



**CABINET**

This meeting will be recorded and the sound recording subsequently made available via the Council's website.

Please also note that under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, other people may film, record, tweet or blog from this meeting. The use of any images or sound recordings is not under the Council's control.

To: Councillors Miah (Leader), Hamilton (Deputy Leader), Ashcroft, Blackshaw, A. Gray, Jadeja, Jones and Tillotson (for attention)

All other members of the Council  
(for information)

You are requested to attend the meeting of the Cabinet to be held in Committee Room 1, at the Council Offices, Southfields, Loughborough on Thursday, 16th November 2023 at 6.00 pm for the following business.

Chief Executive

Southfields  
Loughborough

3rd November 2023

**AGENDA**

1. APOLOGIES
2. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

For information, disclosable pecuniary interests and registrable interests relate to entries that are included, or should be included, on a councillor's register of interests. Non-registrable interests relate to any other matters.

|    |                                                                                                 |         |
|----|-------------------------------------------------------------------------------------------------|---------|
| 3. | <u>LEADER'S ANNOUNCEMENTS</u>                                                                   |         |
| 4. | <u>MINUTES OF PREVIOUS MEETING</u>                                                              | 3 - 7   |
|    | To approve the minutes of the previous meeting.                                                 |         |
| 5. | <u>QUESTIONS UNDER CABINET PROCEDURE 10.7</u>                                                   |         |
|    | The deadline for questions is noon on Monday, 6th November 2023.                                |         |
| 6. | <u>CHARNWOOD GRANTS</u>                                                                         | 8 - 35  |
|    | A report of the Director Housing and Wellbeing.                                                 |         |
|    | <i>Key Decision</i>                                                                             |         |
| 7. | <u>TENANCY POLICY</u>                                                                           | 36 - 54 |
|    | A report of the Director Housing and Wellbeing.                                                 |         |
|    | <i>Key Decision</i>                                                                             |         |
| 8. | <u>HRA BUSINESS PLAN AND CAPACITY UPDATE</u>                                                    | 55 - 79 |
|    | A report of the Director Housing and Wellbeing.                                                 |         |
|    | <i>Key Decision</i>                                                                             |         |
| 9. | <u>TREASURY MANAGEMENT STRATEGY ANNUAL INVESTMENT STRATEGY AND MRP POLICY - MID YEAR REVIEW</u> | 80 - 98 |
|    | A report of the Head of Finance, for recommendation to Council.                                 |         |

## CABINET 12TH OCTOBER 2023

PRESENT: The Leader (Councillor Miah)  
The Deputy Leader (Councillor Hamilton)  
Councillors Ashcroft, Blackshaw, A. Gray, Jadeja,  
Jones and Tillotson

Councillor Seaton

Chief Executive  
Director Finance, Governance and Contracts  
Head of Governance and Human Resources  
Director Commercial and Economic Development  
Head of Planning and Growth  
Team Leader Planning Enforcement  
Democratic Services Officer (LS)

APOLOGIES: None

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

31. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

32. LEADER'S ANNOUNCEMENTS

No announcements were made.

33. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 14th September 2023 were confirmed as a correct record and signed.

34. QUESTIONS UNDER CABINET PROCEDURE 10.7

A. Councillor Bokor – Energy Efficiency, Council Owned Buildings

“Can the Leader please update us with where we are in making Council owned buildings, such as Southfields council offices, energy efficient? This was an ambition of the previous administration & as yet, still nothing has happened by the new administration. By that I mean solar panels for renewable energy, not just putting LED

lights bulbs in!! If that idea is no longer viable, how much further is the Conservative's second idea of selling Southfields as is & using the money to build new energy efficient offices on the adjacent council owned car park, in front of Loughborough Police station? I think Labour mentioned this in their recent election manifesto, as just a "vanity project" of the Conservatives. At some point the new administration needs to lead the Borough (by example) in making major energy savings in its own use of energy."

The following response had been published prior to the meeting:

*Officers instructed consultants to evaluate various options available to the Council regarding office accommodation. These include the potential to build new offices, remain in the current buildings and to purchase and refit new accommodation, including the installation of carbon reduction measures. The report was received by officers on 4 October and will be evaluated. On evaluating the options, officers will have questions that require further clarification in order to gain a more complete view of the options. This will enable more informed options to be prepared and officers will then be able to advise Cabinet on the best course of action to move forward on the shared ambition of net zero and the cost efficient use/operation of space in the coming few months.*

B. Councillor Bokor – Solar and Wind Power, Council Owned Land

"Will the Leader please confirm how far his Labour project to invest in new solar and wind power on council owned land has progressed? I ask as when the Conservatives tried to do this on land next to the new cemetery in Loughborough, they found that the receiving nation grid (Western Power) was full. So what other council owned land is available to achieve this Labour/Green ambition & where?"

The following response had been published prior to the meeting:

*The Council's large landholdings are few, especially those that would be beneficial in the implementation of large-scale renewable energy projects. The site at Little Moor Lane, a former landfill, was the most obvious choice but the Council has been informed by Western Power that the upstream grid capacity required to accept the large scale generation that the site would provide will not be in place until after 2032. At present, the Council owns no other large land parcels that would be practical in the delivery of these types of projects. However, the Council has begun early conversations with another Leicestershire District Council to explore if collaboration is possible should an appropriate project and site be found, subject to financial viability.*

C. Councillor Baines – Balancing Council's Budget

"Given Labour's desire not to use reserves but also to deliver a full suite of public services, how does Labour propose to balance the Council's budget?"

The following response had been published prior to the meeting:

*The development of the draft budget will broadly follow the timetable as used in previous years. Options for changes to both costs and revenues will be considered*

*and reflected within the draft budget reports due to be presented at the December Cabinet meeting. If approved by Cabinet then proposals, as may be amended, will be circulated for wider consultation in line with historical custom and practice.*

35. CLIMATE CHANGE STRATEGY & ACTION PLAN

Considered, a report of the Director Commercial and Economic Development to consider a Climate Change Strategy 2023-2030 and Climate Change Strategy Action Plan 2023-2030 (item 6 on the agenda filed with these minutes).

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

**RESOLVED**

1. that the Climate Change Strategy 2023-2030, contained in Appendix A to the report, be approved;
2. that the Climate Change Strategy Action Plan 2023-2030, contained in Appendix B to the report, be approved;
3. that delegated authority be given to the Director of Commercial and Economic Development, in consultation with the Lead Member for Climate Action, Net Zero, Property and Assets, to review and update the Climate Change Strategy and Action Plan via the Climate Action Board.

Reasons

1. To enable the approval of a Climate Change Strategy that reflects the overall strategic direction of the Council in relation to its Climate Change commitment.
2. To enable actions for managing the Council's impact on Climate Change to be progressed.
3. To enable the Strategy and Action Plan to be kept up to date and amendments to be made as necessary to reflect changing circumstances, opportunities, and Council priorities.

36. REVIEW OF THE PLANNING ENFORCEMENT PLAN

Considered, a report of the Head of Planning and Growth to consider a revised Planning Enforcement Plan (item 7 on the agenda filed with these minutes).

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

**RESOLVED**

1. that the Planning Enforcement Plan, attached at Appendix 1 to the report, be approved;
2. that delegated authority be given to the Head of Planning and Growth, in consultation with the Cabinet Lead Member for Planning, to make minor amendments to the Planning Enforcement Plan.

### Reasons

1. To ensure there is an up to date plan to guide planning enforcement investigations that dovetails with Corporate Policy and complies with the National Planning Policy Framework and encompass the recommendations made by the Planning Officers Society (POSe) during the recent independent review of the service.
2. To ensure if there are any minor amendments required to align the Plan with changes to Government policy these can be undertaken promptly.

### 37. CHANGES TO THE CONSTITUTION

Considered, a report of the Head of Planning and Growth and the Head of Governance and Human Resources to consider changes to the Constitution relating to procedures for dealing with planning applications and other planning matters, and to the composition of the Audit Committee, for recommendation to Council (item 8 on the agenda filed with these minutes).

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

### **RESOLVED**

1. that it **be recommended to Council** that the changes to the Constitution set out in Appendix A to the report be made with effect from 1st December 2023 and that the Monitoring Officer be given delegated authority to make any further consequential changes that arise elsewhere in the Constitution, subject to the following amendment to Appendix A (shown underlined):

#### II. Delegation of Council Functions to the Head of Planning and Growth

Proposed new paragraph "To determine planning applications with a resolution from the Plans Committee to grant planning permission subject to S106 legal agreement where that legal agreement has not been signed by a date specified in a committee resolution or date otherwise agreed with the applicant, in consultation with the Chair of Plans Committee."

2. that it **be recommended to Council** that the composition of the Audit Committee, set out in section 12.3 of the Constitution, be changed from one independent person to two independent members of the Audit Committee.

## Reasons

1. To implement improvements to procedures for dealing with planning applications and other planning matters following an independent service review.
2. To enable the authority to meet the best practice set down by CIPFA the constitution of the authority needs to be amended to enable the committee to appoint two co-opted independent members.

## NOTES:

1. The following officers listed as present attended this meeting virtually: Director Commercial and Economic Development, Head of Planning and Growth, Team Leader Planning Enforcement. The remaining officers listed as present attended in person.
2. The decisions in these minutes not in the form of recommendations to Council will come into effect at noon on Friday, 20th October 2023 unless called in under Scrutiny Committee Procedure Rule 11.7. Decisions in the form of recommendations to Council are not subject to call in.
3. No reference may be made to these minutes at the next available Ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on Friday, 20th October 2023.
4. These minutes are subject to confirmation as a correct record at the next meeting of the Cabinet.

## **CABINET – Thursday 16 November 2023**

### **Report of the Director of Housing and Wellbeing**

**Lead Member: Councillor Liz Blackshaw**

#### **Part A**

#### CHARNWOOD GRANTS – ROUND TWO 2023/2024 CHARNWOOD COMMUNITY FACILITIES AND COMMUNITY GRANT APPLICATIONS

##### Purpose of Report

To enable Cabinet to consider applications received for funding in round two of the Community Facilities and Community Grants programme for 2023/24.

##### Recommendations

1. That the following Community Facilities Grants be awarded:
  - £9,291 to 1st Nanpantan Scout Group towards completion of internal and external new build works
  - £3,600 to Bishop Beveridge Club towards installation of solar panels
  - £8,250 to Shepshed Cricket Club towards improving the toilet facilities and disability access
  
2. That the following Community Grants be awarded:
  - £2,000 to Age UK - Men & Women in Sheds (Charnwood Shed) towards general running costs. Awarded from Loughborough Grant
  - £2,888 to B-Buddies towards purchase of outdoor ramps for cycling activities
  - £1,128 to Communities Food and Wellbeing Hub towards providing Health & Wellbeing Events. Awarded from Loughborough Grant
  - £3,750 to Falcon Support Services E.M. Ltd towards the Charnwood Drop-In Service. Awarded from Loughborough Grant
  - £970 to Friends of Mountsorrel Castle Gardens towards improvements to the Castle Park in Mountsorrel



- £1,750 to Golf in Society towards purchase two golf buggies to enable wider access to the golfing facilities
- £1,000 to Grow Give Live towards street side planters for edible and flowering plants providing free of charge access to fresh produce to people in Syston
- £1,425 to Leslie Edwards Trust towards lipreading & communication skills classes in Loughborough & Birstall
- £2,044 to Menphys towards the start-up of Saturday Clubs in Charnwood £1,022 awarded through Community Grants and £1,022 from Loughborough Grant
- £1,500 to Modern Painters New Decorators towards work with disadvantaged communities in Charnwood through art, £500 awarded through Community Grants and £1,000 from Loughborough Grant
- £1,545 to Sileby Tennis and Pickleball Club towards the repurpose of a tennis court to create three dedicated Pickleball and kids mini tennis courts
- £1,500 to Without Walls towards to general running costs of Singing Cafes in Shepshed & Loughborough

3. The following application be declined as it did not score high enough:

- Starlight Youth Theatre request for 6 headset microphones.

The following applications were ineligible and did not meet the grants criteria:

- Ice Age Insights did not meet our criteria for wider-community benefit.
- Leicester Childrens Holidays did not provide sufficient information.
- Rotary Club of Loughborough Beacon did not meet our criteria for financial need for a grant.
- Spectrum Sensory Sports did not provide sufficient evidence of need.

4. That the Director of Housing and Wellbeing be given delegated authority to finalise the terms and conditions of the awarded Community Grants.

#### Reasons

1. To provide financial support to organisations which meet the criteria of the Community Facilities Grants programme.
2. To provide financial support to organisations which meet the criteria of the Community Grants programme.
3. To decline to provide financial support to organisations which did not score high enough or not meet the criteria for the award of a grant under the Community Grants programme
4. To enable the grants awarded to be finalised and appropriate information to be supplied to the Council about the outcomes of the project.

#### Policy Justification and Previous Decisions

The Council's Corporate Strategy 2020-2024 makes a commitment to deliver high quality living with a range of services to meet the needs of our diverse community. It makes a commitment to support our communities by delivering a range of services which not only help residents, but also empowers them to make a positive difference in their local areas and that community cohesion will remain a priority. In addition, it wants residents to live healthy and active lifestyles and to offer services to improve wellbeing, either directly or with our partners.

At its meeting on 11th March 2021, Cabinet agreed the revised Charnwood Community Grants, Community Facilities and Member Grants schemes following the 2021/22 budgets for the grant's schemes being agreed at Cabinet on the 11<sup>th</sup> February 2021. The previous grants schemes (Community Development and Engagement, Loughborough grants and the Sports grants) were reviewed and changes made, resulting in a proposed new combined grants scheme called Charnwood Community Grants. The Community Facilities Grant scheme was revised, removing the Feasibility study and allowing for the inclusion of certain sports related projects.

#### Implementation Timetable including Future Decisions and Scrutiny

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

#### Report Implications

The following implications have been identified for this report.

### Financial Implications

#### *Community Facilities Grant Funding*

The Community Facilities Grants budget allocated in the 2023-2024 Capital Plan was £50,000. The opening balance for Round One 2023/24 was £50,000. Six grants were awarded in this round at a total of up to £28,859 leaving the opening balance for Round 2 of £21,141. Three grants were received for funding in Round Two and all were awarded a Facilities Grant by the grants panel, giving a combined total of up to £21,141, resulting in a full allocation of the budget.

#### *Community Grant Funding*

The 2023/24 budget for Community Grants is £50,000 which includes £15,900 ringfenced for Loughborough focused projects. Twelve applications were supported through the Community Grants scheme in Round One totalling £28,500, (£7,000 from the Loughborough grant), leaving a balance of £21,500 for Round Two, of which £8,900 is ringfenced for Loughborough projects.

Seventeen applications were received in Round Two. This report recommends that twelve applications are supported and awarded up to £21,500 (£8,900 from the Loughborough Grant), resulting in the full allocation of the budget. That one application is declined as it didn't score highly enough and that the four applications that were ineligible as they didn't meet the criteria, are not submitted to Cabinet for consideration.

There have been two pressures on this round of funding 1) over-subscription in that the total value of applications is far higher than the total value of funds available to allocate and the grants panel awarded amounts according to score and how they delivered against priorities 2) there were a number of applications to support new emerging needs including those affecting the more vulnerable members of the borough and those impacted by the cost-of-living crisis.

### Risk Management

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

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

## Equality and Diversity

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

In addition, an Equality Impact Assessment has been completed and attached at Appendix 3.

## Crime and Disorder

Many of the grants awarded support the provision of activities and programmes for both children, young people and adults which contribute towards reducing the impact of crime and anti-social behaviour through the provision of diversionary activity and promotes stronger, cohesive and balanced communities.

Key Decision: Yes

Background Papers: None

Officers to contact: Peter Oliver  
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## PART B

### Charnwood Community Grants Criteria

1. At its meeting on 11th March 2021, Cabinet agreed the revised Charnwood Community Grants scheme following the 2021/22 budgets for the grant schemes being agreed at Cabinet on the 11 February 2021. The previous grants schemes (Community Development and Engagement, Loughborough grants and the Sports grants) were reviewed and changes made, resulting in a proposed new combined grants scheme called Charnwood Community Grants.
2. The main criteria include the following:
  - maximum grant award of £5000
  - criteria have been amended to make it accessible to sports clubs and sports organisations
  - provides funding for projects delivered by the voluntary and community sector
3. The application form has been shortened and been devised to ensure that only relevant questions are asked. The associated assessment process has been adapted to ensure that the scoring system is directly related to the questions on the application form, with each question having a maximum score of 5. The Grants Panel will assess the applications and score against each of the questions, with a maximum score of 35.
4. The scoring and assessment process allows the Grants Panel members to provide an overall score of the application itself as well as provide additional comments based on the knowledge they have of groups, emerging issues in the sector or localities as well as things they have picked out from the application which can be brought to the meeting for discussion.

It is proposed that the level of score achieved will reflect the level of grant recommended. A low score will result in no award being recommended, a medium score will result in some of the grant applied for being awarded, with high scoring applications receiving most, if not all the funding applied for.

| Score        | Level of funding                   |
|--------------|------------------------------------|
| Low score    | Nil                                |
| Medium score | Some of grant funding applied for  |
| High score   | Most or all of funding applied for |

### Community Facilities Grants

5. At its meeting on 11th March 2021, Cabinet agreed to the revised Charnwood Community Facilities Grants scheme. The Community Facilities Grant scheme was revised, removing the Feasibility study and small environmental project elements, and allowing for the inclusion of certain sports related projects.

6. The criteria include the following:
  - That the maximum amount awarded would be £20,000 for projects that link well into the Council's Corporate Plan and can achieve wider community benefits.
  - Inclusion of sports clubs and sports organisations who previously were not able to access this grants scheme.
  
7. For Round 2 of Facilities Grants a pilot scheme to provide an online application service and grants panel scoring process using lagan was implemented. The panel received all the information including the sustainability checklist but used the same scoring process as the Community Grants above (Please see point 4 above). The panel used the same criteria for scoring Facility Grants as before including the following:
  - Well-prepared schemes, with a realistic costing of the work, and projects that are well targeted, have good local support and strong input from volunteers.
  - Projects that link well into the Council's Corporate Plan and can achieve wider community benefits.
  - Applications from organisations with a strong local base and full accessibility to the community.
  - The need of the community for the facility and the need of the organisation for the funding.

### **Community Facilities Grant Applications**

8. Three applications were received for the Community Facilities Grants in Round Two for 2023/24. The applications were assessed against the grants criteria and three applications were recommended for funding.

### **1<sup>st</sup> Nanpantan Scouts**

9. The purpose of the organisation is to actively engage and support young people in their personal development through learning by doing, sharing experiences and beliefs, taking responsibility and making safe choices.
  
10. The application is for completion of internal and external new build works on a new community building that will provide a full accessible community space for Loughborough residents, for social, leisure and sporting activities.
  
11. The project will benefit young people and volunteers and establish the facility as a community space to meet an identified demand from residents in the area—currently there are limited facilities, some restricted to members only.
  
12. The project will achieve the following outcomes:
  - Increased opportunities for young people and local residents to take part in physical exercise and social activities
  - Decreased loneliness and anti-social behaviours

- Improved support network beyond schooling
- Increased opportunities for young people to develop life skills to support and complement their academic education
- A more energy efficient building, with improved glazing, insulation and heating to provide a more welcoming environment
- Provide new food bank collection point

13. Panel comments:

The panel recognises the new community building as a significant development in an area with no other access to community facilities and services. The applicant has demonstrated community consultation in support and a sound business case towards financial sustainability. There is evidence of high levels of existing usage and intention of new use across all age groups and social economic demographics.

14. £19,936.18 was requested. The application scored 25.5 therefore, the panel would like to recommend a partial award of £9,291 towards internal and external new build works.

**Bishop Beverage Club**

15. The purpose of the organisation is to promote the welfare of the aged in any manner which is now or hereafter may be deemed by law to be charitable, within the parish of Barrow upon Soar.

16. The application is for purchase and installation of solar panels.

17. The project will benefit the Club's continuation to provide a warm, welcoming and safe environment to those aged 60+ to assist in reducing social isolation for some of the most vulnerable residents of Barrow upon Soar and surrounding villages through coffee mornings, outings, film shows, talks, lunches, afternoon teas, games afternoons and provide welfare support.

18. The project will achieve the following outcomes:

- Installation of solar panels will provide an alternative, clean energy source and will vastly reduce the Club's reliance on regular energy supplies
- Lessening the impact of increased energy costs
- Create an income stream to improve the Club's financial sustainability

19. Panel comments:

The Panel feels that the organisation provided good evidence of need for protecting the club's existing community use and financial sustainability through energy cost savings. Although there are other community facilities in Barrow on Soar one the club is supporting a specific cohort of over 60-year-olds and their particular needs.

20. £4,500 was requested. The application scored 23 therefore, the panel would like to recommend a partial award of £3,600 towards the installation of solar panels.

### **Shepshed Cricket Club**

21. The purpose of the organisation is as a local amateur sports club improve fitness of the community of Shepshed and surrounding residents and provide non-playing members opportunities to socialise.

22. The application is for the refurbishment the club's kitchen and toilets.

23. The benefits will be improved facilities for all visitors to the club. New toilets will provide disability access and separate kitchen area will provide new revenue for the club through increased room hire during the day when club would normally be closed.

24. The project will achieve the following outcomes:

- Increased opportunities to support the development of healthy activities for everyone in our community through sport and access to green spaces
- Increased social activities to build community cohesion and reduce isolation
- Use of local suppliers and keeping income within the local economy

25. Panel comments:

The panel recognises the club's commitment to engage with the local community through cricket and that improved kitchen and toilet including disability access will attract more uses of the facility by the wider community.

26. £10,000 was requested. The application scored 24 therefore, the panel would like to recommend a partial award of £8,250 towards improvements to the toilets, including disability access.

### **Community Grant Scheme Applications**

27. Twenty applications were received for funding in Round Two for 2023/24. Four applications were ineligible and not scored by the panel but will be offered feedback and funding advice and support by the Voluntary and Community Sector Development Officer. Sixteen applications have therefore been assessed against the criteria. Fifteen applications have been recommended for approval, and one was unsuccessful as it didn't score high enough and is recommended for decline.

As a result of the pressures mentioned in Part A, the Grants Panel agreed to give priority to requests that provided wider community support to more vulnerable groups and/or support to mitigate the impact of the cost-of-living



crisis on VCS organisations and those they support. Therefore, some applications either received a lower award or were unsuccessful and declined. When allocating the grant amount the panel also considered the need to ensure that the grant awarded would support the projects viability and enable them to start or continue to offer their services.

### **Grow, Give, Live.**

28. The purpose of the organisation is to create a community garden space within Syston, with the aims of promoting an understanding of sustainability through growing produce using organic principle, developing and strengthening links within the community by creating a welcoming inclusive environment and to promote individual wellbeing through connection with others, exercise and spending time in the outdoors.
29. The application is for planters for edible and flowering plants providing free of charge access to fresh produce to people in Syston.
30. The project will benefit residents in Syston. The current and planned planting activities are in areas that are fully accessible to the community, so produce can be taken by anyone. The gardening activities will be advertised for anyone to attend; community gardening like this fits well with the NHS 5 pillars of wellbeing, particularly connecting with other people and being physically active. The aim is to encourage people who may be socially isolated, or who want to improve their overall wellbeing.
31. The project will achieve the following outcomes:
- Encourage physical activity, nature connectivity and community connection
  - Food and flower production encourages healthy, mindful eating with minimal food miles
  - Increased caring for small areas of Syston that would otherwise be untended
  - Increased planting for pollinators
32. Panel comments:
- The panel feels this fledgling group has demonstrated excellent partnership working and volunteer involvement to develop a community garden and street-side planters for edible and flowering plants providing free of charge access to fresh produce to people in Syston.
33. £1,000 was requested. The application scored 28.5 therefore, the panel would like to recommend a full award of £1,000.

### **Falcon Support Services**

34. The purpose of the organisation is to provide supported accommodation and community projects to those across Leicestershire. We have over 100 bed

spaces for those that are homeless or at risk of homelessness providing support to move from crisis to independence, addressing any support needs and teaching independent living skills so they can secure accommodation and move on to positively contribute to their communities. We also provide tenancy floating support to prevent tenancy's failing and stop the cycle of homelessness.

35. The application is for a contribution to the Charnwood drop-in service. To subsidized food costs for those who are rough sleepers/nil income/food poverty. We would like to be able to offer a healthy cooked me to everyone who is struggling to find suitable accommodation, low income or in food poverty.

36. The project will benefit those who are homeless, at risk of becoming homeless, those who do not have an income/low income and those who are suffering in food poverty. They will be offered the same service and opportunities to get involved in our other services. We work with individuals to get them out of crises so they hopefully are able to sustain their own accommodation and manage their finances.

37. The project will achieve the following outcomes:

- Provision of healthy meals in the drop-in centre
- Provision of Cook, Eat and Meet sessions.
- Continued help for people to move away poverty

38. Panel comments:

The panel recognises the crucial role FSS plays in meeting the increasing demand of homeless people on their services and would like to support the food provision through the drop-in centre.

39. £3,750 was requested. The application scored at 27.5 therefore, the panel would like to recommend a full award of £3,750.

### **Sileby Tennis & Pickleball Club**

40. The purpose of the organisation is to provide a safe and friendly environment to play tennis and pickleball on dedicated courts.

41. The application is to repurpose a tennis court to create three dedicated Pickleball and Kids mini tennis courts.

42. The project will benefit players of all ages and abilities from all social, economic and ethnic backgrounds. The club will provide a place to play socially, to improve fitness, obtain coaching and play competitively.

43. The project will achieve the following outcomes:

- Increased engagement with people who have played little sport since school
- Increased uptake of younger players taking up sport for the first time

- Pickleball reduces barriers to playing sport as it can be played men and women and all age groups equally against each other
- Improved mental and physical wellbeing

44. Panel comments:

The panel recognises that this club has quickly become a well-known and popular with a reputation for delivering a high standard of outcomes. Due to high demand the group makes a good case for this phase of development that will widen community participation to improve mental and physical wellbeing.

45. £4,680 was requested. The application scored 26.3 therefore, the panel would like to recommend a partial award of £1,545 towards the costs of professionally cleaning the court area and paint the playing court area.

### **Menphys**

46. The purpose of the organisation is to support disabled children, young people, and their families in Leicester and Leicestershire. The mission is to deliver a quality service that values the views and enables the voice of disabled children, young people, and their families.

47. The application is for Start-up of two Menphys Saturday clubs in Charnwood.

48. The project will benefit disabled children and young people aged 8-25 years and their families living in Charnwood and who currently travel to Leicester for Saturday Clubs.

49. The project will achieve the following outcomes:

- Promotes interaction with others and builds friendships
- Increase in confidence allows the children to grow up into more independent adults, empowering them to participate more in their local community and pursue educational and work opportunities
- Parents increased confidence to allow their children to try out new things on their own.
- Improved health, general well-being and physical activity

50. Panel comments:

The panel feels there is sufficient existing demand for this project and that the group has made a good case for the benefits to its clients living in Charnwood.

51. £4,088 was requested. The application scored 26 therefore, the panel would like to recommend a partial award of £2044 towards the establishment of one Saturday Club.

### **Lesley Edwards Trust**

52. The purpose of the organisation is to promote social inclusion amongst hearing impaired people and their families in Charnwood and surrounding areas.

53. The application is for lipreading & communication skills workshops in Loughborough & Birstall. By learning to lipread and develop other communication skills our attendees feel they can participate more fully in social situations and/or employment.

54. The project will benefit people living with hearing loss in Charnwood.

55. The project will achieve the following outcomes:

- Increased companionship and improve cognitive functioning, memory, concentration & stamina
- Reduction in anxiety, depression & early-onset dementia
- Reduced social isolation, impacting heavily on mental health

56. Panel comments:

The panel recognises this group is providing specialist support to severely disadvantaged people to reduce social isolation and increase engagement in their local communities.

57. £4,320 was requested. The application scored 25.5 therefore, the panel would like to recommend a partial award of £1,425

### **Golf in Society**

58. The purpose of the organisation is to use the health and wellbeing benefits of golf to transform the lives of people with long term challenging health conditions.

59. The application is for the purchase of 2 golf buggies. At present there are a small number of golfers who like to play on the golf course itself. However, they usually manage about 4-5 holes and then have to walk back to the clubhouse. This is a long way for some (half a mile) and very tiring. We urgently require two single use golf buggies so that our participants can enjoy playing more holes for longer.

60. The project will benefit people with: Dementia, Parkinson's Disease, Recovering from a stroke, Mental health issues, MS and other neurological conditions and their Carers.

61. The project will achieve the following outcomes:

- Empowering local people to come together and support each other generating a real sense of "community"
- Healthier and happier people with an increased sense of purpose and hope

- Reduction in health inequalities
- Reduction in social isolation amongst older people
- Reduction of inactivity amongst older people
- Increased opportunities for people with disabilities to participate in golf
- Increased support and respite for unpaid carers"

62. Panel comments:

The panel feels this group presents a compelling case for the benefits of golf to a wide range of people living with mental and physical wellbeing challenges. Likewise, the case for a golf buggy is well made for people with mobility issues in order to fully benefit from all the golfing facilities on offer.

63. £3,500 was requested. The application scored 25 therefore, the panel would recommend a partial award of £1750 towards the purchase of one golf buggy.

### **Age UK Leics. Charnwood Men & Women in Sheds**

64. The purpose of the organisation is to promote the relief of elderly people in any manner which now is or hereafter may be deemed by law to be charitable in and around Leicester, Leicestershire, Rutland and adjoining counties.

65. The application is for a contribution to the general running costs to support the Charnwood Men & Women in Sheds project in Loughborough. It is a centre where the members come together to engage in activities such as carpentry, metal work, model making, repairs, crafts, pottery & gardening.

66. The project will benefit people over 50 years of age to prevent loneliness and isolation and to support mental and physical well-being by learning and sharing new skills, people who are living with life changing health conditions, people who have experienced bereavement, mental health problems, people who are living with dementia, informal carers who are supporting a person living with dementia.

67. The project will achieve the following outcomes:

- Reduce social isolation & loneliness
- Improve health & wellbeing
- Increase involvement in the community

68. Panel comments:

The Panel feels that this is a strong project with proven outcomes reducing social isolation. It is going through a period of financial transformation to reduce reliance on grant funding through exploring more commercial opportunities to raise funds. In the meantime, the panel would like to continue support of the project.

69. £5,000 was requested. The application scored at 24.5 therefore, the panel would like to recommend a partial award of £2,000 towards general running costs.

### **B-Buddies**

70. The purpose of the organisation is to focus is on providing local communities with a wide range of cycling sessions for all ages and abilities from balance bikes, learn to ride, cycle skills, British Cycling Go ride Clubs plus Bikeability in schools and private individuals/groups.

71. The application is for to purchase a set of wooden mountain bike ramps to turn a flat piece of grass or tarmac into a mini mountain bike trail where we can teach lots of fun skills whilst engaging people of all ages and abilities.

72. The project will benefit all residents of Charnwood in particular children and adults from Lower Socio-Economic Groups (LSEG) and Ethnically Diverse Communities, through a combination of school and community provision. Sessions including British Cycling 'Pedal Parties' and 'Community Rides' will take place in a combination of school sites, leisure centre sites, and local community parks/open spaces.

73. The project will achieve the following outcomes:

- Increased opportunities for people of all ages and abilities no matter what the background to get out and about enjoying being on a bike having fun and staying healthy in body and mind
- More encouragement for people to out of their cars and onto bikes
- Improved air quality reducing the Co2 emissions
- 

74. Panel comments:

The panel recognises that B-Buddies has become a well-known and popular group with a reputation for delivering a high standard of outcomes. The group makes a good case for this phase of development that will widen community participation in cycling and related activities.

75. £4,850 was requested. The application scored at 24.5 therefore, the panel would like to recommend a partial award of £2,888 towards ramps.

### **Friends of Mountsorrel Castle Gardens**

76. The purpose of the organisation is to improve, enhance and develop the green space known as Mountsorrel Castle Gardens in partnership with Charnwood Borough Council and Mountsorrel Parish Council. It is our aspiration to work together to maintain the site as a small, public open space that enhances the local landscape and benefits the local community, local businesses, visitors and wildlife alike.

77. The application is for equipment and plants to improve Castle Park Mountsorrel.

78. The project will benefit the local community within both Mountsorrel, Rothley, Quorn and the general public as a whole who will benefit from having access to welcoming, beautiful green space to enjoy whilst feeling safe. In addition to this, the refurbishment will also benefit the students of Homefield College by providing them with the opportunity gain independent life skills working alongside the volunteers from the Friends of Castle Gardens.

79. The project will achieve the following outcomes:

- Increased mental and physical well-being through environmental activities and the creation of a beautiful, public green space
- Increase volunteering opportunities and social activities for vulnerable people and people with disabilities
- New provision of an educational resource for local schools and clubs e.g. Brownies, Scouts etc.
- Reduced anti-social behaviour through engendering civic pride within the local community
- Increased independent life skills of students from Homefields College

80. Panel comments:

The panel recognises this is a newly formed group demonstrating good partnership working and volunteer support in order to enhance green spaces on behalf of the local community.

81. £2,550 was requested. The application scored at 24.5 therefore, the panel would like to recommend a partial award of £970

### **Community Food & Wellbeing Hub**

82. The purpose of the organisation is to provide services, activities, advice and information to young people and their families, elderly people, people with disabilities and general public on low household income in Charnwood.

Through:

1. Education and training
2. The advancement of health or saving of lives
3. The prevention or relief of poverty

83. The application is for health and wellbeing events i.e. interactive, professionally facilitated conversations and demonstrations to improve:

1. knowledge and eating for health on a budget
2. emotional wellbeing and resilience
3. managing money
4. energy and reduce waste demonstrations

All events will address a healthy living topic in the appreciation of the impact on emotional and physical wellbeing.

84. The project will benefit young people and families, elderly people, people with disabilities experiencing social disadvantage, low-income & isolation.

85. The project will achieve the following outcomes:

- Increased understanding of health eating, nutrition, diabetes, menopause and emotional wellbeing
- Improved money management and budgeting
- Improved mental wellbeing
- Increased use of seasonal foods and reducing energy waste

86. Panel comments:

The panel feels that while this group is well known for its work at ward-level with disadvantaged communities and demonstrates good partnership working, this project is employing a new and unknown model that appears to be ambitious in its scope. However, the panel would like to support a pilot project should the group agree.

87. £5,000 was requested. The application scored at 23 therefore, the panel would like to recommend a partial award of £1,128.

### **Without Walls**

88. The purpose of the organisation is to provide relief and pastoral care to vulnerable and needy people. There are two sides to the organisation in that it is a church charity running a community project. The church side has its own aims stated and the project is fully inclusive, and community based.

89. The application is to support singing cafes in Shepshed & Loughborough.

90. The project will benefit a broad range of people with many being elderly with various challenges from dementia, learning difficulties, others with autism, varying degrees of physical challenges. Most of the guests experience some degree of vulnerability and the carers also benefit from the service, keeping on top of their mental health, finding encouragement amongst us and making connections with others.

91. The project will achieve the following outcomes:

- Increased happiness and health, resulting in less reliance on primary care
- Increased opportunities to make new friends within the groups
- Reduced social isolation

92. Panel comments:



The panel recognises this group has developed a wide spectrum of beneficiaries beyond those with dementia they originally supported and demand continues to grow.

93. £5,000 was requested. The application scored 24 therefore, the panel would like to recommend a partial award of £1,500 towards general running costs.

The grant cannot fund the ineligible costs e.g. car leasing, funeral cards and flowers and the high refreshments costs could be reasonably expected to be covered by donations from beneficiaries.

### **Modern Painters New Decorators**

94. The purpose of the organisation is to promote the arts for the benefit of our publics; (a) fostering a creative community locally and regionally, (b) creating opportunities for creative learning and collaborative ideas generation (c) co-producing high-quality free programmes of exhibitions, events and workshops in Loughborough and online, (d) playing a role in the civic makeup of the local community, alongside other creative and public services.

95. The application is for creative projects for disadvantaged people in Loughborough.

96. The project will benefit young people and young asylum-seekers, expanding local access to high-quality creative activities. This project aims to work with vulnerable young people belonging to disadvantaged communities under-represented amongst visual art audiences and experiencing social participation barriers who would not ordinarily access arts or cultural provision outside formal education.

97. The project will achieve the following outcomes:

- Improving young people's expression through different art-making. Improved visibility of their stories, validating their experiences and promoting their well-being. Improving initiative by developing their creative abilities and communication skills.
- Reducing the risk of social isolation of young people by using art spaces to connect them with peers, art professionals and volunteers to create positive role models. Enabling discussion and creative collaboration on wider issues that concern them.
- Increasing young people's self-confidence by developing their self-esteem by encouraging them to lead group decisions, nurturing positive aspirations and exhibiting their creative work alongside established artists.

98. Panel comments:

The panel recognises MPND's work with disadvantages communities in Charnwood through art.

99. £3,990 was requested. The application scored 24 therefore, the panel would like to recommend a partial award of £1,500.

100. The following application was unsuccessful as it did not score high enough and is recommended for decline:

- Starlight Youth Theatre scored 22

101. The following applications were ineligible as they did not meet the grants criteria:

- Ice Age Insights did not meet our criteria for wider-community benefit.
- Leicester Childrens Holidays did not provide sufficient information.
- Rotary Club of Loughborough Beacon did not meet our criteria for financial need for a grant.
- Spectrum Sensory Sports did not provide sufficient evidence of need.

### Appendices

- Appendix 1 Community Facilities Grants Summary
- Appendix 2 Community Grants Summary
- Appendix 3 Equality Impact Assessment

**APPENDIX 1****Round 2 2023/24 - Community Facilities Grants Summary****Opening Budget 2023/24 - £21,141****Approval up to £21,141****Balance remaining after Round 2 : Zero**

| <b>Applicant</b>          | <b>Project description</b>                            | <b>Amount applied for</b> | <b>Total score</b> | <b>Recommendation</b> |
|---------------------------|-------------------------------------------------------|---------------------------|--------------------|-----------------------|
| 1st Nanpantan Scout Group | Completion of internal and external new build works   | £19,936.18                | 25.5               | Approve up to £9,291  |
| Bishop Beveridge Club     | Installation of solar panels                          | £4,500                    | 23.0               | Approve up to £3,600  |
| Shepshed Cricket Club     | Improving the toilet facilities and disability access | £10,000                   | 24.0               | Approve up to £8,250  |

**APPENDIX 2****Round 2 2023/24 - Community Grants Summary****Opening Budget 2023/24 - £21,500****Approval up to £21,500****Balance remaining after Round 2 : Zero**

| <b>Applicant</b>                | <b>Project description</b>                                                                                                                       | <b>Amount applied for</b> | <b>Total score</b> | <b>Recommendation</b>                               |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|-----------------------------------------------------|
| Grow Give Live                  | A community garden and street side planters for edible and flowering plants providing free of charge access to fresh produce to people in Syston | £1,000                    | 28.5               | Approve up to £1,000                                |
| Falcon Support Services         | Charnwood Drop-in Service                                                                                                                        | £3,750                    | 27.5               | Approve up to £3,750 Funded from Loughborough Grant |
| Sileby Tennis & Pickleball Club | Repurpose of a tennis court to create three dedicated Pickleball and Kids mini tennis courts                                                     | £4,680                    | 26.3               | Approve up to £1,545                                |

|                                                      |                                                                      |        |      |                                                                                          |
|------------------------------------------------------|----------------------------------------------------------------------|--------|------|------------------------------------------------------------------------------------------|
| Menphys                                              | Start-up of a Menphys Saturday Club in Charnwood                     | £4,088 | 26   | Approve up to £2,044 £1022 Funded from Community Grant and £1022 from Loughborough Grant |
| Lesley Edwards Trust                                 | Lipreading & communication skills classes in Loughborough & Birstall | £4,320 | 25.5 | Approve up to £1,425                                                                     |
| Golf in Society                                      | Purchase two golf buggies                                            | £3,500 | 25   | Approve up to £1,750                                                                     |
| Age UK Leicestershire Charnwood Men & Women in Sheds | General running costs                                                | £5,000 | 24.5 | Approve up to £2,000 Funded from Loughborough Grant                                      |
| B-Buddies                                            | Purchase of outdoor ramps for cycling activities                     | £4,850 | 24.5 | Approve up to £2,888                                                                     |
| Friends of Mountsorrel Castle Gardens                | Improvements to the Castle Park in Mountsorrel                       | £2,550 | 24.5 | Approve up to £970                                                                       |
| Modern Painters New Decorators                       | Work with disadvantaged communities in Charnwood through art.        | £3,990 | 24   | Approve up to £1,500 Partially funded by £1,000 from Loughborough Grant                  |
| Without Walls                                        | General running costs of Singing Cafes in Shepshed & Loughborough    | £5000  | 24   | Approve up to £1,500                                                                     |
| Community Food & Wellbeing Hub                       | Health & Wellbeing Events                                            | £5,000 | 23   | Approve up to £1,128 Awarded from Loughborough Grant                                     |
| Starlight Youth Theatre                              | Six headset microphones                                              | £4,500 | 22   | Unsuccessful                                                                             |

Charnwood Borough Council

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

■ **Background**

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

■ **Legislation- Equality Duty**

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

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

For the following protected characteristics:

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

What is prohibited?

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

■ **Step 1 – Introductory information**

|                                                             |                                                 |
|-------------------------------------------------------------|-------------------------------------------------|
| Title of the policy                                         | Community Grant and Community Facilities Grant. |
| Name of lead officer and others undertaking this assessment | Peter Oliver and Verity Graham                  |
| Date EIA started                                            | October 2022                                    |
| Date EIA completed                                          | October 2022                                    |

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outline: What is the purpose of this policy? (Specify aims and objectives)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Charnwood Borough Council recognises the value and contribution of individuals, voluntary sector organisations and other community-led projects and the benefits they provide to the residents of Charnwood.</p> <p>Through our Charnwood grant schemes we provide a range of grants to help these organisations, groups and individuals access the funding support they need.</p> <p>Cabinet considers applications for funding for the Community Facilities Capital Grants and the Charnwood Community grants Scheme twice a year.</p> <p>It is the Councils aim to ensure the grants process is inclusive of all community groups and funding supports projects targeting individuals across a range of protected characteristics, as outlined in the Equality Act 2010.</p> |
| What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>It is the Councils aim to ensure that the grants process is inclusive of all community groups and funding supports projects targeting individuals/ residents across a range of protected characteristics, as outlined in the Equality Act 2010.</p> <p>Analysis is therefore undertaken to ensure that the grants are distributed in a reasonable and proportionate manner.</p>                                                                                                                                                                                                                                                                                                                                                                                                 |
| Which groups have been consulted as part of the creation or review of the policy?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Evaluation takes place on successful applications to analyse whether there any gaps with regards to the protected characteristics in order to ensure the grants process is fair and equal to all. In particular analysis is undertaken to determine any barriers which may prevent specific community groups/ communities of interest from successfully applying or even applying at all to Charnwood Grants. The VCS Development officers also undertake consultation with a range of VCS organisations.

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

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

Data/information such as:

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

Analysis of previous Community Development & Engagement Grants, Loughborough Grants, VCS Covid-19 Recovery grants and Community Facilities Grants over the past few years

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

The analysis of grants data shows that a wide range of groups access the available funding and have supported a diverse range and have covered the protected characteristics of age, disability, Race, sex/gender, and sexual orientation.

The data in the main shows that the groups / organisations supported have no specific protected characteristic identified and are available for the wider community to access.

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

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

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

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

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

■ **Step 5 – Assessing the impact**

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

|                                                                                                 | <b>Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Age</b>                                                                                      | There is a reasonable proportion of grant funding awarded to projects relating to Age. Of the grants awarded, there is a reasonable proportionate spread between projects for older and younger people. The process has therefore created a positive impact in relation to the protected characteristic of Age.                                                                                                                            |
| <b>Disability<br/>(Physical, visual, hearing,<br/>learning disabilities, mental<br/>health)</b> | There is a reasonable proportion of grant funding awarded to projects relating to disability. In addition, it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics. Therefore, creating further positive impacts for people with disabilities. The process has therefore created a positive impact overall in relation to the protected characteristic of Disability. |
| <b>Gender Reassignment<br/>(Transgender)</b>                                                    | No projects have been specifically funded to support the protected characteristic of Gender Reassignment. The impact of this is neutral as there have been no applications to date. However, it is acknowledged that specific marketing / promotion of Charnwood Grants could take place where specific support groups etc. meet for further awareness raising.                                                                            |



|                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Race</b>                                                                                                                                                                                 | There is some grant funding awarded to projects relating to Race. In addition it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics.                                                                                                                                                                       |
| <b>Religion or Belief<br/>(Includes no belief)</b>                                                                                                                                          | <p>Whilst Charnwood Grants do not specifically support religious groups / activities, it does provide funding to these groups who are delivering activities for the wider community.</p> <p>The impact is therefore neutral with regards to the protected characteristic of religion or belief with the acknowledged that wider benefits are created for the wider community.</p> |
| <b>Sex<br/>(Gender)</b>                                                                                                                                                                     | There is no specific grant funding awarded to projects relating to Gender. In addition, however, it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics. The process has therefore created a positive impact in relation to the protected characteristic of Gender.                                         |
| <b>Sexual Orientation</b>                                                                                                                                                                   | No projects have been specifically funded to support the protected characteristic of Sexual Orientation. The impact of this is neutral as there have been no applications to date. However, it is acknowledged that specific marketing / promotion of Charnwood Grants could take place where specific support groups etc. meet for further awareness raising.                    |
| <b>Other protected groups<br/>(Pregnancy &amp; maternity, marriage<br/>&amp; civil partnership)</b>                                                                                         | There has been some grant funding awarded to projects relating to these other protected groups, therefore the impact is positive. In addition, it is acknowledged that some of the projects funded are cross - cutting and support individuals with multiple characteristics. Additional targeted promotional work will be undertaken.                                            |
| <b>Other socially excluded groups<br/>(carers, low literacy, priority<br/>neighbourhoods, health<br/>inequalities, rural isolation,<br/>asylum seeker and refugee<br/>communities etc.)</b> | The grants which focus on the wider community have a wide range of benefits, particularly for residents from priority neighbourhoods or areas of deprivation and hard to reach sectors of the community.                                                                                                                                                                          |

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

Please note:

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

No negative impacts or potential barriers have been identified. However, it is acknowledged that specific marketing / promotion of Charnwood Grants could take place for the protected characteristics of Gender Reassignment, Pregnancy and Maternity and Sexual Orientation.

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

It is the opinion that the Charnwood Community grants scheme and the Community Facilities Grant scheme comply with Charnwood Borough Council's equality and diversity responsibilities. It will further promote equal opportunities and achieve positive outcomes.

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

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

Monitoring will continue on a quarterly and annual basis to assess the grant applications that are successful. Continuous monitoring and analysis will aim to identify gaps which may potentially highlight barriers or negative impacts towards specific community groups/ communities of interest.

Further equalities monitoring will be explored for those projects which have applied and are deemed unsuccessful, for the further identification of issues or potential barriers.

How will the recommendations of this assessment be built into wider planning and review processes?

e.g. policy reviews, annual plans and use of performance management systems.

Where barriers/ negative impacts are identified, the mitigating action and progress against this will be included within the relevant service plan.

#### ■ **Step 7- Action Plan**

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

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

| Reference Number | Action                                                                                                                                     | Responsible Officer | Target Date |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
| 001              | Continue to monitor the Grants on a quarterly and annual basis to assess the grant applications that are both successful and unsuccessful. | Verity Graham       | Nov 2023    |

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

|                                                                              | Who needs to know<br>(Please tick) | How they will be informed<br>(we have a legal duty to publish EIA's) |
|------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------|
| Employees                                                                    | ✓                                  | This EIA will be published on the Council's website.                 |
| Service users                                                                | ✓                                  |                                                                      |
| Partners and stakeholders                                                    | ✓                                  |                                                                      |
| Others                                                                       | ✓                                  |                                                                      |
| To ensure ease of access, what other communication needs/concerns are there? | ✓                                  |                                                                      |

Please delete as appropriate

I agree with this assessment / action plan

If *disagree*, state action/s required, reasons and details of who is to carry them out with timescales: N/A

**Signed (Service Head):** Peter Oliver

Date:

Please send completed & signed assessment to Vicky Brackenbury for publishing.

## CABINET - THURSDAY, 16 NOVEMBER 2023

### Report of the Director Housing and Wellbeing Lead Member: Executive Member for Public and Private Sector Housing

#### Part A

##### TENANCY POLICY

##### Purpose of report

To present to members an amended tenancy policy [landlord services] for approval.

##### Recommendation

That the amended tenancy policy attached as appendix A be approved.

##### Reason

To provide a consistent tenancy management service in accordance with regulation and legislation, and to avoid the risks associated with flexible tenancies, including that of not being able to recover possession of a dwelling during its fixed term where a serious breach of tenancy has occurred.

##### Policy justification and previous decisions

Cabinet approved a new tenancy policy in 2021 that included provisions for granting flexible (fixed-term) tenancies in certain circumstances, including to applicants with a history of serious anti-social behaviour. A landmark Supreme Court case, known as 'Kalonga', handed down in March 2022, meant that landlords are now placed at great risk of not being able to obtain possession of a fixed-term tenancy during its term. The reputational and legal risk of not being able to evict a tenant perpetrating serious anti-social behaviour would be high as a result of this Supreme Court ruling. Advice on the implications of the *Kalonga* decision was given by Cornerstone Barristers in London, whose counsel had significant input into the Supreme Court case.

##### Implementation timetable including future decisions

It is recommended that, subject to call-in, this policy, if approved, come into effect immediately.

##### Report implications

##### **Financial implications**

There are no financial implications.

##### **Risk management**

There are no specific risks associated with this decision.

## Equality and diversity

There are no significant equality and diversity implications. An equality and diversity impact assessment can be found at Appendix B.

## Climate change and carbon impact

None identified.

## Crime and disorder

None identified.

## Wards affected

All wards.

## Publicity arrangements

The policy will be communicated to tenants through the website and *Your Homes Matter* residents' magazine.

## Consultations

Charnwood Housing Residents Forum ('CHRF') and the Housing Management Advisory Board ('HMAB') have both been consulted over this policy and have given the policy their endorsement.

## Links to the corporate strategy

|                            |     |
|----------------------------|-----|
| Caring for the Environment | No  |
| Healthy Communities        | Yes |
| A Thriving Economy         | No  |
| Your Council               | No  |

Key decision: Yes

Date included on forward plan 18 October 2023

Background papers: None

Officer(s) to contact: Peter Oliver, Director of Housing and Wellbeing  
peter.oliver@charnwood.gov.uk  
01509 634 666

Andrew Staton, Landlord Services Manager  
andrew.staton@charnwood.gov.uk  
01509 634 666

## Part B

- 1.1 Cabinet approved a new tenancy policy at its meeting on 16 September 2021. Within that policy was the ability of the council to grant flexible or fixed-term tenancies to:
- people being offered homes that had four bedrooms or more;
  - people being offered homes that had been adapted for wheelchair use; and
  - people who had a history of committing serious anti-social behaviour in previous tenancies.
- 1.2 In March 2022 a Supreme Court ruling was handed down through a case now referred to as *Kalonga* (Croydon LBC v Kalonga). This was a landmark judgment that changed entirely the legal mechanism that existed prior to this judgment for forfeiting a breached fixed-term tenancy before its term expired.
- 1.3 The council sought expert counsel advice from Cornerstone Barristers on the consequences of the Supreme Court case.
- 1.4 In summary, the legal advice is the effect of *Kalonga* is to make the forfeiture process of a fixed-term tenancy very much more risky for the landlord. Forfeiture would comprise a two-stage process. The first stage would require a 'termination notice' to be served and for a 'termination order' then to be granted in the county court. The second stage would be for the landlord to take forfeiture action to re-possess the property and evict the tenant on the basis of the termination order. Once that termination notice has been served any recognition of the existence of the tenancy such as accepting rent, undertaking repairs, or dealing with reports of anti-social behaviour (etc) will invalidate the termination notice and the termination order will not be granted and so forfeiture will be denied. This puts the landlord in a far worse position than it would have been in had the tenancy been a traditional secure or introductory one.
- 1.5 There is no scope to mitigate the risk of failure to regain possession of a fixed term tenancy through amendment of the tenancy agreement.
- 1.6 Other than the removal of all references to the granting of flexible tenancies (including any related references in other sections of the policy), there are no other changes proposed to the original tenancy policy approved by cabinet in September 2021.

### Appendices

- |            |                            |
|------------|----------------------------|
| Appendix A | Revised tenancy policy     |
| Appendix B | Equality impact assessment |

## APPENDIX A



### Landlord Services

### TENANCY POLICY

#### PART A: INTRODUCTION, OBJECTIVES AND SCOPE

##### 1. Introduction and executive summary

- 1.1 The council owns approximately 5,500 homes. The basis of the contractual relationship between the council and the tenant is a tenancy agreement. The tenancy agreement creates a legal relationship between the two parties – a tenancy. The tenancy created has its legal foundation in statute.
- 1.2 There are a number of different types of tenancy that the council has the power to create.
- 1.3 This policy sets out the council's position with respect to the following elements:
- (i) The type of tenancy offered to a new Charnwood Borough Council tenant and the criteria taken into account when deciding which type of tenancy to offer;
  - (ii) Changes to the type of tenancy made to an existing tenant and the criteria taken into account when deciding to change the tenancy type for an existing tenant;
  - (iii) Circumstances where an introductory tenancy will be extended by an additional six months;
  - (iv) The granting of succession rights;
  - (v) The granting of joint tenancies to existing sole tenants and the circumstances in which joint tenancies will be granted;
  - (vi) The changing of a joint tenancy into a sole tenancy;

(vii) The process by which mutual exchanges are carried out.

## 2. Objectives of this policy

The objectives of this policy are:

- to grant the correct tenancy in compliance with the law;
- to grant tenancies in accordance with the Home Standard, our tenancy strategy and allocations policy and in order to make best use of the council's stock of homes;
- to grant the most appropriate tenancy where discretion exists;
- to grant tenancies and successions, where discretion exists, without discrimination as to anyone's protected characteristics;
- to enable tenants to carry out mutual exchanges in accordance with statutory requirements and powers;
- to enable rigorous operational procedures to be created, where required, in order to implement this policy.

## 3. Scope of this policy

This policy applies to everyone who is eligible to be housed by us, including those already holding council tenancies.

## PART B: POLICY STATEMENTS

### 4. New tenants

4.1 We will provide all tenants and licensees with a written statement of the terms and conditions of their tenancy or licence.

4.2 Other than for variations in rent and service charge, we will consult existing introductory and secure tenants in accordance with S.103 of the Housing Act 1985 if we wish to change the terms and conditions of their tenancy.

4.3 Subject to the exceptions set out below we will offer a **periodic secure tenancy** as defined by the Housing Act 1985 (as amended) to prospective tenants. This tenancy is not time-limited and may only be terminated on the grounds set out in the relevant legislation and if judged reasonable by the court.

4.4 The exceptions to 4.3 above are as follows:

- (i) With the exception of tenants transferring within the council or from another registered provider, who are already secure or assured tenants and where there is no break in the tenancy, all new tenants, other than those covered by subsequent exceptions below, will be offered a **periodic introductory tenancy**. An introductory tenant does not enjoy certain rights<sup>1</sup> that a secure tenant has, such as the right to buy, the right to exchange or the right to take

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<sup>1</sup> Housing Act 1996 as amended



in lodgers. An introductory tenancy will last for twelve months unless extended for an additional six months. An introductory tenant will have the right to a review of the decision to extend their introductory tenancy. At the end of the twelve or eighteen-month period it will automatically convert to a full secure tenancy unless possession proceedings have begun. Because the court has no discretion in determining whether or not to grant a possession order if one is applied for, an introductory tenant has the right to a review of a decision to terminate their tenancy<sup>2</sup>. Operational procedures will provide for a suitable appeals/review process that will enable the tenant to challenge a decision to terminate or extend their introductory tenancy.

- (ii) Because minors have a limited capacity to enter into a legally-binding contract we will grant suitably-amended agreements to people between the ages of sixteen and eighteen that provide the most appropriate mechanism, including requiring a guarantor, to safeguard the council's position to enforce its licence conditions and for the minor to exercise their statutory rights;
- (iii) We will grant **licences** for lettings where there is not exclusive possession of a dwelling or part of a dwelling;
- (iv) We will grant **non-secure tenancies or licences** when letting property in respect of our discharging our homelessness or homelessness prevention duties;
- (v) We will grant **licences** or other appropriate forms of occupation agreements of dwellings into which an existing tenant moves temporarily because they cannot remain in their permanent home for reasons including:
  - (a) planned major repairs or improvements; or
  - (b) fire, flood, storm or similar events.

## 5. Existing tenancies

- 5.1 We will provide all new tenants with a written tenancy agreement. This sets out the rights and obligations of both the council as landlord and the tenant.
- 5.2 We will, where requested or the need identified, provide alternative formats of the tenancy agreement. Examples of this include but are not restricted to, audio versions, translations into foreign languages, pictorially-based agreements or large-print versions.
- 5.2 Other than in the circumstances listed below and an introductory tenancy automatically becoming a secure tenancy after the expiry of its initial or extended term, all tenancies or licences will remain as granted unless terminated by the tenant or licensee or by us through an appropriate legal process. Exceptions to this will be:
  - (i) We may **extend an introductory tenancy** in the following circumstances:
    - Where there are or have been persistent rent arrears on the account for a significant period during the introductory tenancy and where agreements to clear have either not been made or have failed on one or more occasions;

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<sup>2</sup> By service of a notice of possession proceedings

- Where there have accumulated significant rent arrears even if an agreement to clear has been made and is being adhered to;
- Where a notice of possession proceedings has been served but no possession proceedings have actually been started;
- Where there have been any other significant or persistent breaches of tenancy, including (but not restricted to) anti-social behaviour, harassment, and failure to grant access

In such cases the introductory tenancy will be extended by six months. Unless terminated earlier or where possession proceedings have begun once this six-month term expires the tenancy will automatically become a secure tenancy.

- (ii) As an alternative to eviction we may apply for a secure tenant to be given a **demoted tenancy** through a demotion order granted by the court on the grounds of anti-social behaviour or using the premises for unlawful purposes. A demoted tenancy is effectively an introductory tenancy, with similarly-restricted rights and mandatory possession powers and which will revert automatically to a secure tenancy after twelve months unless terminated or rescinded by an order of the court;
- (iii) We may grant a **family intervention tenancy** under S.297 of the Housing and Regeneration Act 2008 (as amended) if a secure or introductory tenant agrees to it. This will follow breaches of tenancy through anti-social behaviour where the tenant is likely to be evicted. Family intervention tenancies will only be offered if the tenant is to be transferred to alternative dispersed or purpose-built accommodation and will last normally for two years or less. We may terminate a family intervention tenancy through offering an introductory tenancy back into 'mainstream' housing or by serving notice to quit after having served notice of intent and having fulfilled our obligations to offer a review process of that notice of intent to terminate the tenancy;
- (iv) We will grant an **introductory tenancy** to someone who has been housed temporarily by us under homelessness legislation and who has been offered a permanent home as a result of their status as having been determined as unintentionally homeless.

## 6. Succession

6.1 Succession rights exist for secure, introductory and demoted tenants only but the legal framework surrounding succession differs dependent upon whether the tenancy was granted before 1 April 2012 or after. References below to 'statutory succession' mean succession rights that are enshrined in the Housing Acts 1985 and 1996 as amended.

6.2 Anyone succeeding to a tenancy will take on that same tenancy, for example, someone succeeding to a deceased person who held an introductory tenancy will succeed as an introductory tenant.

### 6.3 Tenancies granted before 1 April 2012:

6.3.1 A person has the legal (statutory) right to succeed to a tenancy if, upon the tenant's death:

- (a) the deceased tenant was not a successor himself/herself; and
- (b) he/she was living in the property as his/her sole or main home at the time of the tenant's death and was the tenant's spouse of civil partner; or
- (c) he/she had been living in the property for twelve months or more immediately prior to the tenant's death and was:
  - a person living with the deceased tenant as if they were spouses or civil partners;
  - children;
  - a parent or grandparent;
  - a grandchild;
  - a niece or nephew;
  - an aunt or uncle;
  - a brother or sister;
  - step-relations and half-relations of the above;
  - illegitimate children and adopted children

6.3.2 If a succession is granted and the qualifying person is not a spouse or civil partner and is under-occupying the property we will offer suitable alternative property and seek re-possession of the deceased tenant's property on ground 15A of schedule 2 of the Housing Act 1985.

#### **6.4 Tenancies created on or after 1 April 2012:**

6.4.1 A person has the legal (statutory) right to succeed to a tenancy if, upon the tenant's death:

- (a) the deceased tenant was not a successor himself/herself; and
- (b) he/she was living in the property as his/her sole or main home at the time of the tenant's death and was the tenant's spouse of civil partner or was living with the deceased tenant as if they were spouses or civil partners;

6.4.2 We will also confer succession rights also to someone who had been living in the property for twelve months or more immediately prior to the tenant's death and was:

- a parent or grandparent;
- children;
- a grandchild;
- a niece or nephew;
- an aunt or uncle;
- a brother or sister;
- step-relations and half-relations of the above;
- illegitimate children and adopted children

6.4.3 If a succession is granted and the qualifying person is not a spouse or civil partner or not living together as spouses or civil partners and are under-occupying the property we will offer suitable alternative property and seek re-possession of the deceased tenant's property on ground 15A of schedule 2 of the Housing Act 1985.

## **6.5 For all tenancies**

- 6.5.1 A successor will succeed to the same type of tenancy that the deceased tenant held.
- 6.5.2 If the successor is under eighteen years of age, the successor tenancy will be in accordance with section 4.2 (ii) above.
- 6.5.3 Where there is more than one qualifying person to succeed, statutory succession rights under 8.3 and 8.4 above will take precedence; but, otherwise, qualifying persons must agree among themselves who is to succeed: there will be no joint succession. If the qualifying persons are unable to agree, we will choose the successor.
- 6.5.4 Where succession does not exist or where non-statutory succession exists but the successor and his or her household would be under occupying the property, if the household member is deemed eligible and qualifies for an allocation of accommodation under the council's housing allocations policy he or she would be able to join the housing register. While there is no automatic right of an allocation to the property in question or any other property implied, the council will consider the individual circumstances of each case, including the needs of household members who are vulnerable by reason of age, disability or illness, and households with children and will seek to make the best use of its available social housing stock.

## **7. Joint tenancies**

- 7.1 We will grant joint tenancies if the person wishing to become the joint tenant is the sole tenant's spouse or civil partner or is living with the tenant as if they were spouses or civil partners **and** provided that they are living in the property as their sole or main residence at the time of applying **and** that they would qualify for housing under our allocations policy were they to apply in their sole name.
- 7.2 We will refuse to grant joint tenancies to existing sole tenants if:
- the would-be joint tenant has not been living with the sole tenant in the property as their sole or main residence for a period of less than twelve months immediately prior to the request;
  - the existing tenant has an undischarged possession order;
  - the existing tenant is an introductory, demoted non-secure or family intervention tenant;
  - the existing tenant has a live notice of seeking possession in force or a notice to quit in force or expired;
  - the applicant holds a tenancy of another property;
  - the existing or applying tenant has been convicted of an offence that constitutes a breach of their tenancy.
- 7.3 We may refuse to grant joint tenancies to existing sole tenants if :
- there is sufficient doubt about the relationship being genuine;
  - the applicant is an owner occupier;

- there are outstanding rent arrears;
- there are other existing breaches of tenancy, such as anti-social behaviour, but where no legal action has been undertaken;
- there is a limiting covenant on the tenancy, for example, where the sole tenant has signed a declaration to give up an adapted property when it was no longer needed;
- if the applicant is someone from whom the sole tenant had previously suffered or fled domestic abuse or with whom the sole tenant had a previous joint tenancy dissolved by a 'McGrady'<sup>3</sup> notice.

7.4 In all cases, the granting of a joint tenancy will be by way of granting an entirely new tenancy.

## **8. Sole tenancies from joint tenancies**

8.1 If one party to a joint tenancy dies, that tenancy will be subject to succession rules as laid out in section 6. If the surviving joint tenant has statutory or discretionary succession rights, the joint tenancy will become a sole tenancy through succession.

8.2 If one party to a joint tenancy wishes to renounce their interest in the tenancy, they may do so provided that the other party to the joint tenancy is in agreement. Our agreement as landlord will also be required.

8.3 All joint to sole tenancies will be by way of an assignment of the existing tenancy from joint names to the remaining tenant's sole name. This can be done either through a deed of assignment or a deed of release. Both parties must sign the deed.

8.4 We will refuse to agree to an assignment under this section if:

- we believe that it is not in the remaining tenant's interest to become a sole tenant;
- there is an undischarged possession order in both joint tenants' names;
- we believe that the remaining tenant is being coerced into agreeing to become a sole tenant against their will;
- if the departing tenant is being coerced against their will into renouncing their interest in the joint tenancy by the remaining tenant or some other person.

## **9. Mutual exchanges**

9.1 A mutual exchange takes place when two or more tenants swap their homes.

9.2 When a mutual exchange takes place between two or more secure or assured tenants no new tenancies are created. The parties involved take an assignment of the existing tenancies.

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<sup>3</sup> A 'McGrady notice is a notice to quit/tenancy termination notice' that has been served by one party to a joint tenancy but which has the effect of binding both joint tenants to terminate the tenancy. *Greenwich LBC v McGrady 1982*

- 9.3 When a mutual exchange takes place between a secure tenant of this council whose tenancy was granted before 1 April 2012 and a tenant from another provider holding a fixed-term or flexible tenancy or an assured shorthold tenancy the mutual exchange has to be carried out by surrender and granting of new tenancies so that our secure tenant retains a 'lifetime' tenancy. If the incoming tenant is an existing flexible tenant, then we will grant a secure tenancy.
- 9.4 When a mutual exchange takes place between a secure tenant of this council whose tenancy was granted on or after 1 April 2012 and a tenant from another provider holding a fixed-term or flexible tenancy the mutual exchange will be carried out by assignment and our secure tenant will inherit a flexible, fixed-term tenancy.
- 9.5 Eligibility to carry out a mutual exchange is determined and governed by section 92 and schedule 3 of the Housing Act 1985.
- 9.6 If one of our tenants is eligible to do a mutual exchange they may exchange with any other secure tenant, an assured tenant or a flexible tenant of a registered social landlord (for example a housing association, a housing trust which is a charity or a private registered provider of social housing)
- 9.7 If we receive an application from one of our tenants to carry out a mutual exchange, we will let them know whether or not they are eligible to exchange no later than 42 days after the date of the tenant's application. This may be a conditional decision . During that time we will have:
- undertaken an inspection of the condition of our property and carried out gas and electrical safety checks;
  - provided a reference of our tenant to their would-be new landlord;
  - received a reference for the incoming tenant.
- 9.8 The following tenants do not have the right to do a mutual exchange:
- Introductory tenants;
  - Non-secure tenants;
  - Demoted tenants;
  - Family intervention tenants;
  - Licensees.
- 9.9 For mutual exchanges carried out by assignment (i.e. exchanges not involving a secure tenancy granted by us before 1 April 2012 and a flexible tenancy granted by another provider), we may refuse to allow a mutual exchange<sup>4</sup> to take place if any of the exchanging tenants:
- have an undischarged possession order;
  - are subject to possession or demotion or injunction proceedings, including having served on them a notice of seeking possession on both absolute or discretionary grounds;

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<sup>4</sup> Sch 3 Housing Act 1985

- our property/properties is/are subject to a closure order;
- have an injunction against anti-social behaviour in place

9.10 We may also refuse to allow a mutual exchange<sup>3</sup> to take place if:

- the size of our property is larger by more than one bedroom than the needs are of the incoming tenant;
- the size of our property is such that the incoming tenants will be overcrowding it and would not be offered the property were they to have applied for housing through our allocations policy;
- the property has been adapted significantly to make it suitable for occupation by a physically disabled person and if the exchange were to take place those adaptations would no longer be required;
- the property is designated sheltered or supported accommodation or is let to people with special needs or and if the exchange were to take place there would be no-one living in the property who fulfilled the criteria to live there.

9.11 If someone is eligible to do a mutual exchange but is in breach of his or her tenancy, including being in rent arrears but without there having been any legal action begun, we may delay the date of assignment until that breach has been remedied.

9.12 For mutual exchanges involving a secure tenancy granted before 1 April 2012 and a flexible tenancy (held by a tenant of a provider that grants such tenancies) we will only refuse consent on one or more of the grounds set out in schedule 14 of the Localism Act 2011, which includes all grounds set out in schedule 3 of the Housing Act 1985, plus if:

- the tenant is in rent arrears; or
- the tenant is otherwise in breach of any term of the tenancy.

9.13 We will subscribe to an internet-based mutual exchange service allowing a tenant to:

- register an interest in arranging a mutual exchange through the service without paying a fee;
- enter their current property details and their requirements for the exchange they wish to have;
- to be provided with the details of those properties matched to their requirements.

## **PART C: OTHER PROVISIONS**

### **10. Advice and support**

We recognise that many of our tenants are vulnerable and could be disadvantaged in exercising their rights under this policy.

We will offer advice and support to tenants if requested and/or if support needs are identified by us or we will direct them to other organisations for more specialised advice if we are not in a position to offer it. The council has a distinct tenancy support policy.

## **11. Tenancy fraud**

11.1 Charnwood Borough Council has a limited number of homes that are available to let and all lettings are prioritised according to housing need and the council's duty to house certain vulnerable members of society (for example, children).

11.2 The council has an active involvement in the National Fraud Initiative and is committed to preventing, detecting, and investigating all types of fraud. Tenancy fraud deprives families of homes and we will take action where fraud is found.

11.3 Tenancy fraud includes:

- Subletting a property without the landlord's permission for personal gain;
- Providing false information on your application for housing, for example:
- Claiming to have children when you don't;
- Claiming to be homeless when you already own a property.

11.4 The council responds swiftly to all reports of unoccupied/abandoned and sublet properties. We encourage staff and tenants to report any suspected incidents of tenancy fraud and we work jointly with housing benefit and DWP fraud investigators as necessary. We take copies of photographic identification (for example, a passport or driving licence) of all home seekers. Where photographic identification is not available, we may take a photograph of each new tenant(s) as part of our lettings process.

11.5 If tenants are found to be committing housing fraud, they could:

- lose their tenancy;
- lose their right to council housing in the future;
- be fined or sent to prison depending on how serious the fraud is.

11.6 The council will seek to prevent the loss of its stock from fraudulent right to buy applications through a series of rigorous checks.

## **12. Training**

12.1 Suitable training on this policy will be given to members of staff whose job either directly or indirectly is affected by this policy.

12.2 Refresher training on this policy at appropriate intervals will also be given or if the policy is changed materially.



### **13. Equality and diversity**

We aim to ensure that all our policies are fair and transparent and have been impact-assessed according to our procedures and in accordance with legal requirements.

### **14. Responsibility**

The relevant strategic director is responsible for the effective implementation of this policy and may delegate amendments to it arising out of changes in legislation or regulation to other officers.

### **15. Monitoring and review**

This policy will be reviewed every four years or sooner if required through legislative or regulatory changes.

### **16. Other external and internal influences on this policy**

16.1 This policy has been written and should be implemented in conjunction with the following documents:

- Conditions of tenancy;
- Tenancy strategy;
- Allocations policy;
- Tenancy support policy
- Adaptations policy;
- Housing income and financial inclusion policy;
- Anti-social behaviour policy;
- Equality and diversity policy;

16.2 This policy has been written and should be implemented in conjunction with the following Acts including, but not limited to:

- Housing Act 1985;
- Housing Act 1996;
- Localism Act 2011;
- Anti-Social Behaviour Act 2003;
- Anti-Social Behaviour, Crime and Policing Act 2014
- Civil Partnership Act 2004
- Housing and Regeneration Act 2004;
- Housing and Planning Act 2016;
- Equality Act 2010;
- Homelessness Act 2002;
- Homelessness Reduction Act 2017.

### **17. Policy summary**

In addition to this policy being publicly available we will also produce a summary of it in an easy-to-read format.

## APPENDIX B

### Charnwood Borough Council

#### Equality impact assessment 'Knowing the needs of your customers and employees'

##### Background

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

##### Legislation- equality duty

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

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations

For the following protected characteristics:

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

What is prohibited?

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

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

##### Step I – Introductory information

|                                                                    |                                          |
|--------------------------------------------------------------------|------------------------------------------|
| <b>Title of the policy</b>                                         | Tenancy policy                           |
| <b>Name of lead officer and others undertaking this assessment</b> | Andrew Staton, Landlord Services Manager |
| <b>Date EIA started</b>                                            | 18 April 2019                            |
| <b>Date EIA completed</b>                                          | 18 April 2019; reviewed September 2023   |

## Step 2 – Overview of policy/function being assessed:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outline: What is the purpose of this policy? (Specify aims and objectives)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>The objectives of this policy are:</p> <ul style="list-style-type: none"> <li>• to grant the correct tenancy in compliance with the law;</li> <li>• to grant the securest tenure possible according to the tenant’s individual circumstances and the property that they are being offered;</li> <li>• to grant tenancies in accordance with our tenancy strategy and allocations policy and in order to make best use of the council’s stock of homes;</li> <li>• to grant the most appropriate tenancy where discretion exists;</li> <li>• to grant tenancies and successions, where discretion exists, without discrimination as to anyone’s protected characteristics;</li> <li>• to enable tenants to carry out mutual exchanges in accordance with statutory requirements and powers;</li> <li>• to enable rigorous operational procedures to be created, where required, in order to implement this policy;</li> </ul> |
| What specific group/s is the policy designed to affect and what is the intended change or outcome for them?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>All current and future tenants of council-owned dwellings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Which groups have been consulted as part of the creation or review of the policy?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Tenants have been consulted at the Charnwood Housing Residents’ Forum and at the HMAB.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy &amp; maternity, race, religion or belief, sex, sexual orientation etc.</p> <p>Data/information such as:</p> <ul style="list-style-type: none"> <li>▪ Consultation</li> <li>▪ Previous equality impact assessments</li> <li>▪ Demographic information</li> <li>▪ Anecdotal and other evidence</li> </ul> |
| <p>A range of diversity information is available from our records and held in QL (our housing management system) for all those customers receiving or potentially receiving [applicants] housing management services. This includes information on age, gender, ethnicity, sexual orientation, and disability. The range of information is limited in relation to certain characteristics (e.g. sexual orientation)</p>                                                                                                              |
| What does this information / data tell you about diverse group? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (Please list)                                                                                                                                                                                                                                                                                                                         |
| This information enables support to be directed to the most vulnerable tenants, and also shape our services to meet the                                                                                                                                                                                                                                                                                                                                                                                                              |

needs of vulnerable people across a range of diverse groups. Where disability is involved it can also assist in ensuring that suitable accommodation is offered, which can include an adapted property to assist in tenancy sustainment.

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

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

Staff in landlord and strategic housing services teams have been consulted.  
Tenants have been consulted at the Charnwood Housing Residents' Forum and at the HMAB.

#### Step 5 – Assessing the impact

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

|                                                                                                                                                                             | <b>Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Age</b>                                                                                                                                                                  | Minors cannot enter into a legally-binding contract and so have to be granted tenancies that are different from standard introductory or secure tenancies. The policy aims to reduce the impact of this unavoidable difference by bestowing the same rights and responsibilities as the law will allow while protecting the minor's contractual status by, for example, appointing a guarantor or trustee to the tenancy.                 |
| <b>Disability<br/>(Physical, visual, hearing, learning disabilities, mental health)</b>                                                                                     | The policy is, by its very nature, detailed and, in parts, quite legalistic. To mitigate the problems that some people might have in understanding fully the policy's terms, a much simpler, easy-to-read summary will be made available as an additional document.<br><br>The policy will be available in other accessible formats, such as in large print or in other languages, upon request.                                          |
| <b>Gender reassignment<br/>(Transgender)</b>                                                                                                                                | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Race</b>                                                                                                                                                                 | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Religion or belief<br/>(Includes no belief)</b>                                                                                                                          | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Sex</b>                                                                                                                                                                  | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Sexual orientation</b>                                                                                                                                                   | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Other protected groups (pregnancy &amp; maternity, marriage &amp; civil partnership)</b>                                                                                 | There will be no adverse effect from this policy on this protected group                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Other socially excluded groups<br/>(carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)</b> | See "Disability" section above. In addition to that, people in this category are arguably more likely to present as homeless to the council and, as such, may be housed by us on a non-secure tenancy or licence. This will confer a less secure form of tenure on these people but we are legally unable to grant more secure forms of tenancy on people who are being housed under homelessness or homelessness prevention legislation. |

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

Please note:

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

|                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| to consider what actions can be taken to mitigate its effect on those groups of people.                                                                                                                                    |
| No adverse impact from this policy is illegal.                                                                                                                                                                             |
| For discrimination that is unavoidable, (principally) tenancy support and housing options advice will benefit vulnerable tenants (including minors) by providing help, support and advice when needed.                     |
| Summarise your findings and give an overview as to whether the policy will meet Charnwood Borough council's responsibilities in relation to equality and diversity (please refer to the general duties on the front page). |
| Delivery of the council's general equalities duties is supported by the provision of general professional advice and assistance from the housing options, tenancy support and tenancy teams.                               |

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

|                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Are there processes in place to review the findings of this assessment and make appropriate changes? In particular, how will you monitor potential barriers and any positive/ negative impact?            |
| The monitoring of the granting of tenancies in compliance with this policy will be the responsibility of the appropriate team leaders and will be subject to the internal audit processes of the council. |
| How will the recommendations of this assessment be built into wider planning and review processes? e.g. policy reviews, annual plans and use of performance management systems.                           |
| No recommendations have been identified in this assessment.                                                                                                                                               |

■ **Step 7- Action plan**

| <b>Please include any identified concerns/actions/problems in this action plan:</b><br><b>The problems etc identified should inform your service plan and, if appropriate, your consultation plan</b> |                                                    |                     |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------|-------------|
| Reference number                                                                                                                                                                                      | Action                                             | Responsible officer | Target date |
|                                                                                                                                                                                                       | No actions have been identified in this assessment |                     |             |

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

|                                                                              | Who needs to know (Please tick) | How they will be informed (we have a legal duty to publish EIAs)           |
|------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------|
| Employees                                                                    | ✓                               | Team meetings                                                              |
| Tenants                                                                      | ✓                               | Publication on the council's website and/or tenants magazine               |
| Partners and stakeholders                                                    | ✓                               | Publication on the council's website                                       |
| Others                                                                       | ✓                               | Future and potential tenants through publication on the council's website. |
| To ensure ease of access, what other communication needs/concerns are there? |                                 | None identified.                                                           |

|                              |
|------------------------------|
| Please delete as appropriate |
| I agree with this assessment |

**Signed**



**Peter Oliver – Director of Housing and Wellbeing**

**Date: 24<sup>th</sup> October 2023**

## **CABINET - THURSDAY, 16 NOVEMBER 2023**

### **Report of the Director Housing and Wellbeing Lead Member: Executive Member for Public and Private Sector Housing**

#### **Part A**

#### HRA BUSINESS PLAN 2023-2053 AND CAPACITY UPDATE

##### Purpose of report

To seek Cabinet approval for the updated Housing Revenue Account (HRA) Business Plan 2023-2053 and Capacity Review.

##### Recommendations

1. That the HRA Business Plan 2023-2053 and Capacity Review at Appendix 1 be approved.
2. That a further review of the HRA Business Plan be undertaken in 2024/2025.

##### Reasons

1. To set out the revised financial framework for how the Council intends to meet the investment requirements necessary to deliver the landlord service and maintain its HRA properties over the next 30 years.
2. To closely monitor projections considering sensitivities at the national level including inflation and government rent policy, and local service pressures.

##### Policy justification and previous decisions

On 10<sup>th</sup> February 2022 Cabinet approved an updated Housing Revenue Account (HRA) Business Plan 2021-2052. Alongside this, Cabinet approved the procurement of a contractor to support the development of the Council's Asset Management Strategy through the undertaking of a stock condition survey, high level energy study, and the production of a prioritised investment strategy.

It was noted the HRA Business Plan would be reviewed in 2022/2023 following completion of the stock condition survey given the greater insight in to investment requirements likely to be gained.

On 9<sup>th</sup> February 2023 Cabinet approved the HRA Asset Management Strategy 2023-2028. The Asset Management Strategy has set out the likely levels of investment needed to maintain the Council's housing stock. The HRA Business Plan sets out how that investment may be funded along with the costs of services provided to tenants.

##### Implementation timetable including future decisions

It is recommended that, subject to call-in, the HRA Business Plan 2023-2053 and Capacity Review, if approved, come into effect immediately.

Given the economic context and the pressures on housing delivery, a further review of the HRA Business Plan is scheduled for 2024/2025.

Report implications

**Financial implications**

A stock condition survey has been completed, providing greater insight into stock investment needs and associated costs. Cost inflation has significantly outstripped rent inflation (which was capped for 2023/2024 through government intervention), and borrowing rates are less favourable than they were. Consequently, there is an overall negative impact on the business plan in terms of reduction in reserve balances and increased debt of around £83.2million. The advice from Savills UK is that projected borrowing is within provisional “golden-rule” limits, and there is capacity within the plan to borrow to invest in the stock.

The long-term financial position is subject to external factors including inflation and government rent policy. The Asset Management Strategy 2023-2028 approved by Cabinet in March 2023 sets out several actions which may be taken to improve the value of the stock in part mitigation.

As set out above, a further review of the HRA Business Plan is scheduled for 2024/2025.

**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                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------|---------------|-----------------------------------------------------------------------------------|
| National sensitivities including inflation, government rent policy, alongside local service pressures impact on the plan, increasing costs / reducing income on an unsustainable basis. | 2<br>Unlikely | 4<br>Major | 8<br>Moderate | Further review of the HRA Business Plan and capacity to take place in 2024/5.     |
| Insufficient senior officer resource with an appropriate span of control to oversee HRA budgets and services leading to                                                                 | 2<br>Likely   | 4<br>Major | 8<br>Moderate | Head of Landlord Services appointed and due to commence in post in December 2023. |



| Risk Identified                                              | Likelihood | Impact | Overall Risk | Risk Management Actions Planned |
|--------------------------------------------------------------|------------|--------|--------------|---------------------------------|
| increased costs and loss of opportunity to increase revenue. |            |        |              |                                 |

### **Equality and diversity**

The provision of social housing and associated services has a positive impact on equality and diversity. For example, the HRA Business Plan includes sums for:

- Warden support for older people living in sheltered accommodation.
- Tenancy support for vulnerable tenants.
- Anti-social behaviour (ASB) services which manage hate incidents.
- Adaptations for disabled people.

### **Climate change and carbon impact**

The HRA Business Plan includes sums for capital improvements including doors, windows, roofing and insulation, and heating systems. These improvements will avoid increase in energy intensity of Council owned buildings and will maximise efficiency.

### **Crime and disorder**

The HRA Business Plan will positively contribute towards the achievement of the Council's responsibilities under Section 17 of the Crime and Disorder Act (1998) to undertake reasonable action to improve community safety in the borough. Services to tackle ASB and manage neighbourhoods are funded, along with sums for estate improvements, and the installation and maintenance of communal entrance doors which provide an enhanced level of security for tenants and their families.

### **Wards affected**

All wards.

### **Publicity arrangements**

None planned.

### **Consultations**

At its meeting on the 12<sup>th</sup> July 2023 the Housing Management Advisory Board considered and endorsed the HRA Business Plan 2023-2052 and Capacity Review.

### **Links to the corporate strategy**

|                            |     |
|----------------------------|-----|
| Caring for the Environment | Yes |
| Healthy Communities        | Yes |

|                    |     |
|--------------------|-----|
| A Thriving Economy | No  |
| Your Council       | Yes |

Key decision: Yes

Date included on forward plan 18 October 2023

Background papers: Cabinet - 9th March 2023 Housing Revenue Account Asset Management Strategy 2023-2028

Cabinet - 10<sup>th</sup> February 2022 Draft Housing Revenue Account Business Plan 2021-2052 and Asset Management Strategy Framework.

Officer to contact: Peter Oliver, Director of Housing and Wellbeing  
 peter.oliver@charnwood.gov.uk  
 01509 634 666

## Part B

### 1. Background

- 1.1 The HRA Business Plan (2023-2028) and Capacity Review has been completed with support from Savills UK.

### 2. Key Points

- 2.1 The amount of rent the Council can charge was capped for 2023/24 by the government at 7%. Costs incurred by the Council, for example around repairs and maintenance, have increased because of global and national inflationary factors. This has a negative impact on the business plan because the rent charged is not keeping up with the costs of delivering the services.
- 2.2 Greater insight derived from the stock condition survey completed in 2022 into the condition of the Council's housing stock has identified more work is needed to keep the stock in good condition. For example, costs increase from year 6 of the plan as kitchens and bathrooms installed around 20 and 30 years ago, respectively, start needing replacement. This is illustrated at *Chart 2.2 - Projected capital expenditure and financing* on Page 7 at Appendix 1.
- 2.3 The cost of borrowing has increased. The current level of borrowing is £78.6 million. Refinancing of existing loans will be needed and an estimated further £ 72.9 million will need to be borrowed to keep the stock in good condition and deliver services. Interest on these loans will be at a higher rate than previous loans. This has a negative impact on the business plan. This is illustrated at *Chart 2.3 - Projected debt profile (HRACFR)* on Page 8 at Appendix 1.
- 2.4 The capacity review part of the plan sets out some indicative thresholds around how much the council could borrow to invest in its stock, services, and priorities, including, for example, improving the energy efficiency of Council homes, improving sheltered accommodation, and delivering new Council homes. Based on several metrics, the capacity review sets out there is scope for additional borrowing.

### Appendices

- Appendix 1            Housing Revenue Account (HRA) Business Plan 2023-2053 and Capacity Review

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# Housing Revenue Account Business Plan and Capacity Update

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Report.v1  
January 2023

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## 1. Introduction

### 1.1. Background

Charnwood Borough Council (CBC, the Council) have appointed Savills to support officers in the production of the annual HRA Business Plan.

This builds upon the work undertaken last year in establishing a HRA Business Plan. CBC, like many authorities, need to adopt a new approach to setting out the financial capacity and capability of the HRA to deliver on its objectives towards refurbishment, investment, regeneration and new supply. Consideration of a new approach is also consistent with the requirement for the publication of Prudential Indicators specific to the HRA following their reintroduction alongside the abolition of the debt cap.

Savills have therefore worked with officers to update the HRA business plan that was produced in November 2021, in respect of projected rent increases, uplifts to repair costs, higher borrowing costs, but more importantly taking on the results of a stock condition survey combined with the results of work undertaken by officers to establish energy efficiency works and undertake building safety.

This plan is based on the 2022.23 forecast out-turn but also the 2023.24 budgets with anticipated increases to costs for salary increases and the rise in utility costs, which are greater than those originally forecast. It also incorporates the 2023.24 and 2024.25 HRA capital programme.

At this time it excludes any further acquisition or development programmes.

### 1.2. Factors the Sector is Facing

When considering the HRA business plan and its current resources, we must be mindful of the current and future challenges that the social housing sector faces. The following areas are not exclusive, but are the key ones that will impact upon both staffing and financial resources:

#### Building Safety

Since the tragic consequences of Grenfell Tower, steps have been made by Government to ensure that building and fire safety is at the forefront of social housing investment and delivery. This has increased the amount of reporting that is required and where the point of responsibility over how and what data is held. For CBC this has meant implementing new fire safety measures, which not only adds to capital investment but requires ongoing monitoring and maintenance. Recovery for these costs is also difficult from leaseholder due to current lease arrangements. Furthermore additional revenue resource is required in relation to ensuring compliance.

#### Tenant Satisfaction Measures

The Regulator for Social Housing is responsible for monitoring a range of Tenancy Services Measures, which all Registered Providers (including CBC) will be responsible for collating from April 2023 and external scrutiny from April 2024.

There will be an increased demand from the service to collate data from existing databases (some of which is already being reported) and new tenant surveys assessing satisfaction.

This is a direct outcome from the recent White Paper “The Charter for Social Housing Residents” that sets out what every social housing resident should expect:

- To be safe in your home
- To know how your landlord is performing
- To have your complaints dealt with promptly and fairly
- To be treated with respect
- To have your voice heard by your landlord
- To have a good quality home and neighbourhood to live in
- To be supported to take you first step to ownership

The Tenancy Services Measures are summarised in Appendix 4.

### **1.3. Approach**

This report sets out our findings as follows:

1. The results of the latest HRA business plan model in the light of market conditions, policy initiatives and other factors.
2. The impact to the metrics and indicators which can form the basis of future management and planning for the HRA.

## **2. Business plan model**

### **2.1. Introduction**

Our latest version of the HRA Business Plan model has been provided and populated in liaison with officers and forms the basis of this report.

It will continue to have revisits in respect of updates to the asset management strategy and any forthcoming redevelopment schemes as details become more apparent.

### 2.2. Overview of methodology and assumptions

#### *Overall*

The plan is based on the following overarching principles:

- 29 year projections from 2023.24 based on the existing budget (Year 1 is 2022.23 out-turn forecasts)
- Core inflation projected at 2.0% thereafter with exemptions as detailed below
  - 6.0% for April 2024
  - 3.5% for April 2025
  - 2.5% for April 2026
- Rents increasing at CPI per annum with the exception of the following:
  - 7.0% April 2023 (on the basis of the recent rent determination capping increases at this level rather than CPI+1%, which would have been 11.1%)
  - CPI (6.0%) +1% in accordance with the final year of the current social housing rent policy (April 2024)
- Depreciation provision increasing at CPI throughout
- Due to inflation uplifts to revenue repairs contracts the existing budget of £6.660million will increase to £7.095million for 2023.24.
- Maintenance of the existing tenanted stock (subject to Right to Buy sales) was modelled at a total of £253.433million over the 30 years from 2022.23 equating to £46,146 per unit prior to inflation and stock adjustments
- The inclusion of 24 loans directly attributable to the HRA, that are at fixed interest rates for varying periods.

The overall methodology within the plan is also founded on net rental income servicing the operational expenditure, interest charges, and where required, additional borrowing to finance investment to the stock and loan refinancing when existing loan facilities mature.

The following paragraphs provide more detail to the key elements of the plan.

#### Rents

The rents contained within the modelling are consistent with the current social rent policy where the increase applied to April 2023 is capped at 7.0% in accordance with the recent determination issued by the Government. This intervention replaces, for one year, the policy increase of CPI plus 1%, which would have resulted in rent increases of 11.1%. The current policy concludes in April 2024 and we have assumed rents will increase by CPI + 1%, resulting in a forecast increase of 7.0%.

Rent levels, as an average for 2023.24, will be £83.90 per week on a 52 week basis.



The rent policy moving forward will be consulted on during 2023 in respect of providing more certainty of rent increases for April 2025 and beyond. At this stage we have made the prudent assumption that rent for April 2025 and beyond will increase by CPI only.

Void rates of 4.82% and Bad Debt provision of 0.49% have been modelled throughout the plan.

### Service Charges

In respect of tenants and increase for 2023.24 of 6.45% has been applied, which is less than forecast levels of inflation for costs, which results in additional under-recovery. We have not modelled any catch-up in terms of charges into future years in order to ensure full recovery of costs. We have modelled service charge increases matching rent increases moving forward.

### Other Income

In terms of garage, a revised forecast has been modelled with an overall increase of 3.05%.

There are a range of other internal recharges between the HRA and General and with the service itself that have been reviewed resulting in a reduction of c21% of budgeted income for 2022.23.

### Management

In terms of overall general management costs have increased by 7.12% reflecting inflation and pay awards whereas special (service) costs have increased by 31.2% due to utility costs.

### Repairs

The forecast position for 2023.24 will see significant growth equal to 8.16% on account of inflationary pressures.

### Right to Buy sales volumes

The level of sales is modelled initially at 40 per annum over the next 2 years and then reduces by c10% per annum which accounts for a stock loss of 8% over the plan period. It might be expected that CBC will see further reductions in sale volumes on account of stability with house prices but also the availability and affordability of mortgages for prospective purchasers, but the approach taken is prudent. We have made adjustments to both rents, repairs and future investment expenditure to reflect these stock losses.

The HRA also benefits from the receipts from right to buy sales, for those not ring-fenced for new delivery, and these are utilised to fund capital works for the existing stock. This approach, will also be subject to annual review in respect of considering alternative uses.

### Capital Works to Existing Properties

In previous iterations capital expenditure forecast were based on the asset management database. However, this was deemed not up to date and did not include provisions for building safety works and energy efficiency improvements.

In order to provide a more accurate position, ahead of the development of a new asset management strategy and comprehensive stock condition survey, Savills were commissioned to provide a 30-year forecast, in conjunction with officers, whilst basing the requirements on a 5% sample survey. This will provide the basis for both this plan but also the new asset management strategy and the recently commissioned stock condition survey that will extend the sample size significantly.

**Table 2.1 – Stock Investment Requirements**

| Element Group          | Years 1-5         |               | Years 6-10        |               | Years 11-15       |               | Years 16-20       |               | Years 21-25       |               | Years 26-30       |               | Total              |                |
|------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|--------------------|----------------|
|                        | Costs (£)         | Counts        | Costs (£)         | Counts        | Costs (£)         | Counts        | Costs (£)         | Counts        | Costs (£)         | Counts        | Costs (£)         | Counts        | Costs (£)          | Counts         |
| Catch Up Repairs       | 213,309           | 1,495         | 0                 | 0             | 0                 | 0             | 0                 | 0             | 0                 | 0             | 0                 | 0             | 213,309            | 1,495          |
| Kitchens               | 5,541,094         | 833           | 12,731,088        | 1,860         | 18,240,739        | 2,653         | 1,005,019         | 154           | 5,541,094         | 833           | 12,731,088        | 1,860         | 55,790,122         | 8,193          |
| Bathrooms              | 4,464,273         | 3,531         | 2,944,504         | 2,072         | 3,799,071         | 3,144         | 9,444,746         | 3,215         | 10,440,014        | 4,415         | 3,796,287         | 1,782         | 34,888,896         | 18,159         |
| Electrics              | 4,414,130         | 11,046        | 8,585,108         | 10,996        | 1,978,181         | 10,243        | 2,282,876         | 10,996        | 1,424,283         | 10,144        | 1,046,418         | 8,209         | 19,730,995         | 61,634         |
| Heating                | 8,514,166         | 5,162         | 3,244,234         | 1,545         | 3,150,910         | 2,088         | 16,879,686        | 7,581         | 2,393,914         | 1,818         | 1,861,330         | 1,049         | 36,044,240         | 19,243         |
| Roofs                  | 769,329           | 1,134         | 11,384,389        | 10,392        | 1,230,211         | 1,003         | 1,901,220         | 1,107         | 1,935,724         | 2,243         | 1,015,796         | 746           | 18,236,670         | 16,625         |
| Walls                  | 1,079,705         | 254           | 5,914,325         | 2,812         | 3,740,653         | 649           | 920,759           | 503           | 1,011,502         | 773           | 6,136,156         | 1,625         | 18,803,100         | 6,616          |
| Windows and Doors      | 2,848,750         | 1,525         | 9,463,693         | 4,271         | 5,374,254         | 2,208         | 3,381,550         | 3,422         | 2,242,463         | 2,823         | 920,200           | 774           | 24,230,910         | 15,023         |
| External Areas         | 1,006,732         | 2,381         | 6,422,181         | 16,344        | 2,358,734         | 4,563         | 996,046           | 2,560         | 1,057,331         | 3,465         | 2,345,656         | 4,077         | 14,186,679         | 33,390         |
| Communal Areas         | 245,476           | 1,020         | 1,006,575         | 3,660         | 272,919           | 1,049         | 158,364           | 786           | 907,968           | 2,682         | 353,792           | 789           | 2,945,093          | 9,986          |
| <b>Total</b>           | <b>29,096,963</b> | <b>28,381</b> | <b>61,696,097</b> | <b>53,952</b> | <b>40,145,673</b> | <b>27,600</b> | <b>36,970,266</b> | <b>30,324</b> | <b>26,954,293</b> | <b>29,196</b> | <b>30,206,722</b> | <b>20,911</b> | <b>225,070,013</b> | <b>190,364</b> |
| <b>Total per annum</b> | <b>5,819,393</b>  | <b>5,676</b>  | <b>12,339,219</b> | <b>10,790</b> | <b>8,029,135</b>  | <b>5,520</b>  | <b>7,394,053</b>  | <b>6,065</b>  | <b>5,390,859</b>  | <b>5,839</b>  | <b>6,041,344</b>  | <b>4,182</b>  | <b>7,502,334</b>   | <b>6,345</b>   |

We have assumed that year 1 is 2022.23 for the purposes of planning.

The current capital programme for 2022.23 is £8.418million plus a provision for fees of £0.312million.

Currently, the proposed capital programme for 2023.24 and 2024.25 is £6.094million and £5.083million respectively plus a provision for fees of £0.438million.

Therefore, the plan recognises the capital programmes for 2022.23, 2023.24 and 2024.25 respectively and allocates the resulting shortfall of £0.244million to 2025.26 and draws upon the expenditure profile from the above table from year 4, with a provision of £0.438million for fees.

The above table represents a significant investment in the existing stock, embracing the works required to improve the energy efficiency of homes, improving building safety and ensuring they are maintained at an appropriate standard.

## New Build or Development Assumptions

A small number of acquisitions have been modelled for years 1-3 within the plan.

In terms of redevelopment, only St Michaels court is modelled for removal without any provision for new build in its place at this time.

## Interest Rates

The opening debt (HRACFR) for the HRA stands at £78.620million. It is currently financed by 24 fixed loans totalling £79.190million in terms of both interest rates and maturity dates. The average interest rate for these loans is 3.43%. Internal lending between the Council's General Fund and HRA is utilised to fund the £0.570million difference and no interest is received on this. This position may well change as the Council will annually review its treasury management strategy.

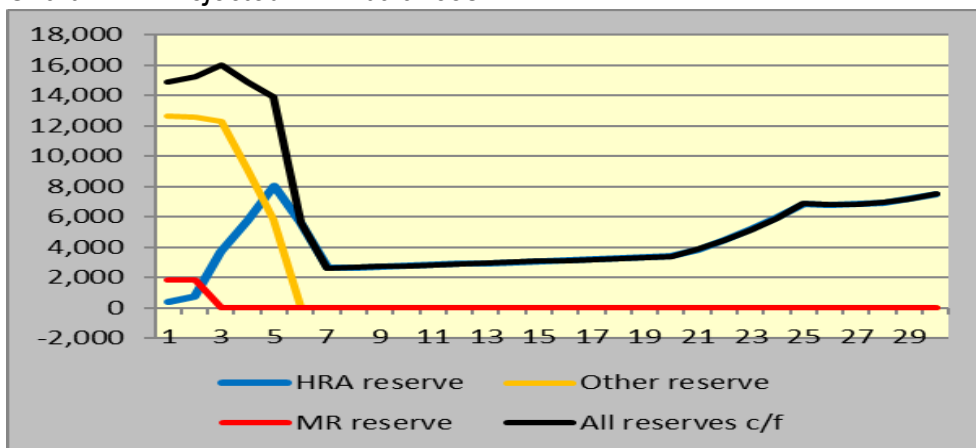
As capital expenditure increases above current levels in order to meet the requirements as demonstrated in table 2.1 additional borrowing is required. Currently interest rates are the highest they have been for the last 14 years but the consensus amongst treasury advisors are that they will fall. A rate of 3.5% has been assumed for future borrowing, where required.

**2.3. HRA Business Plans Projections**

As a starting position for financial forecasting an agreed set of assumptions relating to inflation and interest rates are factored in. In addition, a minimum reserve position for the HRA and we have modelled 10% of annual turnover to satisfy this.

Therefore, the graphs below will show the HRA, maintaining a minimum balance of 10% of turnover with the maximum level of resources available from the HRA utilised to either finance the capital programme and (if any remaining available) and to reserve balances.

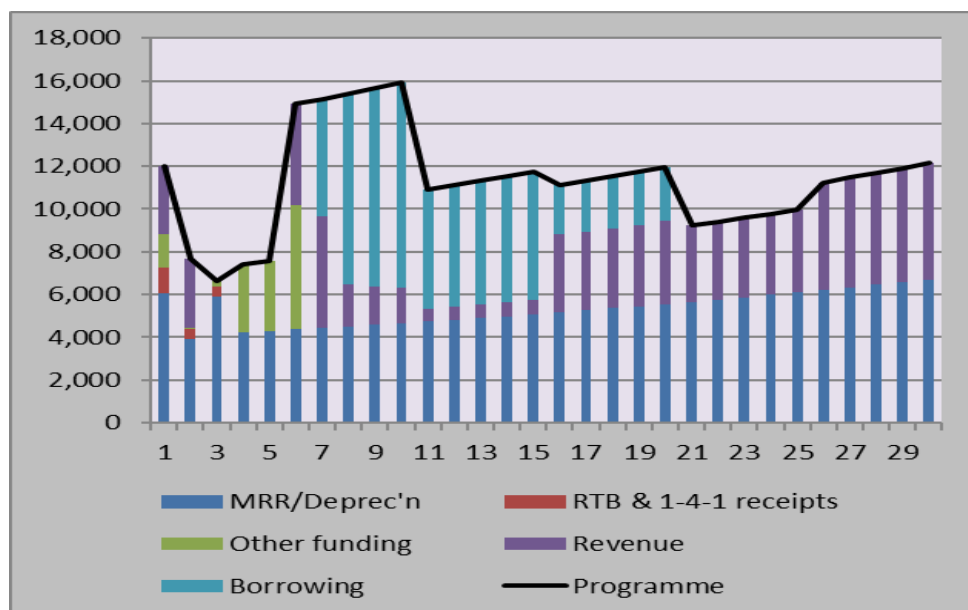
*Chart 2.1 – Projected HRA balances*



This demonstrates the plan can maintain the HRA balance at its minimum level for the duration of the plan. From year 20 onwards, on account of a reduction in the expenditure of the capital programme, balances begin to accrue in the plan to c£7.5million.

This is a lower future balance projection than previously projected of c£17.8million on account to increases to the operating costs and increased levels of investment in the stock.

*Chart 2.2 – Projected capital expenditure and financing*

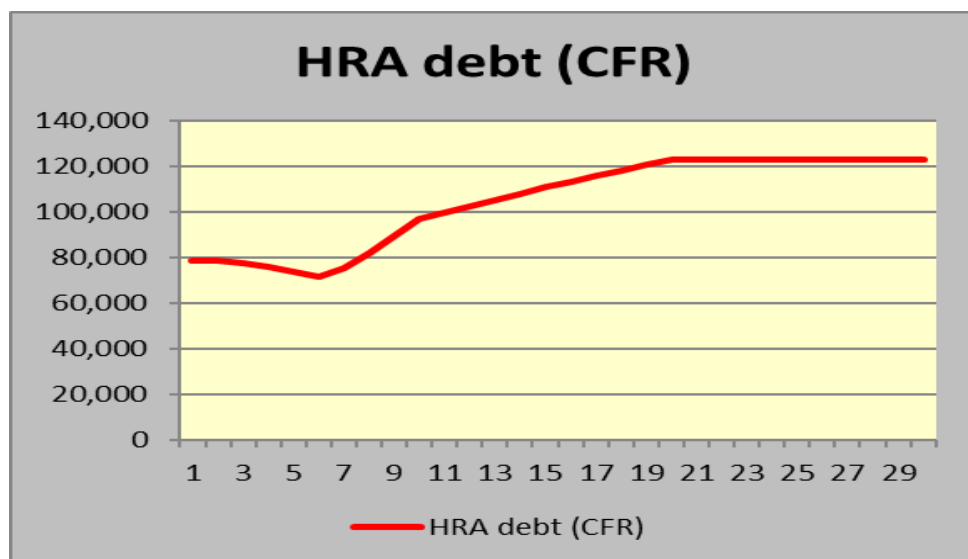


Capital expenditure remains fully funded throughout the 30 years demonstrated by the horizontal black line. From year 5 of the plan, where the stock investment requirements data is modelled there is a significant increase in expenditure to meet the requirements for key components such as kitchens, electrics, roofs, walls, windows and external works.

In order to finance this, additional borrowing is required to fully fund this. As the asset management strategy is developed, and additional surveys are undertaken, the expenditure profile demonstrated above is most likely to change as well as expenditure levels, but the above provides for a sound basis in which to understand the business plan position as it stands. The other funding in the above graph represents the release of funding from the HRA Financing Fund.

Inflation has been included within the above projections.

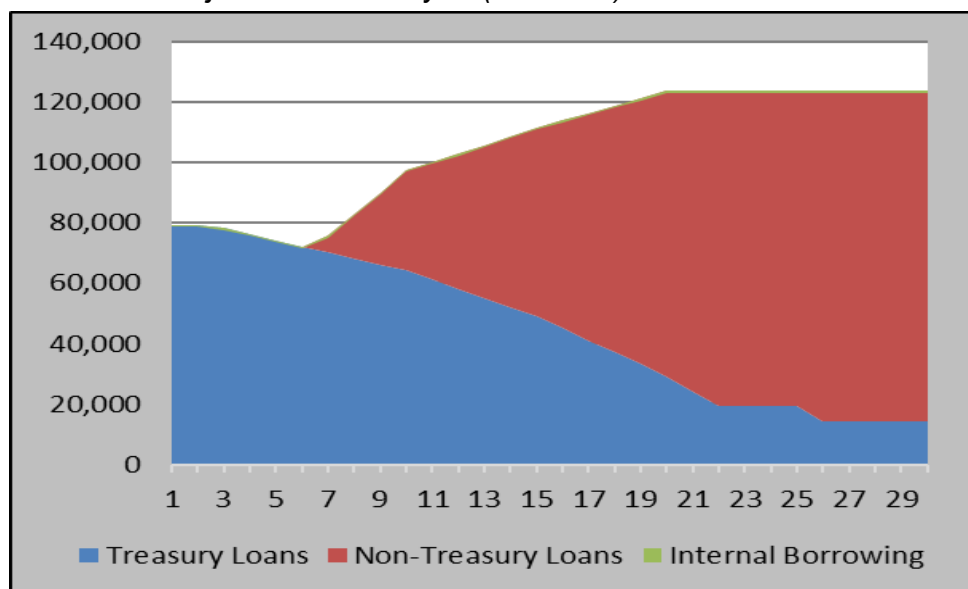
Chart 2.3 – Projected debt profile (HRACFR)



Borrowing is projected to peak in year 20 at c£123.1million from an opening position of £78.6million. This compares to previously projected closing borrowing of £50.2million. Again due to increased investment in the stock (of c30%) and increased operating costs.

All of the existing loan facilities that mature during the period of the plan are refinanced as demonstrated in the chart below.

Chart 2.4 – Projected Debt Analysis (HRACFR)



The blue shaded areas represent the existing loan portfolio that was allocated to the HRA in 2012 and any borrowing since then, whereas the red area represents a new pool of loans that are effectively a revolver type facility at an interest rate across all years at 3.5%.

## 2.4. Debt in Comparison to Provisional Prudential Limits

The HRA debt cap represented an artificial constraint on borrowing set outside the HRA and linked to future income and cost assumptions which were made in 2012. The housing and financial policy environment has moved on considerably since then, however the only change in the debt cap that has been implemented was for a small minority of authorities that opted to bid for an increase in 2014.<sup>15</sup>

The proposition within this analysis is that, whilst there is theoretically now no limit to borrowing within the HRA, the existing asset and operating base generates a net income stream that does offer a logical limit on sustainable borrowing levels. In setting out its investment strategy, the council therefore needs to consider how it will take decisions on whether to invest, how to fund, the extent of new borrowing, and determine a framework within which decisions will be taken for the business plan overall, within the medium term financial strategy and within successive budget rounds.

This report applies some metrics developed in the light of the experience of 40 years' of successful private finance of housing associations, during which associations have developed hundreds of thousands of new affordable homes, without a single association ever going into default with any of its lenders.

This is not the only approach that can be utilised, for example the council will have an established approach to the setting of Prudential Indicators in the General Fund which it might wish to consider in the HRA context. However, as will be seen, looking at tried and tested principles from a privately financed sector in the HRA context provides a powerful and persuasive evidence base for a significant increase in funding for new HRA developments.

Housing associations have traditionally been funded from long-term bank lending from the High Street banks and Building Societies. There is over £55billion of debt on HA balance sheets. Bank lending has been built on lending covenants which have become established in the marketplace and associated with the delivery of cheap debt. Whilst local authority borrowing is not directly secured on its asset base, the covenant approach provides a key insight into the viability and sustainability of borrowing as viewed by private lenders.

We have identified three covenants/ratios or metrics which we consider potentially relevant in the HRA context, set out below.

### *Interest Cover Ratio (ICR)*

This is the ratio of operating surplus divided by interest costs, and represents the cover that the HRA has against its interest cost liabilities in any year; the ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest. For housing associations, the usual definition of operating surplus is EBITDA (Earnings before Interest, Tax, Depreciation and Appropriations). The average ICR

for the HA sector in 2021.22 was around 1.38; typical lending covenants vary between 1.10 and 1.50 depending on the size and nature of the HA, with 1.25 being a typical expectation.

For the HRA, this is best defined as:

- Turnover (dwelling rents, other rents, service charges, contributions)
- Less
- Operating Costs (general management, special management, other management, repairs & maintenance, major repairs)

For housing associations, depreciation is not a cash transaction. In the HRA, because of the treatment of depreciation as a cash transfer to the MRR plus or minus an adjustment to reflect actual transfers to MRR, it is essential to include the net amount transferred to MRR in the calculation. This represents the revenue expenditure on major repairs made legitimately as part of operating costs. Notwithstanding that these are subsequently treated as part of the capital programme, they are funded from revenue and property an operating cost. Whilst transfers to the MRR may not be spent in-year, our experience is that the majority of balances carried in the MRR tend to be from expenditure slippage.

The above definition of ICR works in the HRA context as it determines the revenue surplus before interest, appropriations, and other “below the line” adjustments.

### *Loan to Value (LTV)*

This is an essential tool for private lenders where debt is secured against properties, hence theoretically against their value. The basis for valuation in HAs has been Existing Use Value (Social Housing) - EUV(SH) - for decades with many HAs and lenders now adopting Market Value Subject to Tenancy as a valuation. Typical covenants prescribe 65-70% maximum LTV.

For the HRA, borrowing is not directly secured against the properties. In addition, the EUV(SH) calculation prescribed by government is not cashflow based, but is based on vacant possession values discounted by a regional factor periodically published by the government.

LTV is best defined in the HRA context as Outstanding Debt / Fixed Asset Value. Debt is defined as the HRACFR as this is the amount that must be financed with interest payments in the HRA. Asset values include all assets, dwellings and non-dwellings, as all assets are included in the generation of net income cashflows in the HRA.

Whilst the LTV definition works for the HRA to an extent, the absence of a clear relationship between net rental income and asset values means that the ratio tends to deliver a “low” result, compared to HAs.

### *Debt to Turnover (LTV)*

Another measure we have used for this analysis is the ratio of Debt to Turnover. This measure the level of turnover in relation to debt, which differs slightly from the ration used for assessing debtor

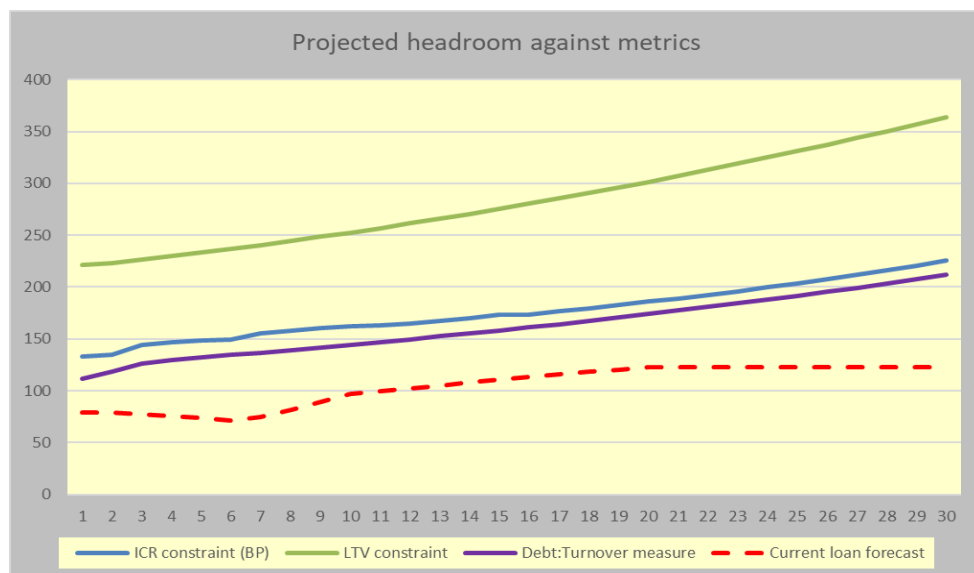
balances against turnover. As a proxy we have suggested a ratio of 5:0, so that turnover can cover the level of debt outstanding by 5 times.

In the absence of an agreed prudential borrowing approach for the HRA we have suggested the following parameters:

ICR @ minimum 1.25  
 LTV @ maximum 65%  
 Debt:Turnover @ maximum 5:0

Using these parameters we are able to established a suggested range of borrowing limits which could be applied a “golden-rule” as shown within the graph below.

*Chart 2.5 – Projected Debt (HRACFR) Compared to Provisional Borrowing Limit*



The red (dashed) line shows the projected loan balances, as per chart 2.3 set against the three “golden-rule” suggested metrics.

Using the Loan to Value metric, the plan suggests that there is significant borrowing headroom which is measured by the gap between the green and red (dashed) line.

The Debt to Turnover ratio suggests that borrowing will not exceed the “golden-rule” modelled, but provides less borrowing headroom than the Interest Cover Ratio.

By default, the Interest Cover Ratio is considered the benchmark for assessing borrowing capacity and using the “golden-rule” as suggested, the projected borrowing in the main remains below this level.



### 3. Summary

1. The HRA business plan forecast as set out in our modelling for Charnwood Borough Council shows the current projected financial position and future potential borrowing capacity.
2. The plan provides a basis on which to move forward with its investment plans.
3. The Council is able to increase borrowing immediately based on existing capacity within the business plan if using the ICR metric based on a minimum of 1.25.
4. The plan, whilst balanced in terms of maintain minimum levels of reserves, does require future borrowing in order to finance the identified capital investment, which may be offset with the possibility of external grant funding towards energy efficiency measures.
5. When compared to previous iterations of the business plan there are have been significant factors that have resulted in lower projected balances and greater borrowing levels including:

- a. Capital Investment requirements increasing by over 30 years by c29.6%
  - b. Substantial increases to the costs of repairs due to inflation and enhanced costs for compliance
  - c. Rent increases lower than levels of cost inflation
6. The Council can affect future operating surpluses through effective cost management and this would increase borrowing capacity. Similarly, increases in inflation and in particular in rent inflation would add significantly to future capacity.
7. This report should provide a basis for the Council to inform its future approach to establishing a decision making framework for its HRA investment and development strategies, and also inform the work to be undertaken to adopt Prudential Indicators for the HRA. However, this needs to be considered in the context of CBC's treasury management strategy.

Simon Smith  
Savills  
January 2023

## 4. Appendix 1 Key Assumptions

|                           | Assumption                                                                          | Notes                                                                           |
|---------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b>Dwelling Rent</b>      | 7% Increase 2023.24 then CPI<br>+ 1% Increase in 2024.25 and<br>CPI only thereafter |                                                                                 |
| <b>Void rates</b>         | 4.83%                                                                               | Higher than sector average<br>(due to difficult to let sheltered<br>properties) |
| <b>Service Charges</b>    | CPI increases from 2024.25                                                          |                                                                                 |
| <b>Non dwelling rents</b> | CPI only increases after<br>adjustments to base budget                              |                                                                                 |
| <b>Garage Rents</b>       | CPI only increases after<br>adjustments to base budget                              |                                                                                 |

|                                              |                                                            |  |
|----------------------------------------------|------------------------------------------------------------|--|
| <b>Major Works Leaseholder Contributions</b> | No long-term recovery                                      |  |
| <b>Repairs and Maintenance Costs</b>         | CPI increases                                              |  |
| <b>Interest rate on borrowings</b>           | Based on Existing actual rates c3.43% then average of 3.5% |  |
| <b>Depreciation</b>                          | Straight Line Basis over life of Assets                    |  |



## 5. Appendix 2 Benchmarks

### Regional Results and Peer Group Comparisons

| Benchmarking          | Ave Rent | NDR/ Unit | S.Chg/ Unit | Oth.Inc /Unit | Repairs /Unit | Man/Unit | Net Man/Unit | Bad Debts | Depr/ Unit | Int Rate | Reserves / Unit | Turnover/ Unit | Op Costs/Unit | Op Surplus /Unit | Op Margin | Debt /Unit | ICR  |
|-----------------------|----------|-----------|-------------|---------------|---------------|----------|--------------|-----------|------------|----------|-----------------|----------------|---------------|------------------|-----------|------------|------|
| Business Plan 2022.23 | £78.38   | £71       | £96         | £17           | £1,198        | £1,124   | £939         | 1.49%     | £665       | 3.43%    | £2,713          | £4,086         | £3,046        | £1,040           | 25.5%     | £14,355    | 2.11 |
| Out-turn 2021.22      | £76.05   | £63       | £130        | £28           | £1,121        | £1,299   | £1,078       | 0.47%     | £668       | 3.31%    | £3,530          | £3,969         | £3,106        | £864             | 21.8%     | £14,818    | 1.76 |
| Peer Group 2021.22    | £79.31   | £135      | £186        | £63           | £1,039        | £1,298   | £915         | 0.30%     | £928       | 2.88%    | £3,862          | £4,449         | £3,300        | £1,150           | 25.8%     | £18,759    | 2.13 |
| Regional 2021.22      | £76.61   | £88       | £186        | £57           | £1,236        | £1,069   | £738         | 0.29%     | £876       | 3.35%    | £3,326          | £4,271         | £3,391        | £880             | 20.6%     | £16,741    | 1.57 |
| Out-turn 2020.21      | £74.73   | £74       | £117        | £29           | £1,003        | £1,221   | £1,001       | 0.85%     | £625       | 3.31%    | £1,178          | £3,935         | £2,880        | £1,054           | 26.8%     | £14,711    | 2.16 |
| Peer Group 2020.21    | £77.51   | £74       | £132        | £0            | £889          | £1,229   | £1,023       | 0.72%     | £899       | 2.95%    | £3,559          | £4,317         | £3,073        | £1,244           | 28.8%     | £17,592    | 2.40 |
| Regional 2020.21      | £75.52   | £61       | £193        | £0            | £1,083        | £1,132   | £879         | 0.39%     | £811       | 3.42%    | £2,844          | £4,158         | £3,102        | £1,056           | 25.4%     | £16,153    | 1.91 |
| National 2020.21      | £87.60   | £88       | £413        | £87           | £1,120        | £1,764   | £1,176       | 0.92%     | £1,056     | 3.51%    | £2,498          | £5,084         | £3,981        | £1,104           | 21.7%     | £17,888    | 1.76 |

# HRA Business Plan and Capacity Update



## 6. Appendix 3 Financial Tables

| Year                                                | 1              | 2             | 3             | 4             | 5             | 6              | 7              | 8              | 9              | 10             | 11             | 12             | 13             | 14             | 15             |
|-----------------------------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Financial Year                                      | 2022.23        | 2023.24       | 2024.25       | 2025.26       | 2026.27       | 2027.28        | 2028.29        | 2029.30        | 2030.31        | 2031.32        | 2032.33        | 2033.34        | 2034.35        | 2035.36        | 2036.37        |
|                                                     | £'000's        | £'000's       | £'000's       | £'000's       | £'000's       | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        |
| <b>HRA 30 YEAR SUMMARY</b>                          |                |               |               |               |               |                |                |                |                |                |                |                |                |                |                |
| Dwelling rents                                      | 21,367         | 22,706        | 24,207        | 24,958        | 25,473        | 25,886         | 26,318         | 26,771         | 27,243         | 27,733         | 28,238         | 28,756         | 29,289         | 29,835         | 30,397         |
| Non-dwelling rents                                  | 390            | 402           | 426           | 441           | 452           | 461            | 470            | 480            | 489            | 499            | 509            | 519            | 530            | 540            | 551            |
| Service charge income                               | 527            | 561           | 436           | 451           | 462           | 472            | 481            | 491            | 500            | 510            | 521            | 531            | 542            | 552            | 564            |
| Other income and contributions                      | 94             | 98            | 103           | 107           | 110           | 112            | 114            | 116            | 119            | 121            | 124            | 126            | 129            | 131            | 134            |
| <b>Total income</b>                                 | <b>22,378</b>  | <b>23,767</b> | <b>25,173</b> | <b>25,957</b> | <b>26,498</b> | <b>26,931</b>  | <b>27,384</b>  | <b>27,858</b>  | <b>28,352</b>  | <b>28,863</b>  | <b>29,391</b>  | <b>29,933</b>  | <b>30,489</b>  | <b>31,059</b>  | <b>31,645</b>  |
| Repairs & maintenance                               | 6,560          | 7,095         | 7,513         | 7,768         | 7,953         | 8,104          | 8,258          | 8,417          | 8,579          | 8,745          | 8,915          | 9,089          | 9,266          | 9,447          | 9,632          |
| Management (incl RRT)                               | 6,154          | 6,803         | 7,211         | 7,463         | 7,650         | 7,803          | 7,959          | 8,118          | 8,281          | 8,446          | 8,615          | 8,787          | 8,963          | 9,142          | 9,325          |
| Bad debts                                           | 318            | 117           | 125           | 128           | 131           | 133            | 135            | 138            | 140            | 143            | 145            | 148            | 151            | 153            | 156            |
| Depreciation                                        | 3,641          | 3,942         | 4,096         | 4,214         | 4,296         | 4,361          | 4,429          | 4,501          | 4,575          | 4,652          | 4,732          | 4,813          | 4,897          | 4,984          | 5,073          |
| Debt management                                     | 10             | 16            | 16            | 17            | 17            | 18             | 18             | 19             | 19             | 19             | 20             | 20             | 20             | 21             | 21             |
| <b>Total costs</b>                                  | <b>16,682</b>  | <b>17,973</b> | <b>18,961</b> | <b>19,591</b> | <b>20,048</b> | <b>20,419</b>  | <b>20,800</b>  | <b>21,192</b>  | <b>21,594</b>  | <b>22,006</b>  | <b>22,427</b>  | <b>22,857</b>  | <b>23,297</b>  | <b>23,747</b>  | <b>24,207</b>  |
| <b>Net income from services</b>                     | <b>5,696</b>   | <b>5,794</b>  | <b>6,212</b>  | <b>6,366</b>  | <b>6,450</b>  | <b>6,512</b>   | <b>6,584</b>   | <b>6,666</b>   | <b>6,758</b>   | <b>6,858</b>   | <b>6,964</b>   | <b>7,076</b>   | <b>7,191</b>   | <b>7,312</b>   | <b>7,438</b>   |
| Interest payable                                    | -2,696         | -2,696        | -2,682        | -2,639        | -2,580        | -2,519         | -2,517         | -2,706         | -2,960         | -3,225         | -3,392         | -3,489         | -3,590         | -3,692         | -3,798         |
| Interest income                                     | 14             | 506           | 357           | 400           | 373           | 347            | 141            | 65             | 67             | 68             | 69             | 71             | 72             | 74             | 75             |
| <b>Net income/expenditure before appropriations</b> | <b>3,014</b>   | <b>3,604</b>  | <b>3,887</b>  | <b>4,126</b>  | <b>4,243</b>  | <b>4,340</b>   | <b>4,208</b>   | <b>4,026</b>   | <b>3,865</b>   | <b>3,701</b>   | <b>3,642</b>   | <b>3,657</b>   | <b>3,674</b>   | <b>3,693</b>   | <b>3,715</b>   |
| Set aside for debt repayment                        | 0              | 0             | -1,000        | -2,000        | -2,000        | -2,000         | -2,000         | -2,000         | -2,000         | -2,000         | -3,000         | -3,000         | -3,000         | -3,000         | -3,000         |
| Revenue contributions to capital                    | -3,197         | -3,231        | 0             | 0             | 0             | -4,726         | -5,245         | -1,973         | -1,811         | -1,646         | -587           | -600           | -616           | -635           | -655           |
| Allocation to/from other reserves                   | -4             | -5            | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Net HRA Surplus/Deficit</b>                      | <b>-187</b>    | <b>368</b>    | <b>2,887</b>  | <b>2,126</b>  | <b>2,243</b>  | <b>-2,387</b>  | <b>-3,037</b>  | <b>52</b>      | <b>53</b>      | <b>54</b>      | <b>56</b>      | <b>57</b>      | <b>58</b>      | <b>59</b>      | <b>60</b>      |
| <b>HRA Balance brought forward</b>                  | <b>606</b>     | <b>419</b>    | <b>787</b>    | <b>3,673</b>  | <b>5,800</b>  | <b>8,042</b>   | <b>5,655</b>   | <b>2,618</b>   | <b>2,670</b>   | <b>2,724</b>   | <b>2,778</b>   | <b>2,834</b>   | <b>2,891</b>   | <b>2,948</b>   | <b>3,007</b>   |
| HRA surplus/(deficit)                               | -187           | 368           | 2,887         | 2,126         | 2,243         | -2,387         | -3,037         | 52             | 53             | 54             | 56             | 57             | 58             | 59             | 60             |
| <b>HRA Balance carried forward</b>                  | <b>419</b>     | <b>787</b>    | <b>3,673</b>  | <b>5,800</b>  | <b>8,042</b>  | <b>5,655</b>   | <b>2,618</b>   | <b>2,670</b>   | <b>2,724</b>   | <b>2,778</b>   | <b>2,834</b>   | <b>2,891</b>   | <b>2,948</b>   | <b>3,007</b>   | <b>3,068</b>   |
| <b>Other reserves brought forward</b>               | <b>14,576</b>  | <b>12,627</b> | <b>12,598</b> | <b>12,310</b> | <b>9,101</b>  | <b>5,824</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Release of reserve                                  | -1,953         | -34           | -288          | -3,209        | -3,277        | -5,824         | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Other reserves carried forward</b>               | <b>12,627</b>  | <b>12,598</b> | <b>12,310</b> | <b>9,101</b>  | <b>5,824</b>  | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>HRA CAPITAL PROGRAMME</b>                        |                |               |               |               |               |                |                |                |                |                |                |                |                |                |                |
| Stock capital investment                            | 8,730          | 6,532         | 5,521         | 7,424         | 7,574         | 14,912         | 15,153         | 15,405         | 15,667         | 15,938         | 10,934         | 11,127         | 11,325         | 11,528         | 11,737         |
| Development/acquisition                             | 3,304          | 1,124         | 1,124         | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Capital programme</b>                            | <b>12,034</b>  | <b>7,656</b>  | <b>6,645</b>  | <b>7,424</b>  | <b>7,574</b>  | <b>14,912</b>  | <b>15,153</b>  | <b>15,405</b>  | <b>15,667</b>  | <b>15,938</b>  | <b>10,934</b>  | <b>11,127</b>  | <b>11,325</b>  | <b>11,528</b>  | <b>11,737</b>  |
| Scheduled Loan Repayment                            | 0              | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <i>Financed by...</i>                               |                |               |               |               |               |                |                |                |                |                |                |                |                |                |                |
| Major Repairs Reserve                               | -6,078         | -3,942        | -5,907        | -4,214        | -4,296        | -4,361         | -4,429         | -4,501         | -4,575         | -4,652         | -4,732         | -4,813         | -4,897         | -4,984         | -5,073         |
| 1-4-1 receipts                                      | -1,171         | -449          | -450          | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other receipts and grants                           | -1,588         | -34           | -288          | -3,209        | -3,277        | -5,824         | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Revenue contributions                               | -3,197         | -3,231        | 0             | 0             | 0             | -4,726         | -5,245         | -1,973         | -1,811         | -1,646         | -587           | -600           | -616           | -635           | -655           |
| HRA borrowing                                       | 0              | 0             | 0             | 0             | 0             | 0              | -5,479         | -8,931         | -9,281         | -9,640         | -5,616         | -5,713         | -5,811         | -5,910         | -6,010         |
| <b>Capital financing</b>                            | <b>-12,034</b> | <b>-7,656</b> | <b>-6,645</b> | <b>-7,424</b> | <b>-7,574</b> | <b>-14,912</b> | <b>-15,153</b> | <b>-15,405</b> | <b>-15,667</b> | <b>-15,938</b> | <b>-10,934</b> | <b>-11,127</b> | <b>-11,325</b> | <b>-11,528</b> | <b>-11,737</b> |
| <b>Net balance on capital programme</b>             | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Major Repairs Reserve b/fwd</b>                  | <b>4,248</b>   | <b>1,810</b>  | <b>1,811</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| HRA depreciation (net)                              | 3,641          | 3,942         | 4,096         | 4,214         | 4,296         | 4,361          | 4,429          | 4,501          | 4,575          | 4,652          | 4,732          | 4,813          | 4,897          | 4,984          | 5,073          |
| Financing for capital programme                     | -6,078         | -3,942        | -5,907        | -4,214        | -4,296        | -4,361         | -4,429         | -4,501         | -4,575         | -4,652         | -4,732         | -4,813         | -4,897         | -4,984         | -5,073         |
| <b>Major Repairs Reserve c/fwd</b>                  | <b>1,810</b>   | <b>1,811</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |

# HRA Business Plan and Capacity Update



| Year                                                | 16             | 17             | 18             | 19             | 20             | 21            | 22            | 23            | 24            | 25            | 26             | 27             | 28             | 29             | 30             |  |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--|
| Financial Year                                      | 2037.38        | 2038.39        | 2039.40        | 2040.41        | 2041.42        | 2042.43       | 2043.44       | 2044.45       | 2045.46       | 2046.47       | 2047.48        | 2048.49        | 2049.50        | 2050.51        | 2051.52        |  |
|                                                     | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        | £'000's       | £'000's       | £'000's       | £'000's       | £'000's       | £'000's        | £'000's        | £'000's        | £'000's        | £'000's        |  |
| <b>HRA 30 YEAR SUMMARY</b>                          |                |                |                |                |                |               |               |               |               |               |                |                |                |                |                |  |
| Dwelling rents                                      | 30,973         | 31,566         | 32,172         | 32,792         | 33,425         | 34,074        | 34,737        | 35,416        | 36,110        | 36,821        | 37,548         | 38,293         | 39,055         | 39,835         | 40,637         |  |
| Non-dwelling rents                                  | 562            | 573            | 585            | 597            | 609            | 621           | 633           | 646           | 659           | 672           | 685            | 699            | 713            | 727            | 742            |  |
| Service charge income                               | 575            | 586            | 598            | 610            | 622            | 635           | 647           | 660           | 673           | 687           | 701            | 715            | 729            | 744            | 758            |  |
| Other income and contributions                      | 136            | 139            | 142            | 145            | 148            | 151           | 154           | 157           | 160           | 163           | 166            | 170            | 173            | 177            | 180            |  |
| <b>Total income</b>                                 | <b>32,247</b>  | <b>32,865</b>  | <b>33,497</b>  | <b>34,143</b>  | <b>34,804</b>  | <b>35,480</b> | <b>36,171</b> | <b>36,879</b> | <b>37,602</b> | <b>38,343</b> | <b>39,101</b>  | <b>39,876</b>  | <b>40,670</b>  | <b>41,482</b>  | <b>42,318</b>  |  |
| Repairs & maintenance                               | 9,820          | 10,013         | 10,210         | 10,411         | 10,616         | 10,825        | 11,039        | 11,257        | 11,480        | 11,707        | 11,939         | 12,176         | 12,417         | 12,664         | 12,916         |  |
| Management (incl RRT)                               | 9,512          | 9,702          | 9,896          | 10,094         | 10,296         | 10,502        | 10,712        | 10,926        | 11,145        | 11,367        | 11,595         | 11,827         | 12,063         | 12,304         | 12,551         |  |
| Bad debts                                           | 159            | 162            | 165            | 169            | 172            | 175           | 179           | 182           | 186           | 189           | 193            | 197            | 201            | 205            | 209            |  |
| Depreciation                                        | 5,164          | 5,258          | 5,354          | 5,452          | 5,553          | 5,656         | 5,761         | 5,870         | 5,980         | 6,094         | 6,209          | 6,329          | 6,450          | 6,575          | 6,704          |  |
| Debt management                                     | 22             | 22             | 23             | 23             | 23             | 24            | 24            | 25            | 25            | 26            | 26             | 27             | 27             | 28             | 29             |  |
| <b>Total costs</b>                                  | <b>24,677</b>  | <b>25,158</b>  | <b>25,648</b>  | <b>26,149</b>  | <b>26,660</b>  | <b>27,182</b> | <b>27,715</b> | <b>28,260</b> | <b>28,815</b> | <b>29,383</b> | <b>29,962</b>  | <b>30,555</b>  | <b>31,159</b>  | <b>31,776</b>  | <b>32,408</b>  |  |
| <b>Net income from services</b>                     | <b>7,570</b>   | <b>7,707</b>   | <b>7,849</b>   | <b>7,994</b>   | <b>8,144</b>   | <b>8,297</b>  | <b>8,456</b>  | <b>8,619</b>  | <b>8,787</b>  | <b>8,960</b>  | <b>9,138</b>   | <b>9,321</b>   | <b>9,511</b>   | <b>9,706</b>   | <b>9,910</b>   |  |
| Interest payable                                    | -3,945         | -4,028         | -4,113         | -4,199         | -4,287         | -4,331        | -4,330        | -4,330        | -4,330        | -4,330        | -4,329         | -4,328         | -4,328         | -4,328         | -4,328         |  |
| Interest income                                     | 77             | 78             | 80             | 81             | 83             | 85            | 97            | 111           | 128           | 148           | 171            | 170            | 171            | 174            | 179            |  |
| <b>Net income/expenditure before appropriations</b> | <b>3,701</b>   | <b>3,757</b>   | <b>3,816</b>   | <b>3,876</b>   | <b>3,940</b>   | <b>4,051</b>  | <b>4,223</b>  | <b>4,400</b>  | <b>4,586</b>  | <b>4,778</b>  | <b>4,981</b>   | <b>5,163</b>   | <b>5,354</b>   | <b>5,551</b>   | <b>5,761</b>   |  |
| Set aside for debt repayment                        | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| Revenue contributions to capital                    | -3,640         | -3,694         | -3,752         | -3,811         | -3,874         | -3,973        | -4,042        | -4,112        | -4,184        | -4,258        | -4,335         | -4,415         | -4,497         | -4,582         | -4,670         |  |
| Allocation to/from other reserves                   | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| <b>Net HRA Surplus/Deficit</b>                      | <b>61</b>      | <b>63</b>      | <b>64</b>      | <b>65</b>      | <b>66</b>      | <b>479</b>    | <b>581</b>    | <b>688</b>    | <b>801</b>    | <b>921</b>    | <b>-54</b>     | <b>31</b>      | <b>121</b>     | <b>216</b>     | <b>321</b>     |  |
| <b>HRA Balance brought forward</b>                  | <b>3,068</b>   | <b>3,129</b>   | <b>3,191</b>   | <b>3,255</b>   | <b>3,320</b>   | <b>3,387</b>  | <b>3,865</b>  | <b>4,446</b>  | <b>5,134</b>  | <b>5,936</b>  | <b>6,857</b>   | <b>6,803</b>   | <b>6,834</b>   | <b>6,954</b>   | <b>7,171</b>   |  |
| HRA surplus/(deficit)                               | 61             | 63             | 64             | 65             | 66             | 479           | 581           | 688           | 801           | 921           | -54            | 31             | 121            | 216            | 321            |  |
| <b>HRA Balance carried forward</b>                  | <b>3,129</b>   | <b>3,191</b>   | <b>3,255</b>   | <b>3,320</b>   | <b>3,387</b>   | <b>3,865</b>  | <b>4,446</b>  | <b>5,134</b>  | <b>5,936</b>  | <b>6,857</b>  | <b>6,803</b>   | <b>6,834</b>   | <b>6,954</b>   | <b>7,171</b>   | <b>7,491</b>   |  |
| <b>Other reserves brought forward</b>               | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |  |
| Release of reserve                                  | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| <b>Other reserves carried forward</b>               | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |  |
| <b>HRA CAPITAL PROGRAMME</b>                        |                |                |                |                |                |               |               |               |               |               |                |                |                |                |                |  |
| Stock capital investment                            | 11,109         | 11,314         | 11,523         | 11,737         | 11,955         | 9,229         | 9,403         | 9,582         | 9,764         | 9,951         | 11,244         | 11,461         | 11,683         | 11,910         | 12,144         |  |
| Development/acquisition                             | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| <b>Capital programme</b>                            | <b>11,109</b>  | <b>11,314</b>  | <b>11,523</b>  | <b>11,737</b>  | <b>11,955</b>  | <b>9,229</b>  | <b>9,403</b>  | <b>9,582</b>  | <b>9,764</b>  | <b>9,951</b>  | <b>11,244</b>  | <b>11,461</b>  | <b>11,683</b>  | <b>11,910</b>  | <b>12,144</b>  |  |
| Scheduled Loan Repayment                            | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| Financed by...                                      |                |                |                |                |                |               |               |               |               |               |                |                |                |                |                |  |
| Major Repairs Reserve                               | -5,164         | -5,258         | -5,354         | -5,452         | -5,553         | -5,656        | -5,761        | -5,870        | -5,980        | -6,094        | -6,209         | -6,329         | -6,450         | -6,575         | -6,704         |  |
| 1-4-1 receipts                                      | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| Other receipts and grants                           | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| Revenue contributions                               | -3,640         | -3,694         | -3,752         | -3,811         | -3,874         | -3,973        | -4,042        | -4,112        | -4,184        | -4,258        | -4,335         | -4,415         | -4,497         | -4,582         | -4,670         |  |
| HRA borrowing                                       | -2,305         | -2,361         | -2,417         | -2,473         | -2,529         | 0             | 0             | 0             | 0             | 0             | 0              | 0              | 0              | 0              | 0              |  |
| <b>Capital financing</b>                            | <b>-11,109</b> | <b>-11,314</b> | <b>-11,523</b> | <b>-11,737</b> | <b>-11,955</b> | <b>-9,229</b> | <b>-9,403</b> | <b>-9,582</b> | <b>-9,764</b> | <b>-9,951</b> | <b>-11,244</b> | <b>-11,461</b> | <b>-11,683</b> | <b>-11,910</b> | <b>-12,144</b> |  |
| <b>Net balance on capital programme</b>             | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |  |
| <b>Major Repairs Reserve b/fwd</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |  |
| HRA depreciation (net)                              | 5,164          | 5,258          | 5,354          | 5,452          | 5,553          | 5,656         | 5,761         | 5,870         | 5,980         | 6,094         | 6,209          | 6,329          | 6,450          | 6,575          | 6,704          |  |
| Financing for capital programme                     | -5,164         | -5,258         | -5,354         | -5,452         | -5,553         | -5,656        | -5,761        | -5,870        | -5,980        | -6,094        | -6,209         | -6,329         | -6,450         | -6,575         | -6,704         |  |
| <b>Major Repairs Reserve c/fwd</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |  |



## 7. Appendix 4 Tenancy Service Measures

| Measured by Landlords Directly                                   |                                      | Combined                                                                      | TP – Measured by doing Tenant Surveys                                                  |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Repairs Completed in timescales                                  | Keeping Properties in good repair    | Overall Satisfaction                                                          | Satisfaction with repairs                                                              |
| Fire Safety Checks                                               | Maintaining Building Safety          | Satisfaction with time taken to complete most repairs                         | Satisfaction that the home is well maintained                                          |
| Water Safety Checks                                              | Respectful and Helpful Engagement    | Satisfaction that the landlord listens to tenants view and acts upon them     | Satisfaction that the landlord keeps tenants informed about things that matter to them |
| Complaints relative to the size of the landlord                  | Effective handling of complaints     | Agreement that the landlord treats tenants fairly and with respect            | Satisfaction with the landlords approach to handling complaints                        |
| Anti-social behaviour cases relative to the size of the landlord | Responsible neighbourhood management | Satisfaction that the landlord keeps communal areas clean and well maintained | Satisfaction that the landlord makes a positive contribution to neighbourhoods         |
|                                                                  |                                      | Satisfaction with the landlord's approach to handling anti-social behaviour   |                                                                                        |

## **CABINET – 16TH NOVEMBER 2023**

### **Report of the Head of Finance**

**Lead Member: Councillor Ashcroft**

#### **Part A**

#### TREASURY MANAGEMENT UPDATE MID-YEAR REVIEW FOR THE 6 MONTHS APRIL-SEPTEMBER 2023

##### 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 2023/24.

##### Recommendation

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.

##### Reason

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

##### 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 27<sup>th</sup> February 2023.

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

This report will be presented to Cabinet on 16<sup>th</sup> November 2023 for onward recommendation to the full Council meeting of 15<sup>th</sup> January 2024.

The report is available for scrutiny by the Scrutiny Committee at the regular meeting scheduled for 13<sup>th</sup> November 2023 if required.



## 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 and in general are set out within Part B.

Key Decision: No

Background Papers: None

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## **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 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.”

### **1.3 Regulatory Framework**

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:

1. An economic update for the first part of the 2023/24 financial year;
2. A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
3. The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
4. A review of the Council's investment portfolio for 2023/24;
5. A review of the Council's borrowing strategy for 2023/24;
6. A review of any debt rescheduling undertaken during 2023/24;
7. A review of compliance with Treasury and Prudential Limits for 2023/24.

## 2. Economics and Interest Rates

### 2.1 Economics Update – (Appendix 4)

Summary of the first half of 2023/24 saw:

Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.

A 0.5% m/m decline in real GDP in July, mainly due to more strikes.

CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.

Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.

A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

### 2.2 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

| Link Group Interest Rate View | 25.09.23 |        |        |        |        |        |        |        |        |        |        |        |        |
|-------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | Dec-23   | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 |
| BANK RATE                     | 5.25     | 5.25   | 5.25   | 5.00   | 4.50   | 4.00   | 3.50   | 3.00   | 2.75   | 2.75   | 2.75   | 2.75   | 2.75   |
| 3 month ave earnings          | 5.30     | 5.30   | 5.30   | 5.00   | 4.50   | 4.00   | 3.50   | 3.00   | 2.80   | 2.80   | 2.80   | 2.80   | 2.80   |
| 6 month ave earnings          | 5.60     | 5.50   | 5.40   | 5.10   | 4.60   | 4.10   | 3.60   | 3.10   | 2.90   | 2.90   | 2.90   | 2.90   | 2.90   |
| 12 month ave earnings         | 5.80     | 5.70   | 5.50   | 5.20   | 4.70   | 4.20   | 3.70   | 3.20   | 3.00   | 3.00   | 3.00   | 3.00   | 3.00   |
| 5 yr PWLB                     | 5.10     | 5.00   | 4.90   | 4.70   | 4.40   | 4.20   | 4.00   | 3.90   | 3.70   | 3.70   | 3.60   | 3.60   | 3.50   |
| 10 yr PWLB                    | 5.00     | 4.90   | 4.80   | 4.60   | 4.40   | 4.20   | 4.00   | 3.80   | 3.70   | 3.60   | 3.60   | 3.50   | 3.50   |
| 25 yr PWLB                    | 5.40     | 5.20   | 5.10   | 4.90   | 4.70   | 4.40   | 4.30   | 4.10   | 4.00   | 3.90   | 3.80   | 3.80   | 3.80   |
| 50 yr PWLB                    | 5.20     | 5.00   | 4.90   | 4.70   | 4.50   | 4.20   | 4.10   | 3.90   | 3.80   | 3.70   | 3.60   | 3.60   | 3.60   |

## 3. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by Council on 27th February 2023. There have been no policy changes to the TMSS since that approval; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

To note the current Operational Boundary borrowing limits and the Authorised Limits are part of the prudential guidelines and these remain as they were previously reported in the TMSS for 2023/24.

The Operational Boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be similar 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.

| <b>Operational Boundary</b> | <b>2023/24 Budget<br/>£'000</b> | <b>2023/24 Actual<br/>£'000</b> |
|-----------------------------|---------------------------------|---------------------------------|
| Debt                        | 108,090                         | 81,190                          |
| Expected Change in Debt     | 15,000                          | 0                               |
| <b>Total</b>                | <b>123,090</b>                  | <b>81,190</b>                   |

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.

| <b>Authorised Limit</b> | <b>2023/24 Budget<br/>£'000</b> | <b>2023/24 Actual<br/>£'000</b> |
|-------------------------|---------------------------------|---------------------------------|
| Debt                    | 120,000                         | 81,190                          |
| Expected Change in Debt | 15,000                          | 0                               |
| <b>Total</b>            | <b>135,000</b>                  | <b>81,190</b>                   |

#### **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.

| <b>Capital Expenditure</b>       | <b>Full Year Budget 2023/24</b> | <b>Actual Spend 30/09/2023</b> | <b>Variance 30/09/2023</b> |
|----------------------------------|---------------------------------|--------------------------------|----------------------------|
|                                  | <b>£'000</b>                    | <b>£'000</b>                   | <b>£'000</b>               |
| Bedford Square                   | 463                             | 166                            | 297                        |
| Enterprise Zone                  | 10,000                          | 0                              | 10,000                     |
| Regeneration Schemes             | 5,000                           | 0                              | 5,000                      |
| Town Deal Schemes                | 2,077                           | 232                            | 1,845                      |
| Shepshed Public Realm            | 1,092                           | 1,418                          | (326)                      |
| Carbon Neutral                   | 909                             | 187                            | 722                        |
| DFG Grant                        | 1,310                           | 582                            | 728                        |
| Other General Fund Schemes       | 4,041                           | 1,839                          | 2,202                      |
| General Fund Total               | 24,892                          | 4,424                          | 20,468                     |
| HRA                              | 13,769                          | 4,817                          | 8,952                      |
| <b>Total Capital Expenditure</b> | <b>38,661</b>                   | <b>9,241</b>                   | <b>29,420</b>              |

The Actual Capital spend is slow for the first half of the year, with an underspend on General Fund £20.5m of which £15m relates to provisional Regeneration and Enterprise Zone Schemes which exist in the Capital Plan in the event that opportunities arise in this year and the next two years. It may be noted that a £4.1m forward funding investment in the Enterprise Zone was undertaken in October 2023. A large amount of HRA new contracts commence September 2023. Capital monitoring is reported to Finance and Performance Scrutiny each July, October, January and an outturn report each year.

## **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.

| <b>Capital Expenditure Financed By</b> | <b>£'000</b>  |
|----------------------------------------|---------------|
| S106 Funding                           | 1,394         |
| Other External Funding                 | 3,801         |
| Capital Receipts                       | 4,492         |
| External Borrowing                     | 15,000        |
| Reinvestment Reserve                   | 38            |
| Capital Plan Reserve                   | 167           |
| Total GF Funding                       | 24,892        |
| HRA S106 Funding                       | 1             |
| HRA Financing Fund/MRR                 | 12,223        |
| HRA Capital Receipts                   | 1,545         |
| Total HRA Funding                      | 13,769        |
| <b>Overall Total Funding</b>           | <b>38,661</b> |

#### **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.

| <b>Capital Financing Requirement</b>    | <b>2022/23 Actual</b> | <b>2023/24 Original Budget</b> | <b>2024/25 Original Budget</b> | <b>2025/26 Original Budget</b> |
|-----------------------------------------|-----------------------|--------------------------------|--------------------------------|--------------------------------|
|                                         | <b>£'000</b>          | <b>£'000</b>                   | <b>£'000</b>                   | <b>£'000</b>                   |
| CFR (Fleet Less MRP)                    | 1,789                 | 1,491                          | 1,193                          | 895                            |
| CFR (Commercial Activities Less MRP)    | 22,422                | 22,119                         | 21,806                         | 21,483                         |
| CFR (Regeneration Less MRP)             | 0                     | 5,000                          | 4,937                          | 4,872                          |
| CFR (Enterprise Zone no MRP)            | 0                     | 10,000                         | 10,000                         | 10,000                         |
| CFR (HRA no MRP)                        | 81,820                | 81,820                         | 78,820                         | 76,820                         |
| <b>Total CFR</b>                        | <b>106,031</b>        | <b>120,430</b>                 | <b>116,756</b>                 | <b>114,070</b>                 |
| <b>Movement in CFR Represented By</b>   | <b>(591)</b>          | <b>14,399</b>                  | <b>(3,674)</b>                 | <b>(2,686)</b>                 |
| Net Financing Need for the Year (Above) | 0                     | 15,000                         | 0                              | 0                              |
| Repayment of Loans                      | 0                     | 0                              | (3,000)                        | (2,000)                        |
| Less MRP Charge                         | (591)                 | (601)                          | (674)                          | (686)                          |
| <b>Movement CFR</b>                     | <b>(591)</b>          | <b>14,399</b>                  | <b>(3,674)</b>                 | <b>(2,686)</b>                 |

The current MRP policy is that a full years MRP will be made in the year after capital expenditure has incurred and when the assets are fully operational. MRP charged £591k for 2022/23 based on the assets purchased in 2020/21 and annual MRP charges will be made based on the table above.

#### 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 2022/23 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.

|                                  | 2022/23<br>Actual<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|----------------------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| External Debt at 1 April         | 81,190                     | 81,190                       | 96,190                       | 93,190                       |
| Expected Change in Debt          | 0                          | 15,000                       | (3,000)                      | (2,000)                      |
| <b>External Debt at 31 March</b> | 81,190                     | 96,190                       | 93,190                       | 91,190                       |
| Capital Financing Requirement    | 106,031                    | 120,430                      | 116,756                      | 114,070                      |
| <b>Under Borrowing</b>           | 24,841                     | 24,240                       | 23,566                       | 22,880                       |

#### 5. Annual investment strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 27<sup>th</sup> February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

#### **Creditworthiness.**

Following the Government's fiscal event on 23<sup>rd</sup> September, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to



the current ratings in light of expectations of weaker finances and the economic outlook. Nothing further has evolved in the first half of 2023/24.

### **Investment Counterparty Criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

### **CDS (Credit Default Swap) Prices**

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances. CDS, which can be seen as representing the cost to insure a bank deposit from default, is a key measure of risk.

### **Investment Balances**

The average level of funds available for investment purposes during the first half of the financial year was £54m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

Internal investments portfolio yield is 4.77%, (1.21% the same period in 2022/23) against a benchmark 90 day backward looking compounded SONIA rate of 4.44%, the performance exceeded the benchmark. Actual internal investment income earned to 30<sup>th</sup> September 2023 is £1.3m.

The interest and rental income earned by the Council's investment in External Property Funds' Lothbury and Federated Hermes as at 30<sup>th</sup> September 2023 is £78k, net return 1.85%, (£92k, net return 1.4% for the same period in 2022/23) against a benchmark 365 day backward looking compounded SONIA rate of 0.72%.

In summary, the Council's budgeted annual investment return for 2023/24 is £2m, the total interest earned to date is £1.378m including Property Funds. (£402k in the same period in 2022/23), given the Council has been able to take advantage of the increased interest rates on some investments the actual investment income has outperformed the budget to date.

The Head of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2023/24.

## **6. Borrowing**

The Council's capital financing requirement (CFR) for 2023/24 is £120.43m. 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; however, Table 4.4 shows the Council has actual borrowings in 2023/24 of £81.190m, this is £2m of an external loan which matures in 2024 and £79.19m total HRA Debt elements of which mature between 2024 and 2062, and has utilised £39.24m of cashflow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), no new external borrowing has been undertaken. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

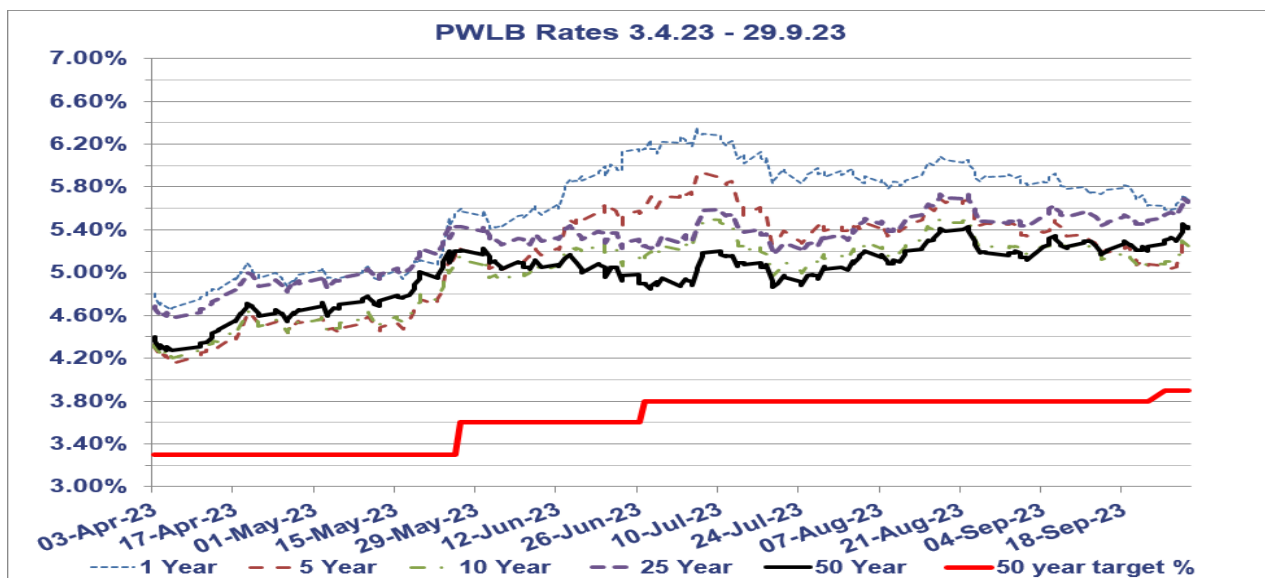
No new external borrowing was undertaken during the first half year. It is anticipated that further borrowing will not be undertaken during the remainder of the financial year.

**PWLB maturity certainty rates (gilts plus 80bps) year to date to 29th September 2023**

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

July saw short-dated rates peak at their most expensive. The 1 year rate spiked to 6.36% and the 5 year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10 year rate pushed higher to 5.51% and the 25 year rate to 5.73%. The 50 year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Link Asset Services forecast rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and they forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.



## **7. Debt Rescheduling**

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year. This topic will be considered in more detail as part of the forthcoming Capital Strategy for 2024/25, as both general fund and HRA debt matures.

### **Appendices**

Appendix 1: Portfolio of Investments as at 30th September 2023

Appendix 2: Approved Countries for Investments as at 30<sup>th</sup> September 2023

Appendix 3: CFR, Liability Benchmark and Borrowing

Appendix 4: Economics Update as at 30<sup>th</sup> September 2023

Appendix 5: Glossary of Terms

## APPENDIX 1:

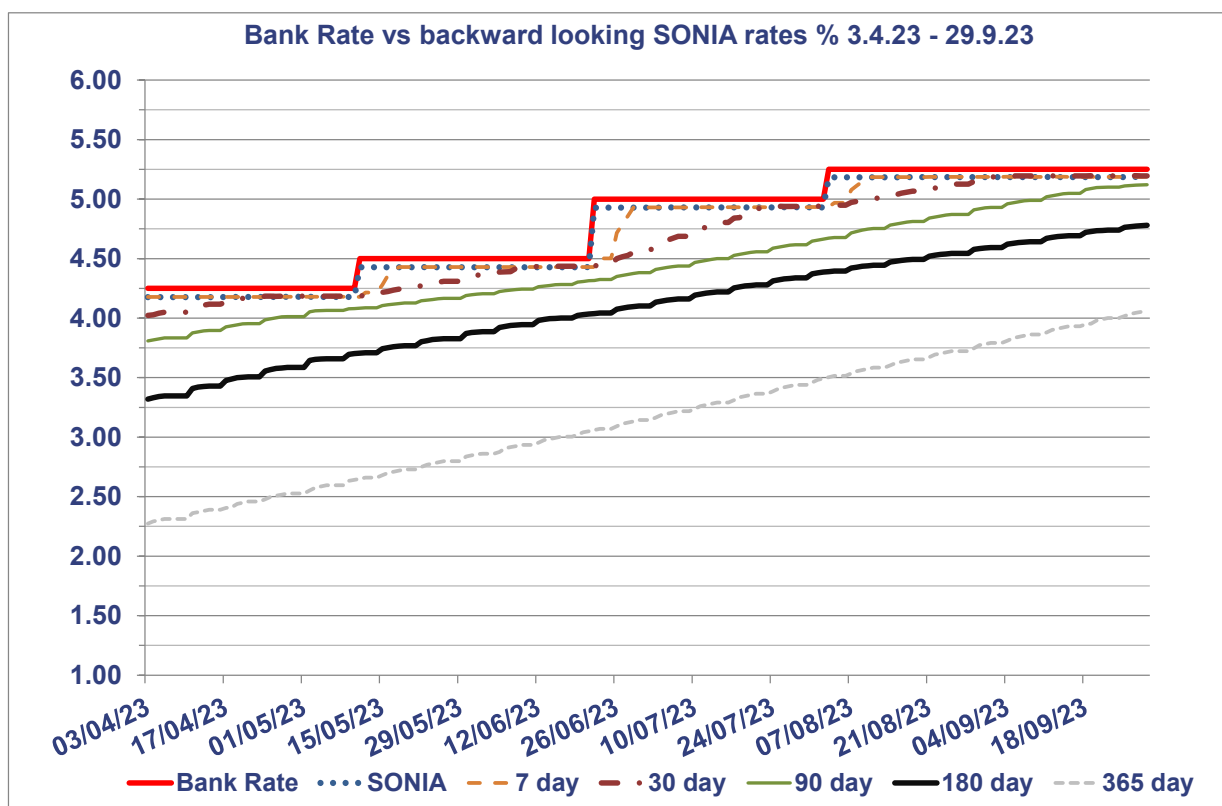
### Internal Investment Portfolio

| Investments held as at 30 September 2023      | Maturity Date | £000          | Interest Rate |
|-----------------------------------------------|---------------|---------------|---------------|
| Lloyds Bank Corporate Markets                 | 02/10/2023    | 5,000         | 4.88%         |
| Lloyds Bank Corporate Markets                 | 14/11/2023    | 3,000         | 4.99%         |
| Lloyds Bank Corporate Markets                 | 22/01/2024    | 3,000         | 5.87%         |
| SMBC Bank International                       | 14/11/2023    | 3,000         | 4.84%         |
| Close Brothers                                | 28/11/2023    | 3,000         | 5.00%         |
| Close Brothers                                | 26/01/2024    | 2,000         | 5.73%         |
| Landesbank Hessen-Thuringen Girozentrale      | 30/11/2023    | 5,000         | 4.47%         |
| Landesbank Hessen-Thuringen Girozentrale      | 10/05/2024    | 3,000         | 5.01%         |
| Standard Chartered Bank – Sustainable Deposit | 12/10/2023    | 3,000         | 4.72%         |
| Standard Chartered Bank – Sustainable Deposit | 02/01/2024    | 5,000         | 5.83%         |
| Goldman Sachs International Bank              | 13/02/2024    | 5,000         | 5.89%         |
| Natwest Markets                               | 04/03/2024    | 5,000         | 5.81%         |
| Federated Hermes Money Market Fund            | 1 Day Notice  | 12,000        | 5.35%         |
| Insight Money Market Fund                     | 1 Day Notice  | 2,340         | 5.25%         |
| <b>Total Managed Internally</b>               |               | <b>59,340</b> |               |
| Lothbury Property Fund                        | n/a           | 2,500         | n/a           |
| Hermes Property Fund                          | n/a           | 2,500         | n/a           |
| <b>Total Managed Externally</b>               |               | <b>5,000</b>  |               |
| <b>TOTAL TREASURY INVESTMENTS</b>             |               | <b>64,340</b> |               |

### Investment Performance Year to Date as of 30th September 2023 (Excludes Property Funds)

| Period  | SONIA Benchmark Return | Council Performance | Investment Interest Earned |
|---------|------------------------|---------------------|----------------------------|
| 3 Month | 4.44%                  | 4.77%               | £1.3m                      |

SONIA: the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking option used is a 90 day backward-looking average SONIA un compounded rate that reflects the investment yield curve at the time an investment decision was taken. This shows that the Council have outperformed this benchmark for the first half of 2023/24.



|                  | Bank Rate  | SONIA      | 7 day      | 30 day     | 90 day     | 180 day    | 365 day    |
|------------------|------------|------------|------------|------------|------------|------------|------------|
| <b>High</b>      | 5.25       | 5.19       | 5.19       | 5.20       | 5.12       | 4.78       | 4.06       |
| <b>High Date</b> | 03/08/2023 | 29/09/2023 | 04/09/2023 | 27/09/2023 | 29/09/2023 | 29/09/2023 | 29/09/2023 |
| <b>Low</b>       | 4.25       | 4.18       | 4.18       | 4.02       | 3.81       | 3.32       | 2.27       |
| <b>Low Date</b>  | 03/04/2023 | 04/04/2023 | 11/04/2023 | 03/04/2023 | 03/04/2023 | 03/04/2023 | 03/04/2023 |
| <b>Average</b>   | 4.81       | 4.74       | 4.71       | 4.64       | 4.44       | 4.10       | 3.16       |
| <b>Spread</b>    | 1.00       | 1.01       | 1.01       | 1.17       | 1.31       | 1.46       | 1.79       |

## Property Funds

Property Funds performance table below for the first half year has produced a net return of 1.75% for Lothbury and 1.94% for Federated Hermes. This compares to the benchmark 365 day backward looking compounded SONIA rate for property funds of 0.7195%. Currently both fund returns are higher in the first half of 2023/24.

To note both Property Fund market valuations are currently below the original fund values and whilst current market analysis suggests this will recover, we are closely monitoring these two property funds.

## Property Funds to 30<sup>th</sup> September 2023

| Property Fund    | Date Acquired | Original Cost<br>£000 | Entry Fee<br>£000 | Total Original Cost<br>£000 | Valuation<br>30/09/2023<br>£000 | Valuation<br>(Gain)/Loss<br>£000 | Gross Interest<br>Received to<br>30/09/2023<br>£000 | Gross Return on<br>Property Funds<br>30/09/2023<br>% | Management<br>Fees to<br>30/09/2023<br>£000 | Net Interest<br>Received to<br>30/09/2023<br>£000 | Net Return on<br>Property Funds to<br>30/09/2023<br>% |
|------------------|---------------|-----------------------|-------------------|-----------------------------|---------------------------------|----------------------------------|-----------------------------------------------------|------------------------------------------------------|---------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| Lothbury         | 01/03/2018    | 2,417                 | 84                | 2,501                       | 2,001                           | (416)                            | 46                                                  | 2.30                                                 | 11                                          | 35                                                | 1.75                                                  |
| Federated Hermes | 26/07/2018    | 2,500                 | 119               | 2,619                       | 2,213                           | (287)                            | 46                                                  | 2.08                                                 | 3                                           | 43                                                | 1.94                                                  |
| <b>Total</b>     |               | <b>4,917</b>          | <b>203</b>        | <b>5,120</b>                | <b>4,214</b>                    | <b>(703)</b>                     | <b>92</b>                                           | <b>2.2</b>                                           | <b>14</b>                                   | <b>78</b>                                         | <b>1.85</b>                                           |

## APPENDIX 2: Approved countries for investments as at 30th September 2023

Based on lowest available rating

AAA

Australia  
Denmark  
Germany  
Netherlands  
Norway  
Singapore  
Sweden  
Switzerland

AA+

Canada  
Finland  
U.S.A.

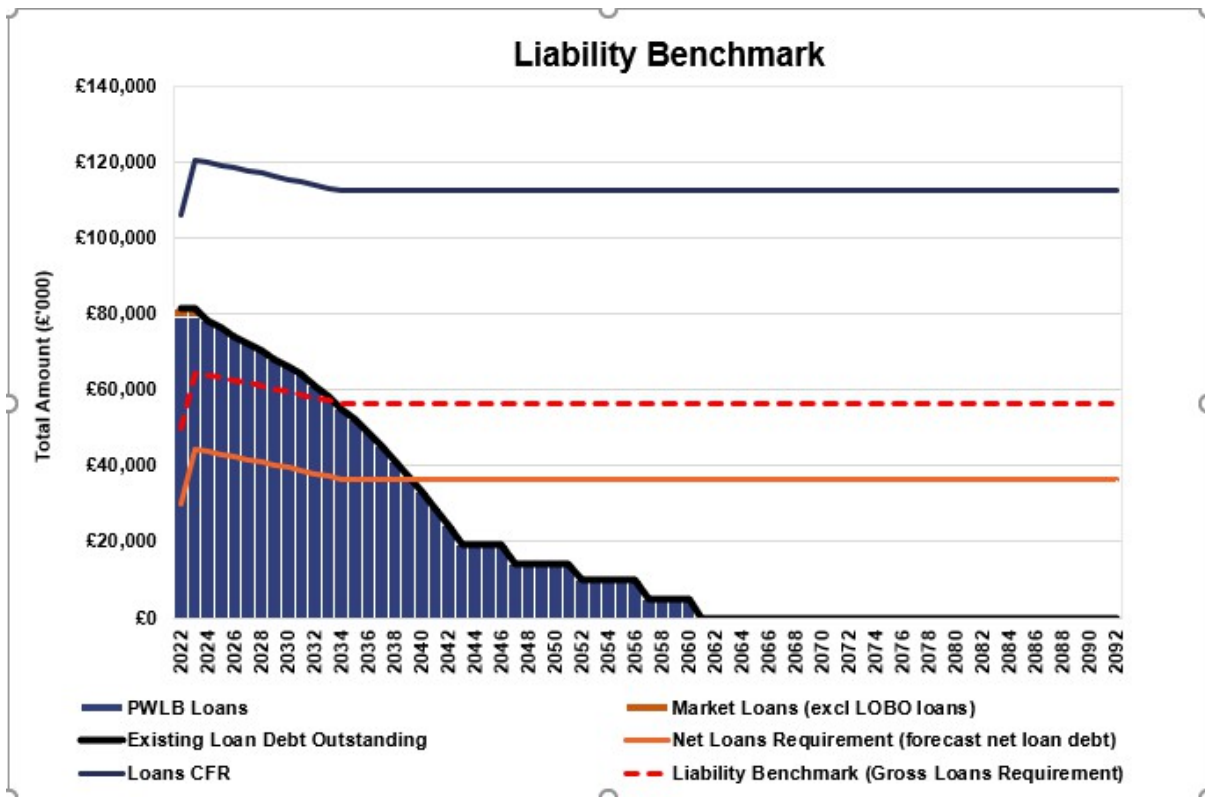
AA

Abu Dhabi (UAE)

AA-

Belgium  
France (downgraded by Fitch on 9th May 2023)  
Hong Kong  
Qatar  
**U.K.**

### Appendix 3: CFR, Liability Benchmark and Borrowing



The Liability Benchmark perhaps makes more sense when viewed over the longer term. The graph above extrapolates the current situation into the future, and assuming no changes to the underlying metrics, it can be seen that from around 2033 the level of borrowing falls below the Benchmark (red dotted line), implying that the Council would need to increase external borrowing at this time. This also implies that in the short term, the Council has scope to increase internal borrowing, as the current combination of external loans and treasury balances is well above the benchmark.

## Appendix 4: Economics Update – Link Asset Services

The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which



declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures “further tightening in policy would be required”. Governor Bailey stated, “we’ll be watching closely to see if further increases are needed”. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100’s relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21<sup>st</sup> April the FTSE 100 stood at 7,914.

## **APPENDIX 5: 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 asset's 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.