases can be found in the Annex to this report.

Implementation Timetable including Future Decisions

As detailed within the report of the Head of Strategic and Private Sector Housing, attached as an Annex.

Report Implications

As detailed within the reports of the Head of Strategic and Private Sector Housing, attached as an Annex.

Background Papers:	Council 6th November 2017, Item 14, Changes to Membership of the Cabinet and the Delegation of Executive Functions: Acquisition of Additional Housing Revenue Account Properties for Rental
Officer to Contact:	Karen Widdowson Democratic Services Manager (01509) 634785 karen.widdowson@charnwood.gov.uk

Annex

Reports of the decisions taken by the Head of Strategic and Private Sector Housing in respect of the acquisition of the properties.

Acquisition of Properties

6 Lowther Way, Loughborough

Decision under Delegated Powers

Officer Requesting Decision

Beverly Wagstaffe - Housing Strategy and Support Manager

Officer Making the Decision

Alison Simmons - Head of Strategic and Private Sector Housing

Recommendation

To approve the purchase of 6 Lowther Way, Loughborough and for the Council to formerly Exchange Contracts and Complete the purchase.

Reason

To utilise approved funding for the purchase of additional HRA rental properties.

Authority for Decision

Section 8.3, of the Constitution gives delegated authority to the Head of Strategic and Private Sector Housing to acquire additional properties for rent via the HRA where approved funding exists within the Capital Plan for the relevant financial year, and where any property acquired is subject to a Condition Survey, an Independent Valuation, Standard Legal checks, and meets identified housing needs (item 20 on page 8-20).

Decision and Date

Signed:

Date: 8/11/2019

Head of Strategic and Private Sector Housing

Background

The following property has now been identified to purchase:

- 6 Lowther Way, Loughborough – 2 bedroom house

There is an identified need for this size of property.

The seller of the property has accepted an offer of £161,000.

A Condition Survey and Valuation have been satisfactorily completed. Legal checks have identified that the property has a potential Chancel Repair Liability.

The Council's appointed Legal team, North West Leicestershire District Council Legal Services, have been instructed to ensure that Chancel Repair Insurance is in place before the Council Completes on this property.

Comments from HR

Not applicable

Financial Implications

The cost of acquiring this property is £161,000 with associated fees estimated at £2,500 and stamp duty of £5,550 (total cost of £169,050).

In August 2018, Cabinet approved a budget of £2,797,000 for 2019-2020 to support delivery of the Housing Acquisition Policy in acquiring additional HRA properties for rent.

To date the Council has purchased 6 other properties during 2019-2020 for the sum of £1,109,650 including associated fees with a further £833,860 committed with 5 other purchases including this property.

The total spent to date and including the funds committed equal £1,943,510, leaving a balance of £853,490 available for 2019-2020.

There is sufficient budget to cover the cost of acquiring 6 Lowther Way, Loughborough.

Risk Management

No risks identified

Key Decision:	Yes, but exempted from call-in. See agenda item 14; Full Council meeting dated the 6th November 2017.
Background Papers:	Housing Acquisition Policy approved by Cabinet on the 10th May 2018; reviewed and updated June 2019, DD084

Acquisition of Properties

5 The Lime Kilns, Barrow upon Soar

Decision under Delegated Powers

Officer Requesting Decision

Beverly Wagstaffe - Housing Strategy and Support Manager

Officer Making the Decision

Alison Simmons - Head of Strategic and Private Sector Housing

Recommendation

To approve the purchase of 5 The Lime Kilns Barrow upon Soar and for the Council to formerly Exchange Contracts and Complete the purchase.

Reason

To utilise approved funding for the purchase of additional HRA rental properties.

Authority for Decision

Section 8.3, of the Constitution gives delegated authority to the Head of Strategic and Private Sector Housing to acquire additional properties for rent via the HRA where approved funding exists within the Capital Plan for the relevant financial year, and where any property acquired is subject to a Condition Survey, an Independent Valuation, Standard Legal checks, and meets identified housing needs (item 22 on page 8-30).

Decision and Date

Signed:

Alison Simmons

Date: 7th January 2020

Head of Strategic and Private Sector Housing

Background

The following property has now been identified to purchase:

- 5 The Lime Kilns, Barrow upon Soar – 2 bedroom house

There is an identified need for this size of property.

The seller of the property has accepted an offer of £157,000.

A Condition Survey and Valuation have been satisfactorily completed. Legal checks have identified that the property has a potential Chancel Repair Liability.

The Council's appointed Legal team, North West Leicestershire District Council Legal Services, have been instructed to ensure that Chancel Repair Insurance is in place before the Council Completes on this property.

Comments from HR

Not applicable

Financial Implications

The cost of acquiring this property is £157,000 with associated fees estimated at £2,500 and stamp duty of £5,350 (total cost of £164,850).

In August 2018, Cabinet approved a budget of £2,797,000 for 2019-2020 to support delivery of the Housing Acquisition Policy in acquiring additional HRA properties for rent.

To date the Council has purchased 9 other properties during 2019-2020 for the sum of £1,581,538 including associated fees with a further £719,621 committed with 4 other purchases including this property.

The total spent to date and including the funds committed equal £2,301,159, leaving a balance of £495,841 available for 2019-2020.

There is sufficient budget to cover the cost of acquiring 5 The Lime Kilns, Barrow upon Soar.

Risk Management

No risks identified

Key Decision:	Yes, but exempted from call-in. See agenda item 14; Full Council meeting dated the 6th November 2017.
Background Papers:	Housing Acquisition Policy approved by Cabinet on the 10th May 2018; reviewed and updated June 2019, DD084

COUNCIL – 20TH JANUARY 2020

Report of the Chief Executive

ITEM 12.2 URGENT EXECUTIVE DECISION EXEMPTED FROM CALL-IN – MEMBER GRANTS SCHEME

Purpose of Report

To note decisions which were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9.

Action Requested

In accordance with Full Council Procedure 9.11(d) questions may be asked of the Leader in relation to the urgent decisions that were taken. The Leader may ask the relevant Lead Member to respond.

Policy Justification and Previous Decisions

The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in his/her absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

Member Grants Scheme

On 2nd October 2018, Councillor Morgan, as Leader of the Council, took a decision to allocate Executive functions relating to the determination of applications under the Member Grants Scheme where the ward councillor concerned had a conflict of interest to the Cabinet Lead Member for Communities, Safety and Wellbeing.

In exercising that Executive function the Cabinet Lead Member for Communities, Safety and Wellbeing took decisions to award the following grants:-

- That £500 be awarded to the Shepshed Special Community Bus for Community Events
- £1,000 be awarded to Thurmaston Old School Community Centre for Back Room Project 2019
- That £500 be awarded to Thorpe Acre Community Association for Thorpe Acre War Memorial Fund.

The Chair of the Scrutiny Commission has been consulted and has agreed that this decision be exempted from call-in, given its nature and low financial value.

The reports considered by the Cabinet Lead Member for Communities, Safety and Wellbeing can be found in the Annex to this report.

Implementation Timetable including Future Decisions

As detailed within the Annex to this report.

Report Implications

As detailed within the Annex to this report.

Background Papers: None

Officer to Contact: Karen Widdowson
Democratic Services Manager
(01509) 634785
karen.widdowson@charnwood.gov.uk

Annex

Reports considered by the Cabinet Lead Member for Communities, Safety and Wellbeing in respect of the Member Grants Scheme

ANNEX

EXECUTIVE DECISION RECORD

CABINET LEAD MEMBER: COUNCILLOR TAYLOR

ITEM MEMBER GRANTS SCHEME

The Decision

That the Lead Member for Communities, Safety and Wellbeing approves the following award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias:

That £500 be awarded to Shepshed Special Community Bus for Community Events.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Other Options Considered and Rejected

None

Conflicts of Interest Declared by the Decision-Maker

None

Dispensations

None

Reason(s) for the matter being dealt with if urgent

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Approved: D. Taylor Date: 7/11/2019

Cabinet Lead Member for Communities, Safety and Wellbeing

REPORT

Purpose of Report

To bring forward a recommendation for an award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias.

Background

Councillor Christine Radford is a Ward Councillor representing Shepshed West, and wishes to support the award of a grant to Shepshed Special Community Bus. However, she has declared that she is Chair of Shepshed Special Community Bus. Therefore, the Cabinet Lead Member is being requested to act as the final decision maker in respect of the award of the grant.

Recommendation

That £500 be awarded to Shepshed Special Community Bus for Community Events.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Policy Justification and Previous Decisions

The Member Grants Scheme was approved by Cabinet at its meeting on 12th April 2018 (minute reference 116).

Under the scheme each Councillor is allocated £1,000 to fund local community projects within their ward.

Situations can arise where Ward Councillors are considering awarding grants under the scheme to organisations they have a connection to, which under the provisions of the Member Code of Conduct may result in them having a 'personal interest which might lead to bias'.

The Member Conduct Committee considered this matter at its meeting on 17th September 2018 and was of the view that in cases where a Ward Councillor has a conflict of interest that the grant application should be referred to the Cabinet for decision.

The Leader of the Council on 2nd October 2018 allocated this Executive function to the Lead Member for Communities, Safety and Wellbeing. This is reflected in Section 4.5 of Chapter 4 of the Council's Constitution.

Section 10.9 of Chapter 10 of the Council's Constitution requires that, where executive decisions are the responsibility of an individual member of the Cabinet, details of the decision (including any report) be published after the decision has been taken, as required by law.

Implementation Timetable including Future Decisions and Scrutiny

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Report Implications

The following implications have been identified for this report.

Financial Implications

The grants can be funded from within existing identified budgets.

Risk Management

There are no specific risks associated with this decision.

Comments of Monitoring Officer

The Lead Member is being requested to make the final decision on the award of the grant in question because the Ward Councillor has declared a personal interest that might lead to bias, and therefore the advice of the Monitoring Officer is that they should not be the final decision makers.

Key Decision:	No
Background Papers:	None
Officer to contact:	Karen Widdowson Democratic Services Manager (01509) 634785 karen.widdowson@charnwood.gov.uk

EXECUTIVE DECISION RECORD

CABINET LEAD MEMBER: COUNCILLOR TAYLOR

ITEM MEMBER GRANTS SCHEME

The Decision

That the Lead Member for Communities, Safety and Wellbeing approves the following award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias:

That £1,000 be awarded to Thurmaston Old School Community Centre for Back Room Project 2019.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Other Options Considered and Rejected

None

Conflicts of Interest Declared by the Decision-Maker

None

Dispensations

None

Reason(s) for the matter being dealt with if urgent

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Approved: D Taylor .... Date: 23/11/19.....

Cabinet Lead Member for Communities, Safety and Wellbeing

REPORT

Purpose of Report

To bring forward a recommendation for an award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias.

Background

Councillor Brenda Seaton is a Ward Councillor representing Thurmaston, and wishes to support the award of a grant to Thurmaston Old School Community Centre. However, she has declared that she is a trustee of the organisation. Therefore, the Cabinet Lead Member is being requested to act as the final decision maker in respect of the award of the grant.

Recommendation

That £1,000 be awarded to Thurmaston Old School Community Centre for Back Room Project 2019.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Policy Justification and Previous Decisions

The Member Grants Scheme was approved by Cabinet at its meeting on 12th April 2018 (minute reference 116).

Under the scheme each Councillor is allocated £1,000 to fund local community projects within their ward.

Situations can arise where Ward Councillors are considering awarding grants under the scheme to organisations they have a connection to, which under the provisions of the Member Code of Conduct may result in them having a 'personal interest which might lead to bias'.

The Member Conduct Committee considered this matter at its meeting on 17th September 2018 and was of the view that in cases where a Ward Councillor has a conflict of interest that the grant application should be referred to the Cabinet for decision.

The Leader of the Council on 2nd October 2018 allocated this Executive function to the Lead Member for Communities, Safety and Wellbeing. This is reflected in Section 4.5 of Chapter 4 of the Council's Constitution.

Section 10.9 of Chapter 10 of the Council's Constitution requires that, where executive decisions are the responsibility of an individual member of the Cabinet, details of the decision (including any report) be published after the decision has been taken, as required by law.

Implementation Timetable including Future Decisions and Scrutiny

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Report Implications

The following implications have been identified for this report.

Financial Implications

The grants can be funded from within existing identified budgets.

Risk Management

There are no specific risks associated with this decision.

Comments of Monitoring Officer

The Lead Member is being requested to make the final decision on the award of the grant in question because the Ward Councillor has declared a personal interest that might lead to bias, and therefore the advice of the Monitoring Officer is that they should not be the final decision makers.

Key Decision:	No
Background Papers:	None
Officer to contact:	Karen Widdowson Democratic Services Manager (01509) 634785 karen.widdowson@charnwood.gov.uk

EXECUTIVE DECISION RECORD

CABINET LEAD MEMBER: COUNCILLOR TAYLOR

ITEM MEMBER GRANTS SCHEME

The Decision

That the Lead Member for Communities, Safety and Wellbeing approves the following award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias:

That £500 be awarded to Thorpe Acre Community Association for Thorpe Acre War Memorial Fund.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Other Options Considered and Rejected

None

Conflicts of Interest Declared by the Decision-Maker

None

Dispensations

None

Reason(s) for the matter being dealt with if urgent

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Approved: D. Taylor .... Date: 16/12/19

Cabinet Lead Member for Communities, Safety and Wellbeing

REPORT

Purpose of Report

To bring forward a recommendation for an award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias.

Background

Councillor Roy Campsall is a Ward Councillor representing Loughborough Garendon, and wishes to support the award of a grant to Thorpe Acre Community Association. However, he has declared that he is Vice-chair of the organisation. Therefore, the Cabinet Lead Member is being requested to act as the final decision maker in respect of the award of the grant.

Recommendation

That £500 be awarded to Thorpe Acre Community Association for Thorpe Acre War Memorial Fund.

Reason

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

Policy Justification and Previous Decisions

The Member Grants Scheme was approved by Cabinet at its meeting on 12th April 2018 (minute reference 116).

Under the scheme each Councillor is allocated £1,000 to fund local community projects within their ward.

Situations can arise where Ward Councillors are considering awarding grants under the scheme to organisations they have a connection to, which under the provisions of the Member Code of Conduct may result in them having a 'personal interest which might lead to bias'.

The Member Conduct Committee considered this matter at its meeting on 17th September 2018 and was of the view that in cases where a Ward Councillor has a conflict of interest that the grant application should be referred to the Cabinet for decision.

The Leader of the Council on 2nd October 2018 allocated this Executive function to the Lead Member for Communities, Safety and Wellbeing. This is reflected in Section 4.5 of Chapter 4 of the Council's Constitution.

Section 10.9 of Chapter 10 of the Council's Constitution requires that, where executive decisions are the responsibility of an individual member of the Cabinet, details of the decision (including any report) be published after the decision has been taken, as required by law.

Implementation Timetable including Future Decisions and Scrutiny

The Chair of the Scrutiny Commission has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

Report Implications

The following implications have been identified for this report.

Financial Implications

The grants can be funded from within existing identified budgets.

Risk Management

There are no specific risks associated with this decision.

Comments of Monitoring Officer

The Lead Member is being requested to make the final decision on the award of the grant in question because the Ward Councillor has declared a personal interest that might lead to bias, and therefore the advice of the Monitoring Officer is that they should not be the final decision makers.

Key Decision:	No
Background Papers:	None
Officer to contact:	Karen Widdowson Democratic Services Manager (01509) 634785 karen.widdowson@charnwood.gov.uk

COUNCIL – 20TH JANUARY 2020

Report of the Chief Executive

ITEM 13 APPOINTMENTS TO COMMITTEES

Purpose of the Report

To approve changes to the membership of committees as set out below.

Recommendation

That the appointments set out below be made:

Committee Name	**Past representative**	**New representative**
Neighbourhoods and Community Wellbeing Scrutiny Committee	Councillor Parton	Councillor Gerrard

Reason

To reflect the wishes of the Conservative group in making appointments to committees and to comply with sections 11.2(d) and 12.4(a) of the Council's Constitution.

Policy Justification and Previous Decisions

Appointments to committees are made by Full Council. All appointments are confirmed at the start of each Council year but can be amended by Council during the course of the year. In addition, the Head of Strategic Support has delegated authority to make interim committee appointments if notice is received from the relevant group leader (section 11.2(d) of the Constitution in respect of scrutiny appointments and section 12.4(a) of the Constitution in respect of other committee appointments).

Implementation Timetable including Future Decisions and Scrutiny

The Council's decision will have immediate effect. Further amendments to committee appointments can be made by Full Council at each of its meetings. The annual review of political balance arrangements and committee appointments will take place at the Annual Council meeting on 18th May 2020.

Report Implications

Financial Implications

There are no additional financial costs, since any expenses claimed relating to these duties would be met from the existing councillors' allowances budget.

Risk Management

No risks have been identified with this decision.

Background Papers: None

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