



Rural Capital of Food

Agenda

Meeting name	Meeting of the Full Council
Date	Wednesday, 7 February 2018
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH
Other information	This meeting is open to the public

Members of the Full Council are summoned to the above meeting to consider the following items of business.

Edd de Coverly
Chief Executive

Membership

Councillors	P. Baguley	T. Bains (Chair)
	P. Chandler (Vice-Chair)	T. Beaken
	M. Blase	G. Botterill
	R. de Burle	P. Cumbers
	J. Douglas	P. Faulkner
	A. Freer-Jones	M. Glancy
	M. Graham	T. Greenow
	L. Higgins	E. Holmes
	J. Hurrell	E. Hutchison
	J. Illingworth	S. Lumley
	J. Orson	A. Pearson
	P. Posnett	B. Rhodes
	M. Sheldon	J. Simpson
	D. Wright	J. Wyatt

Quorum: 14 Councillors

Meeting enquiries	Lena Shuttlewood
Email	lshuttlewood@melton.gov.uk
Agenda despatched	Tuesday, 30 January 2018

No.	Item	Page No.
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES To confirm the minutes of the meeting held on 12 December 2017.	1 - 12
3.	DECLARATIONS OF INTEREST Members to declare any interest as appropriate in respect of items to be considered at this meeting.	13 - 14
4.	MAYOR'S ANNOUNCEMENTS	
5.	LEADER'S ANNOUNCEMENTS	
6.	PUBLIC QUESTION TIME <i>The Leader and Chairs of Policy Committees to answer any questions from the public of which notice has been given in accordance with Council Procedure Rule 9 of the Constitution.</i> <i>No questions were received by the deadline.</i>	
7.	PETITIONS <i>In accordance with Procedure Rule 24.1, the Chief Executive shall report the receipt of a petition to the next meeting of the Council where there shall be no debate or comment thereon.</i> <i>No petitions were received.</i>	
8.	RECOMMENDATIONS AND REPORTS FROM COMMITTEES	
	a) COMMUNITY & SOCIAL AFFAIRS COMMITTEE: 23 JANUARY 2018 - REVENUE BUDGET PROPOSALS 2018/19 - HOUSING REVENUE ACCOUNT RECOMMENDED: To approve a rent decrease of 1% for all Council dwellings for 2018-19 with effect from 2 April 2018 and that when a property is re-let the rent continues to be brought into line with the Governments formula rent.	
9.	QUESTIONS FROM MEMBERS In accordance with Procedure Rules 10.3 and 10.5, a Member may ask the Mayor, Leader or the Chairman of any committee or sub-committee, a question on any matter in relation to which the Council has powers or duties or which affects the Melton Borough. No questions were received by the deadline.	

10.	MOTIONS ON NOTICE <i>There were no Motions received in accordance with Procedure Rule 11.1</i>	
11.	CAPITAL PROGRAMME 2018/2019 The Director for Corporate Services to submit a report to approve the Council's Capital Programme for 2018/2019 for all funds and the sources from which that funding will be taken as proposed by the Strategic Planning Away Day held on 10 January 2018 and the Policy, Finance & Administration Committee.	15 - 32
12.	REVENUE BUDGET 2018-19 AND MEDIUM TERM FINANCIAL STRATEGY The Director for Corporate Services to submit a report which (a) provides information on the budget issues facing the Council in 2018/19 and beyond, and seeks a decision on the level of the budget including growth and savings and agree the level of Council Tax for Borough Council purposes; and (b) asks the Council to 'make' a Member Allowances Scheme for each year that the scheme relates and review its scheme for the forthcoming Civic Year 2018/19.	33 - 78
13.	PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY The Director for Corporate Services to submit a report which outlines the Council's prudential indicators for 2018/19 – 2020/21 and sets out the expected treasury operations for this period.	79 - 110
14.	DIRECTOR RECRUITMENT UPDATE AND APPOINTMENT OF RECRUITMENT COMMITTEE The Chief Executive to submit a report the purpose of which is to update Members on the initiation of the recruitment process for the 2 director roles and to advise on the next steps. The report seeks approval to establish a recruitment committee to oversee the appointment process.	111 - 118
	EXCLUSION OF THE PUBLIC <i>RECOMMENDED that the Public be excluded during the consideration of the following item of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information : Exempt Information) under paragraph 3.</i>	
15.	AWARD OF MANAGEMENT CONTRACT - MELTON SPORTS VILLAGE To receive a report from the Head of Communities & Neighbourhood the purpose of which is to update members of the Council on the Procurement of a Management Contractor for Melton Sports Village, coordinated by the Melton Sports, Leisure & Culture Working Group.	119 - 132

Minutes

Meeting name	Full Council
Date	Tuesday, 12 December 2017
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH

Present:

Chair Councillor T. Bains (Chair)

Councillors

P. Chandler (Vice-Chair)	T. Beaken
M. Blase	G. Botterill
R. de Burle	P. Cumbers
J. Douglas	P. Faulkner
A. Freer-Jones	M. Glancy
M. Graham	T. Greenow
L. Higgins	E. Holmes
E. Hutchison	J. Illingworth
J. Orson	A. Pearson
P. Posnett	B. Rhodes
J. Simpson	D. Wright
J. Wyatt	

Officers

- Chief Executive
- Deputy Chief Executive
- Director for Corporate Services
- Democracy & Involvement Officer
- Licensing & Compliance Officer (Business Advisor: Licensing) (SG)

The Reverend Kevin Ashby offered prayers.

Minute No.	Minute
CO66	<p>APOLOGIES FOR ABSENCE Apologies for absence were received from Councillors Baguley, Hurrell, and Lumley. Councillor Sheldon was not present.</p>
CO67	<p>MINUTES The minutes of the Extraordinary meeting held on 27 September 2017 and the Ordinary meeting held on 11 October 2017 were confirmed as correct records and authorised to be signed by the Mayor.</p>
CO68	<p>DECLARATIONS OF INTEREST Councillors Orson, Pearson, Posnett and Rhodes each declared a personal interest in any matters relating to the Leicestershire County Council due to their roles as County Councillors.</p>
CO69	<p>MAYOR'S ANNOUNCEMENTS The Mayor</p> <p>(a) reported that since the last meeting of the Council he had attended 25 engagements and the Deputy Mayor had attended 9 engagements on his behalf. He referred to some recent challenging times regarding his professional commitments and expressed his gratitude to the Deputy Mayor for attending these engagements for him. As his work situation had now been resolved, he looked forward to representing the Borough at forthcoming events;</p> <p>(b) highlighted some of the events he had attended and commented thereon, including:</p> <ul style="list-style-type: none"> • the Remembrance Day parade and service which had been well supported by the community; • local school visits at which he had reinforced his message about being the youngest Mayor and encouraging young people's engagement in local democracy; • the switching on of the town's Christmas lights; • the recent visit by two representatives from the twin town of Sochaczew – both Councillors Graham and Posnett were thanked for helping to co-host their stay; • the Melton & Belvoir Agricultural Society Annual Fatstock Show and Dinner Dance – these events demonstrated the strength of community spirit at the Melton Market and the Mayor expressed his thanks to Messrs Harry Bains from Shoulers and Tom Greenow at Melton Market for their input; • a reminder to Members that the Special Service of Re-opening at St Mary's Church was being held the following evening and the Mayor's Carols by Candlelight Service was on Thursday 14 December at 6.30pm at which all Members were welcome;

- the good attendance at the Civic Dinner on 17 November which had been enjoyed by all.

The Council was then given some information regarding a former Mayor. After the meeting this information was subsequently found to be incorrect. In view of the sensitive nature of the matter, the details have not been recorded in these minutes.

CO70

LEADER'S ANNOUNCEMENTS

Before starting his report to the Council, the Leader

- thanked the Mayor and commended him for the success of the Civic Dinner which had been well attended by other Civic Heads. This was a good reflection in terms of the regard in which the Mayor was held;
- congratulated Councillor Pam Posnett on receiving her MBE award at the Palace last month and complimented her on the photographs and coverage this had received in the local press;
- referred to the Mayor's attendance at the recent Melton & Belvoir Agricultural Society events where he had impressed and won over those attending. The Leader said Councillor Bains was a great credit to the Council.

The Leader then began his report on the following matters:

(a) Peer Challenge: acknowledged the work that had taken place over the last two days to support the Peer Challenge. Despite bad weather, five local government colleagues had arrived at the Council on Monday to undertake an intensive review of the Council and to act as critical friends to help support the authority's future direction of travel. The Leader expressed his thanks to the team for their support and he looked forward to receiving their feedback the following day at 2pm in the Council Chamber. All Members were invited to attend;

(b) MMDR Update: reported on recent significant developments towards meeting the aspirations to deliver the relief road. The Policy, Finance & Administration Committee had agreed the principles which would allow the Council to enter into an agreement with the County Council to ensure the road could be fully funded. The County Council's Cabinet had considered the proposals that day and with their approval, the Council would be on track to submit the business case to the Department of Transport before Christmas. Referring to the significant amount of work that had gone into to getting to this point, the Leader thanked Members and Officers from both County and Borough councils for working to deliver this important project for Melton. The County Council had made a massive commitment of £4M towards the submission without any guarantee of Government funding. The Leader said he would be meeting with Sir Alan Duncan MP after Christmas to keep up the lobbying for funding. The outcome of the submission to the Government for £55M of funding would be known in the New Year.

(c) Rail Improvements: further to his report to the last Council meeting on the issue of rail connectivity between Melton and Nottingham, the Government had announced in the budget recently £3M investment in the Old Dalby test track to

support 5G connectivity. Referring to the Government's recently publicised rail vision in which included the aspiration to re-open old lines, he and the Deputy Leader responded to this on the Sunday Politics Show, making the case for re-opening the test track to passengers. Although early days, Officers were talking with colleagues from Network Rail, the County Council and East Midlands Councils to explore the potential for re-examining the business case for this investment.

(d) Senior Management Realignment: referred to the recommendations before the Council from the PFA Committee regarding the senior management realignment which would allow the Council to re-focus its resources on supporting people, whilst also releasing capacity to support its ambitious growth agenda. The proposals also included an ambition to bring back the legal service in house which would enable the Council to strengthen its internal governance processes. The Leader emphasised he had made improving the workforce retention a key priority for the Council and was pleased that following the adoption of the new structure, the Council would be in a position to commence a significant recruitment drive in the New Year with a view to the new positions being filled by the Spring. The new Workforce Strategy was developing well and a number of staff workshops had been held where colleagues had the opportunity to feed in their views towards developing a 'can do' and supportive culture.

(e) Local Plan: the date for the commencement of the Local Plan examination in public had been confirmed as 30 January 2018 and this would run for two weeks. Officers were now busy responding to the initial round of questions from the Examiner and would be submitting final responses early in the New Year.

The Leader concluded his report by inviting all Members to a Christmas Dinner at the Harborough Hotel on 20 December. The Mayor gave his apologies due to a prior Mayoral engagement that evening.

CO71 **PUBLIC QUESTION TIME**

There were no questions to be put.

CO72 **PETITIONS**

In accordance with Procedure Rule 24.1, the Chief Executive reported the receipt of a petition received on 27 October 2017 which had been signed by 307 residents of the Borough. The petition stated :-

'We the undersigned residents of Long Clawson, Hose and Harby are concerned about excessive development in our villages and the lack of concern shown by MBC about heritage and infrastructure issues focussing on traffic, flooding and schooling for which evidence has been formally presented to them but ignored. We "request" that MBC accelerates the process for determining the Clawson, Hose and Harby Neighbourhood Plan for which Regulation 16 will be completed at the end of August before determining ANY of the outstanding planning applications.'

As the content of the petition related to the business of two separate Committees, the following Committees provided a response in each case :-

- Planning Committee held on 9 November 2017 considered the request to postpone consideration of all planning applications in Long Clawson, Hose or Harby and declined to accept this request.
- Ad Hoc Melton Environmental and Economic Affairs Committee held on 4 December 2017 - regarding the acceleration of the Neighbourhood Plan

The Council noted receipt of the petition.

CO73 Governance Committee: 21 November 2017 - Minute number G42 -

Constitution Update

Councillor Cumbers presented the recommendations from the Governance Committee meeting held on 21 November 2017 (minute G.42 refers) in respect of updating the Council's Constitution and so moved the recommendations as contained in the Order Paper before Members. The motion was seconded by Councillor Simpson.

A Member raised concern about the recommendation to remove reference to Member involvement in appraisals for the Deputy Chief Executive and Corporate Director within the Roles and Responsibilities of Members document at Part 5 of the Constitution. He opposed this change on the grounds that when he had sat in on the Chief Executive appraisals he had found it extremely useful and was therefore opposed to its removal and, after clarification was sought from the Leader, so moved the deletion of this recommendation as an amendment. Councillor Orson seconded the amendment.

The Chief Executive clarified that the intention was not to remove Member involvement from the Chief Executive's appraisals; it referred to the other members of his senior management team only. The Member involvement in the Chief Executive's appraisal process would then give a clear focus for discussions between the Chief Executive and his senior management staff. This was a recommendation from the Local Government Association and he had felt it a useful strategy to adopt.

Noting the Chief Executive's advice, support for the amendment was expressed having regard to the importance of the opportunity for Members to challenge the appraisal process. Upon being put to the vote, the amendment was carried.

A further vote was then taken on the remaining recommendations before the Council, which were subsequently carried.

RESOLVED:

- (1) to not amend the existing provisions within Part 5 of the Constitution regarding Roles and Responsibilities of Members – Officer Appraisals;
- (2) to amend the following sections of the Constitution as set out below:
 - (a) Part 4 - Contract Procedure Rules

To approve 3 new appendices to the Contract Procedure Rules as detailed in paragraph 3.4 of the report :-

- Appendix A – Approval for the use of a Framework Agreement
- Appendix B – Approval for Contract Award
- Appendix C – Approval to Extend a Contract

(b) Part 4 - Financial Procedure Rules

To approve the following 3 new paragraphs at Section 3 of the Financial Procedure Rules as detailed in paragraph 3.5 of the report :-

Section 3 – Financial Systems and Procedures

2. Income and Expenditure

Key Controls

2.2(k) - set up and operation of a PayPal or World Pay account for the collection of income from specific website transactions within services shall require the approval of the Corporate Director, who shall establish appropriate procedures for their operation. Where applicable, the Corporate Director should nominate a separate PayPal administrator and certifying officer whose responsibility will entail reconciling the income received and charges levied via the PayPal account to amounts due and to the Council's financial system.

Responsibilities of Corporate Director

2.7 - to authorise the setting up and controls to operate with regard to a PayPal account for the collection of income from specific website transactions within services as stated in the key controls above

Responsibilities of Directors / Heads of Service

2.20 - to request the Corporate Director to set up a PayPal account for their service if required and to nominate a PayPal administrator who will be responsible for the operation of the account in line with the required procedures.

(c) Part 3 – Terms of Reference of Policy, Finance and Administration

To amend the existing terms of reference to include new paragraphs 14 -18 set out at Appendix D which deal with disciplinary matters relating to the Council's statutory officers.

(d) Part 3 – Terms of Reference of the Appeals Committee

To amend the existing terms of reference of the Appeals Committee to amend paragraph 2 to read as follows:

“To determine any appeals in respect of staff matters as detailed and provided for in the Council's human resources policies and procedures including appeals

against decisions of the Policy, Finance and Administration Committee to take action short of dismissal with respect to the Council's Statutory Officers”

Recommendation (c) and (d) above make the consequential amendments to the Constitution required as a result of a resolution of Council on 11 October 2017.

CO74

Policy, Finance & Administration Committee: 29 November 2017 - Minute number P47: Provision of Payroll Services

Councillor Orson presented the recommendations of the Policy, Finance & Administration Committee meeting held on 29 November 2017 concerning the provision of Payroll Services as set out on the Order Paper before Members and so moved the motion. This was seconded by Councillor Higgins.

Upon being put to the vote, the motion was carried.

RESOLVED:

- (1) the Council delegate its payroll service to Leicester City Council from 1 April 2018;
- (2) that the Council delegate authority to the Corporate Director in consultation with the Solicitor to the Council to finalise the delegation agreement with Leicester City Council for the provision of payroll service;
- (3) the financial implications of the delegation, the one-off costs of up to £53,700 and on-going savings of circa £22,000 as outlined in section 5 be approved.

CO75

Ad Hoc Policy, Finance & Administration Committee: 7 December 2017 : Corporate Structural Realignment & Associated Implications

Councillor Orson presented the recommendations of the Ad Hoc Policy, Finance & Administration Committee meeting held on 7 December 2017 as set out in the Order Paper before Members. In support of the recommendations, Councillor Orson advised that when the new Chief Executive took up post, the corporate structure was out of balance. The proposals before the Council sought to address this imbalance and provide the required capacity to take the Council forward as previously referred to in his report. Members were informed that this would be an initial realignment and that further amendments may be required to the structure in due course. Reference was also made to the proposals to bring the legal service back in house arising from the request from Harborough District Council to cease the shared service arrangement for the Solicitor to the Council role. In moving the recommendation, Councillor Orson emphasised the fast pace of change that was now happening at the Council.

The motion was seconded by Councillor Higgins who stated that the creation of an in house legal team was very important for officers and Members alike. A Member expressed her support for the recommendation regarding provision of an in house legal service.

Upon being put to the vote, the motion was carried unanimously.

RESOLVED: that

- (1) changes to the senior management team and relevant T3 designations, responsibilities, structure and managerial reporting lines as set out in the report be approved. This includes establishing a Director for Growth and Regeneration and Director for Legal and Democratic Services on Chief Officer terms and conditions;
- (2) a Sub-Committee to oversee the recruitment of the chief officer roles be appointed;
- (3) notice to terminate the shared legal service be served on Harborough District Council and delegated authority be granted to the Chief Executive to sign the termination notice. The Chief Executive also be granted delegated authority to agree an earlier termination date as appropriate for the Council;
- (4) the creation of an in-house Legal and Democratic Services Team and associated structure be approved, ensuring a managed transition from the shared arrangement;
- (5) once the Director for Legal and Democratic Services post is filled the Council shall appoint the postholder as Monitoring Officer;
- (6) the salary benchmarking exercise undertaken by East Midlands Councils be noted and the financial implications associated with these changes be approved with delegated authority being granted to the Chief Executive, in consultation with the Corporate Director, to utilise the Corporate Priorities Reserve for any non-recurring exit costs should they arise;
- (7) the Chief Executive be granted delegated authority to amend roles, designations within associated structures to ensure flexibility and effective operational delivery within existing budgets;
- (8) to acknowledge the arrangements established to ensure appropriate senior management cover to meet the Council's out of hours Emergency Planning obligations inline with a previous resolution by the Policy, Finance and Administration Committee;
- (9) an amendment to the Constitution in relation to Members appointments of deputy chief officers posts and related employment matters as per para 4.2 of the report be referred to the next meeting of Full Council to reflect the flatter management hierarchy approved in (1) above.

CO76

QUESTIONS FROM MEMBERS

- (a) Members had before them the reports of the following Committees upon which the Chairmen of those Committees may be asked to answer any questions upon items when those items are being received or under consideration by the Council in accordance with Council Procedure Rule 10.1 of the Constitution :-

Planning Committee	28 September 2017
Ad Hoc Planning Committee	17 October 2017
Planning Committee	19 October 2017
Town Area Committee	23 October 2017
Melton, Economic & Environmental Committee	1 November 2017
Licensing & Regulatory Committee	9 November 2017
Community & Social Affairs Committee	15 November 2017
Town Area Committee	20 November 2017
Governance Committee	21 November 2017
Policy, Finance & Administration Committee	29 November 2017

(b) a Member referred to the Ad Hoc Planning Committee set of minutes for the meeting held on 17 October 2017 at which 'Waltham on the Wolds Common Issues' had been considered. The Member stated that the discussion had referred to water and sewerage in the village area; subsequently there had been a loss of water supply to the village the previous day. The Member asked if representations could be made to the Government that adequate infrastructure was needed before further houses could be built. The Leader acknowledged the Member's concerns and said he would follow this up in discussions with the Chief Executive.

(c) there being no other comments or questions in relation to the sets of minutes presented, the reports of the committees were noted.

CO77

MOTIONS ON NOTICE

There were no Motions on Notice received in accordance with Procedure Rule 11.1

CO78

MID YEAR REPORT ON THE TREASURY MANAGEMENT ACTIVITIES AND PRUDENTIAL INDICATORS 2017-18

Members had before them a report prepared by the Corporate Director (previously circulated) which met the requirement under the treasury management regulatory framework for the Council to receive a mid year treasury review in addition to the annual report and strategy on treasury management as reported to the Council on 8 February 2017. This report also incorporated the needs of the Prudential Code to ensure adequate monitoring of capital expenditure and the Council's prudential indicators (PI's) and outlined any revisions required to future years strategy where required. The report was structured so as to highlight the key changes to the Council's capital activity (the prudential indicators), the economic outlook and the actual and proposed treasury management activity (borrowing and investment).

Councillor de Burle moved the recommendations as set out in the Order Paper before Members. In so doing he drew Members' attention to the Council's budgeted gross investment return for 2017/18 as being £67k, but the current year end was forecast to be in excess with a prediction that £139k would be achieved. Councillor de Burle accordingly commended the Council's strategy of investment. The motion was seconded by Councillor Orson who commented that the East Midlands now had the highest housing price inflation rate in the country at 7%.

The motion was put to the vote and was carried unanimously.

RESOLVED:

- (1) to note the mid-year position on treasury activity for 2017-18;
- (2) to note and approve the mid-year position on prudential indicators;
- (3) to note the changes to investment criteria under the MiFID II regulation changes and the recent consultation on changes to the Treasury Management CIPFA Codes.

CO79

REVIEW OF STATEMENT OF LICENSING POLICY ADOPTION

In a report previously circulated, the Head of Strategic Planning & Regulatory Services advised Members on amendments to the Council's Statement of Licensing Policy. The report summarised the process by which the draft Statement had been subsequently amended and the 12 week consultation period which had ensued from 31 August to 23 November this year. The publicity and consultation exercise had resulted in two representations, one of which had been rejected as being frivolous. Details of the remaining representation were appended to the report. Members were advised that the Policy would determine the principles that the Council intends to apply in exercising its functions as the Licensing Authority under the Licensing Act 2003.

The recommendations as contained in the Order Paper before Members were moved by Councillor Wyatt and seconded by Councillor Douglas. As Chairman of the Purple Flag Committee, Councillor Graham thanked Members and Officers for the preparation of this report. Upon being put to the vote, the motion was carried unanimously.

RESOLVED: that the amended Statement of Licensing Policy be considered after the consultation period and adopted on 1 January 2018.

CO80

LEICESTER AND LEICESTERSHIRE STRATEGIC GROWTH PLAN

In a report previously circulated, the Head of Strategic Planning & Regulatory Services set out the work undertaken to date in the preparation of a Strategic Growth Plan for Leicester & Leicestershire. The Consultation Draft Strategic Growth Plan was at the stage of having been endorsed by the Members' Advisory Group (MAG) and now a period of public consultation needed to take place. The detail and the extent of consultation that was to take place would vary between the partner organisations, to provide flexibility for each to reflect their own practices. In practice, however, there needed to be an 'agreed minimum' which each local authority will adopt. It is recognised that the LLEP had a different role in this process.

The report referred to the proposed start date for the consultation period and its

duration. All consultation responses will be reviewed and reported, in the first instance, to MAG. At the same time, consideration would be given to whether amendments to the Draft Plan would need to be made. It was anticipated that the final version of the Strategic Growth Plan would be presented to MAG for consideration in summer/early autumn 2018. If agreed, it will proceed through the governance arrangements of each partner organisation.

In moving the recommendations contained within the report and as set out in the Order Paper, the Leader said the importance of this document could not be underestimated; throughout the discussions on the Strategic Growth Plan, the focus had been on defining the long term future for Leicester and Leicestershire until 2050. The Leader drew Members' attention to paras 3.9 and 3.10 in the report which listed the series of events which had been held to keep Members advised of progress during the development of the Consultation Draft Plan. He thanked the Members of the Council's Local Plan Working Group who had contributed to this process. If the Council agreed to the recommendations before it at this meeting, and the partners also agreed, the draft document then this would trigger the consultation period.

The Deputy Leader, who had attended the MAG meetings as the Council's representative, spoke in support of the recommendations and acknowledged the contribution of Councillors Chandler and Illingworth in respect of the Local Plan. Support for the Consultation Draft Plan demonstrated the Council's commitment to driving economic growth for the area.

A Member advised that the County Council had given its approval to the document last week and also referred to the period of consultation in the report which had been cited as 8 weeks correcting this to 12 weeks. A short debate ensued during which other Members spoke in support of the document and how vital this was to the area's future economic growth and viability. Neighbouring districts and the County were backing the need for the MMDR.

The Leader amended his motion to reflect that the period of consultation was 12 weeks not 8 and this was seconded by Councillor Higgins. A vote was then taken following which the motion was carried unanimously.

RESOLVED:

- (1) to note and endorse the process which has been undertaken in the preparation of a Draft Strategic Growth Plan for Leicester & Leicestershire;
- (2) to note that the Consultation Draft Plan has been endorsed by the Members' Advisory Group (MAG) which oversees the preparation of the Plan (Appendix 1 to the report);
- (3) to approve the consultation process and the timetable (as amended);
- (4) a further report be brought back to Council to consider the consultation responses and to approve the final version of the Plan.

The meeting closed at: 7.34 pm

Mayor

Advice on Members' Interests

COUNCIL MEETINGS - COMMITTEE MINUTES : DECLARATION OF INTERESTS

Interests need not be declared at Full Council in relation to Committee Minutes which do not become the subject of debate at Full Council (i.e. Minutes referred to solely on a page by page basis when working through the Minutes of each Committee.)

An interest must be declared at Full Council as soon as it becomes apparent that a relevant Committee Minute is to be debated – this applies even if an interest has been declared at Committee and is recorded in the Minutes of that Committee.

PERSONAL AND NON-PECUNIARY INTERESTS

If the issue being discussed affects you, your family or a close associate more than other people in the area, you have a personal and non-pecuniary interest. You also have a personal interest if the issue relates to an interest you must register under paragraph 9 of the Members' Code of Conduct.

You must state that you have a personal and non-pecuniary interest and the nature of your interest. You may stay, take part and vote in the meeting.

PERSONAL AND PECUNIARY INTERESTS

If a member of the public, who knows all the relevant facts, would view your personal interest in the issue being discussed to be so great that it is likely to prejudice your judgement of the public interest and it affects your or the other person or bodies' financial position or relates to any approval, consent, licence, permission or registration then **you must state that you have a pecuniary interest, the nature of the interest and you must leave the room***. You must not seek improperly to influence a decision on that matter unless you have previously obtained a dispensation from the Authority's Governance Committee.

DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

If you are present at any meeting of the Council and you have a disclosable pecuniary interest in any matter to be considered or being considered at the meeting, if the interest is not already registered, you must disclose the interest to the meeting. You must not participate in the discussion or the vote and you must leave the room.

You may not attend a meeting or stay in the room as either an Observer Councillor or *Ward Councillor or as a member of the public if you have a pecuniary or disclosable pecuniary interest*.

BIAS

If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest (bias) then you should not take part in the decision-making process; you should leave the room. **You should state that your position in this matter prohibits you from taking part.** You may request permission of the Chair to address the meeting prior to leaving the room. The Chair will need to assess whether you have a useful contribution to make or whether complying with this request would prejudice the proceedings. A personal, pecuniary or disclosable pecuniary interest will take precedence over bias.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you are aware of the issue being discussed.*

*There are some exceptions – please refer to paragraphs 13(2) and 13(3) of the Code of Conduct

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FULL COUNCIL

7 FEBRUARY 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

CAPITAL PROGRAMME 2018/19

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to approve the Council's Capital Programme for 2018/19 for all funds and the sources from which that funding will be taken as proposed by the Strategic Planning Away Day held on 10 January 2018 and Policy Finance and Administration committee.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 **Funding for capital schemes in respect of General Expenses for 2018/19 and the sources that funding will be taken from, be as set out in Appendix A, and;**
- 2.2 **Funding for capital schemes in respect of the Housing Revenue Account (HRA) and the sources that funding will be taken from be as approved by the Community and Social Affairs committee and set out in Appendix B.**
- 2.3 **Delegated authority is given to the Director of Corporate Services to amend the amount in the capital programme for DFG's once funding confirmation has been received.**

3.0 KEY ISSUES

- 3.1 It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Members at the Strategic Planning Away Day on 10 January 2018 and the Policy Finance and Administration Committee at its meeting on 24 January 2018 have considered and made recommendations on the projects for General Expenses to be funded in the capital programme for 2018/19 in addition to those which have already had funding approved. The impact of these recommendations has been incorporated into the revenue budget and prudential indicators being separately considered on this Council agenda.
- 3.2 The projects recommended for funding in addition to those which have already had funding approved are set out in Appendix A along with the sources that funding is recommended to be taken from. Members will note that within the proposed capital programme for 2018/19 that there is a limited number of capital schemes at present with no proposals in respect of special Expenses Melton Mowbray. However, the Council will be undertaking further prioritisation work and preparing project mandates / business cases which will come forward during the forthcoming financial year.
- 3.3 In respect of disabled facilities grants (DFGs) the Lightbulb project went live in October 2017 and the service is now being hosted through Blaby DC. The current amount included in the capital programme for 2018/19 is £237k, but final funding figures have yet to be confirmed. Should there be any minor changes to the capital programme is it requested that delegation be given to the Director for Corporate Services to amend the amount in the capital programme once funding confirmation has been received.

- 3.4 In respect of the Housing Revenue Account this is included as Appendix B as approved by the Community and Social Affairs Committee at its meeting on 23 January 2018 which has been updated in line with the refreshed Housing Asset Management Plan which was also approved at the same committee meeting.
- 3.5 For members information a full list of the capital programme for 2017/18 and later years by committee including those schemes previously funded, those proposed for funding and those where funding will be determined following further consideration by members is set out in Appendices C to F.
- 3.6 Members may be aware that there is a new waste management contract due to commence on 1st October 2018, of which tenders are currently being evaluated and included in the tender was an optional variation requesting tenderers submit information showing the contract saving they can offer to the council, should the Council procure the waste vehicles for the life of the contract. Prudential borrowing will be undertaken to finance the vehicles for the life of the contract, should it be decided this offers the best value for money for the Council. Any decisions with regard to this will be reported to the appropriate decision making body at the next available opportunity and as such no allowance has been made in this report as the outcome is not known at this stage. This would therefore appear in the capital programme as a new item.

4.0 POLICY & CORPORATE IMPLICATIONS

- 4.1 Policy and corporate implications are considered for each proposed new scheme as part of the Council's priority assessment process. The results of this are reported to members as part of the budget setting process prior to finalising the capital programme.
- 4.2 A capital receipt can only be utilised for the repayment of debt or to fund capital expenditure. As such when members consider the use of these funds they should consider maximising the flexibility provided by revenue reserves such as the Corporate Priorities Reserve by funding capital expenditure from capital receipts in the first instance. The recommended funding for the capital programme follows this guidance.

5.0 FINANCIAL & OTHER RESOURCE IMPLICATIONS

- 5.1 The impact of the capital programme proposals on the Council's reserves and balances can be seen further in Appendix G to the Revenue Budget report shown elsewhere on this agenda.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 Any legal implications arising from new schemes will have been addressed at the Project Mandate stage.

7.0 COMMUNITY SAFETY

- 7.1 Individual schemes could have links to community safety issues. These are covered in any associated reports and forms linked to these schemes as they progress through the decision making process. As community safety is a corporate priority this is considered as part of the priority assessment and budget setting process when considering individual schemes.

8.0 EQUALITIES

- 8.1 The equality issues of each individual scheme are considered as they progress through the approval process.

9.0 RISKS

9.1 There will be risks associated with each of the individual projects and these are considered as part of the consideration of these individual schemes through the decision making process.

10.0 **CLIMATE CHANGE**

10.1 Individual schemes could have climate change issues but these are considered individually as they progress through the approval process.

11.0 **CONSULTATION**

11.1 The proposed capital programme was made available on the Council's website during January 2017 for the benefit of business ratepayers. No comments have been received to-date but should any be received prior to the meeting the Council will be updated verbally.

11.2 Proposed capital schemes are considered by the Programme Board and by other internal groups as appropriate prior to submission to policy committees.

12.0 **WARDS AFFECTED**

12.1 To varying degrees, all wards are affected by the Council's Capital Programme.

Contact Officer: Natasha Allsopp

Date: 23 January 2018

Appendices: Appendix A – B Recommended Funded Capital Programme 2018-19
Appendix C – F Capital Programme 2017-22

Background Papers: Capital Programme 2017-22
Statement of Revenue & Capital Reserves
Strategic Planning Away Day Notes

Reference: X: Committee, Council & Sub Committees/Council Meetings/2017-18/07-02-18/DG – Capital Programme 2018-19

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<----- Source of Funding ----->

Scheme	Gross	General	Capital	Third	Corporate	Renewal &
	Cost	Fund	Grant	Party	Priorities	Repair
	£000	Receipts	£000	Cont.	Reserve	Fund
		£000		£000	£000	£000
Disabled Facilities Grants (Private Sector Mandatory)	237		237			
Telephony Upgrade**	50					50
Environmental Maintenance Team Vehicle/Frontline Service Machine replacement**	81					81
Northgate Server	18					18
	386	0	237	0	0	149

** Note these schemes have already been approved and are being carry forward from 2017/18

CAPITAL PROGRAMME 2018/19
HOUSING REVENUE ACCOUNT

APPENDIX B

<----- Source of Funding ----->

Scheme	Gross Cost £000	Direct Revenue Funding £000	Cash Backed Depreciation £000	Major Repairs Reserve £000	Regeneration & Development Reserve £000
Replacement Kitchens Bathrooms	120		120		
Housing, Health and Safety Related Schemes	50		50		
Replace Exterior Doors & Windows	132		132		
Rewire Council Properties	367		367		
Central Heating	260		260		
Re-Roofing Works	200		200		
Void Catch Up Repairs	150		150		
Aids & Adaptations	150		54	96	
Capitalisation of Housing Inspector Costs	89			89	
Non Traditional Dwelling Site Development	450				450
Conversion of Electric Storage Heaters	100			100	
Fairmead Regeneration	2400				2400
Affordable Housing - Gretton Court Extra Care	100				100
Affordable Housing	1330				1330
Housing Repairs System	50			50	
	5,948	0	1,333	335	4,280

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Serv	Cost	Sub	Proj Ref	Scheme	<-- Latest Approval -->		<-----2017/2018----->			<-----2018/2019----->			2019/20	2020/21	2021/22	Total Scheme Cost	
					Committee	Date	For Projects Only- Previous Years Actual Cost	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending: (Bus Case)	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending: (Bus Case)	Total Estimate (Mandate)	Total Estimate (Mandate)		Total Estimate (Mandate)
							£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
GENERAL EXPENSES																	
<i>Private Sector Housing Grants</i>																	
910	9160	746	6410	Disabled Facilities Grants (Private Sector Mandatory)	PFA	10-Apr-13	N/A	259	259	259	237	237	237	237	237	1,207	
910	9160	725	6412	Warm Homes Grants	CSA	01-Jul-14	N/A	20	20	20	0	0	0	0	0	20	
<i>Other Schemes</i>																	
900	9000	755	0470	Leisure Vision - Phase 1 Melton Sports & Leisure Village	PFA	11-Jul-17	134	65	65	65	0	0	0	0	0	199	
900	9000	755	0485	Public Conveniences	CSA	22-Jun-16	N/A	390	390	390	0	0	0	0	0	390	
GENERAL EXPENSES TOTAL							134	734	734	734	237	237	237	237	237	237	1,816

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APPENDIX C

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE CAPITAL PROGRAMME 2017-2022

Serv	Cost	Sub	Proj Ref	Scheme	<-- Latest Approval -->		<-----2017/2018----->			<-----2018/2019----->			2019/20	2020/21	2021/22	Total Scheme Cost	
					Committee	Date	For Projects Only - Previous Years Actual Cost	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Total Estimate (Mandate)		Total Estimate (Mandate)
							£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
				HOUSING REVENUE ACCOUNT													
900	9000	748	8002	Replacement Kitchens Bathrooms	PFA	23-Jan-18	N/A	129	129	129	120	120	120	100	100	50	499
900	9000	748	8018	Housing, Health and Safety Related Schemes	PFA	23-Jan-18	N/A	66	66	66	50	50	50	50	50	50	266
900	9000	748	8005	Replace Exterior Doors & Windows	PFA	23-Jan-18	N/A	30	30	30	132	132	132	70	70	70	372
900	9000	748	8006	Rewire Council Properties	PFA	23-Jan-18	N/A	50	50	50	367	367	367	367	367	207	1,358
900	9000	748	8003	Central Heating	PFA	23-Jan-18	N/A	40	40	40	260	260	260	150	100	100	650
900	9000	748	8009	Re-Roofing Works	PFA	23-Jan-18	N/A	237	237	237	200	200	200	50	50	50	587
900	9000	748	9100	Void Catch Up Repairs	CSA	23-Jan-18	N/A	150	150	150	150	150	150	150	150	150	750
900	9000	748	8001	Aids & Adaptations	PFA	23-Jan-18	N/A	150	150	150	150	150	150	150	150	150	750
900	9000	748	8019	Communal Refurbishments	PFA	23-Jan-18	N/A	19	19	19	0	0	0	0	0	0	19
900	9000	748	8020	Capitalisation of Housing Inspector Costs	CSA	23-Jan-18	N/A	79	79	79	89	89	89	75	75	75	393
900	9000	748	8025	Beckmill Court Refurbishment & Regeneration	CSA	23-Jan-18	172	2,200	2,200	2,200	0	0	0	0	0	0	2,372
900	9000	748	8029	Granby House Refurbishment	CSA	23-Jan-18	251	849	849	849	0	0	0	0	0	0	1,100
900	9000	748	8030	Gretton & Wilton Court	PFA	23-Jan-18	N/A	37	37	37	0	0	0	0	0	0	37
900	9000	748	8028	Non Traditional Dwelling Site Development	PFA	23-Jan-18	N/A	10	10	10	450	450	450	250	0	0	710
900	9000	748	8026	Conversion of Electric Storage Heaters	PFA	23-Jan-18	N/A	15	15	15	100	100	100	100	100	0	315
900	9000	748	8032	Fairmead Regeneration	CSA	23-Jan-18	N/A	0	0	0	2,400	2,400	2,400	0	0	0	2,400
900	9000	748	8033	Affordable Housing - Gretton Court Extra Care	CSA	23-Jan-18	N/A	0	0	0	100	100	100	8560	0	0	8,660
900	9000	748	8034	Affordable Housing	CSA	23-Jan-18	N/A	70	70	70	1330	1330	1330	1100	0	0	2,500
900	9000	754	8017	Housing Repairs System	CSA	23-Jan-18	N/A	0	0	0	50	50	50	0	0	0	50
				HOUSING REVENUE ACCOUNT TOTAL			423	4,131	4,131	4,131	5,948	5,948	5,948	11,172	1,212	902	23,788
				COMMITTEE TOTAL			557	4,865	4,865	4,865	6,185	6,185	6,185	11,409	1,449	1,139	25,604

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Serv	Cost	Sub	Proj Ref	Scheme	<--- Latest Approval --->		<-----2017/2018----->			<-----2018/2019----->			2019/20	2020/21	2021/22	Total Scheme Cost		
					Committee	Date	For Projects Only - Previous Years Actual Cost	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Total Estimate (Mandate)		Total Estimate (Mandate)	
								£000	£000	£000	£000	£000	£000	£000	£000	£000		
				GENERAL EXPENSES														
				<i>Transformational Change Projects</i>														
900	9000	754	5265	Enterprise Document Management (EDM)	PFA	10-Jul-13	151	20	20	20	0	0	0	0	0	0	171	
900	9000	754	5267	Transformation - Welfare Reform	PFA	10-Jul-13	N/A	0	0	0	0	0	0	0	0	0	0	
				<i>Other Schemes</i>														
900	9000	755	0412	New Council Offices	PFA	10-Apr-13	6,584	39	39	39	0	0	0	0	0	0	6,623	
900	9000	755	0463	Improvements to Footbridge off Asfordby Road	PFA	02-Dec-14	N/A	0	0	0	0	0	0	59	0	0	59	
900	9000	754	0474	Telephony Upgrade	PFA	01-Dec-15	N/A	0	0	0	50	50	0	0	0	0	50	
900	9000	754	0475	Committee System	PFA	12-Jul-16	5	10	10	10	0	0	0	0	0	0	15	
900	9000	753	0492	Northgate Server			N/A	0	0	0	18	0	0	0	16	0	34	
				GENERAL EXPENSES TOTAL				6,740	69	69	69	68	50	0	59	16	0	6,952
				COMMITTEE TOTAL				6,740	69	69	69	68	50	0	59	16	0	6,952

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Serv	Cost	Sub	Proj Ref	Scheme	<--- Latest Approval --->		<-----2017/2018----->			<-----2018/2019----->			2019/20	2020/21	2021/22	Total Scheme Cost		
					Committee	Date	For Projects Only - Previous Years Actual Cost	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Total Estimate (Mandate)		Total Estimate (Mandate)	
								£000	£000	£000	£000	£000	£000	£000	£000	£000		
				GENERAL EXPENSES														
				<i>Miscellaneous Schemes</i>														
910	9160	754	0388	Partnership Scheme in Conservation Area	PFA	01-Jul-14	68	6	6	6	0	0	0	0	0	0	74	
900	9000	755	0438	Car Park Capital Improvements	REEA	30-Oct-13	34	0	0	0	0	0	0	0	0	0	34	
900	9000	755	0439	Cattle Market - Improvements to access	REEA	30-Oct-13	62	0	0	0	0	0	0	0	0	0	62	
900	9000	753	0464	EMT Vehicle/Frontline Service Machine replacement	REEA	03-Sep-14	N/A	0	0	0	81	81	81	51	0	0	132	
900	9000	752	0465	Snow Hill Industrial Units Roofing Works	REEA	29-Oct-14	N/A	0	0	0	0	0	0	0	0	0	0	
900	9000	755	0486	Lake Terrace Waste Depot Refurbishment	REEA	29-Oct-14	N/A	31	31	0	0	0	0	0	0	0	31	
900	9000	755	0467	Cattle Market-Phase 1 Securing the Future	PFA	02-Dec-14	4705	970	970	970	0	0	0	0	0	0	5,675	
900	9000	755	0489	Cattle Market - Wash Down Area Water Main Supply	PFA	12-Apr-17	N/A	30	30	30	0	0	0	0	0	0	30	
				GENERAL EXPENSES TOTAL				4,869	1,037	1,037	1,006	81	81	81	51	0	0	6,038
				COMMITTEE TOTAL				4,869	1,037	1,037	1,006	81	81	81	51	0	0	6,038

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Serv	Cost	Sub	Proj Ref	Scheme	<-- Latest Approval -->		< -----2017/2018 ----->			< -----2018/2019 ----->			2019/20	2020/21	2021/22	Total Scheme Cost			
					Committee	Date	For Projects Only - Previous Years Actual Cost	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Allocated Funds (Budget)	Authorised Spending (Bus Case)	Total Estimate (Mandate)	Total Estimate (Mandate)		Total Estimate (Mandate)		
				SPECIAL EXPENSES															
				<i>Miscellaneous Schemes</i>															
							£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
900	9000	753	0490 0491	Play Area Equipment - Kirby Fields and Honeysuckle Way	PFA	11-Jul-17	0	18	18	18	0	0	0	0	0	0	18		
				SPECIAL EXPENSES TOTAL															
							0	18	18	18	0	0	0	0	0	0	0	18	

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FULL COUNCIL

7 FEBRUARY 2018

REPORT OF THE DIRECTOR FOR CORPORATE SERVICES

REVENUE BUDGET 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY

1.0 PURPOSE

- 1.1 The purpose of this report is to provide information on the budget issues facing the Council in 2018/19 and beyond, seek a decision on the level of the budget including growth and savings and agree the level of Council Tax for Borough Council purposes.
- 1.2 The Council is to 'make' a Member Allowances Scheme for each year that the scheme relates and review its scheme for the forthcoming Civic Year 2018/19.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 Any increase or shortfall against the target working balance on General Expenses at 31 March 2018 be adjusted by transfers to/from the Corporate Priorities Reserve and for Special Expenses Melton Mowbray any surplus/deficit be transferred to/from the Special Expenses Reserve (paras 3.4.2, 3.4.4 and 3.5.4 refer);
- 2.2 The proposals for General Expenses and Special Expenses MM as set out in Appendix A be approved for inclusion in the 2018/19 budget resulting in the estimates set out in Appendix B;
- 2.3 The revenue budget for 2018/19 for General and Special Expenses as set out in Appendix B be approved resulting in an overall council tax increase of 2.99%, the individual council tax levels being as set out in para 3.5.5;
- 2.4 That delegated authority be given to the Director for Corporate Services to amend the estimates to account for any changes to the final Formula Funding amount over the provisional figure by adjusting the contribution to/from the Reserves as appropriate;
- 2.5 That delegated authority be given to the Director for Corporate Services to amend the estimates to account for any changes arising from the decisions taken regarding the Wheels to Work service by the Community and Social Affairs Committee when it meets to consider the reconfigured scheme by adjusting the contribution to/from the Corporate Priorities Reserve as appropriate
- 2.6 That members note the changes made to the risk categorisation of budgets as set out in para 3.6.3 and Appendix E;
- 2.7 That the New Homes Bonus Reserve be closed down and the balance transferred to the Corporate Priorities Reserve.
- 2.8 The Member Allowances Scheme to commence in the Civic Year 2018/19 as set out at Appendix I be approved.

3.0 KEY ISSUES

3.1 Medium Term Financial Strategy (MTFS)

3.1.1 The key issues set out in the previously approved Budget Framework with respect to the 2018/19 budget are as follows:

- The retention of the target working balances for General Expenses of £640k, for Special Expenses Melton Mowbray of £50k and £750k for the HRA;
- The Council retains its objective of setting a balanced budget over the life of the Medium Term Financial Strategy;
- No inflation is provided for in the 2018/19 budget other than fees and charges which has been provided for at the rate of 2.5%, unless adjusted for known prices by budget holders and 1% for pay. The provision for pay being amended to 2.5% following the information received regarding the pay award offered;
- The Management Team determine the relative priority of schemes for members to consider and allocate funding based on the information set out in the project mandates.

3.2 Local Government Finance Settlement 2018/19

3.2.1 The finance settlement sets out the centrally allocated resources for all councils which are allocated within the context of the spending review. A Settlement Funding Assessment is awarded which consists of a Revenue Support Grant (fixed grant) and a Baseline Funding Level which is used to calculate the level of business rates that can be retained from that estimated to be collected locally. Figures were announced for the period 2016/17 to 2019/20 in 2016 with the announcement that where a council desired the certainty of a guaranteed four year budget this would be available with the submission of an efficiency statement. The Council submitted its efficiency statement as approved by the Policy Finance and Administration Committee in 2016 by the deadline and received notification that this had been accepted by the government.

3.2.2 The provisional local government finance settlement was announced on 19th December 2017. The settlement is subject to consultation which closed on 16th January 2017 with the Council submitting a response. Following the consultation final figures are provided to councils. A verbal update will be provided at the meeting should the final figures be received in time and revised supporting papers provided if appropriate. There have been occasions when the final figures have been different to the provisional as such should this be the case it is proposed that any changes be accommodated by adjusting the level of the contribution to/from the Corporate Priorities Reserve in order to balance the budget. The provisional settlement was broadly in line with the four year settlement (2016/17 to 2019/20) finalised on 8th February 2016 with figures for the Revenue Support Grant being the same and no Transition Grant being awarded as expected. The Rural Services Delivery Grant however was increased to be in line with the amount in 2017/18 which had been expected to fall. Slight changes to the baseline and tariff amounts for business rates have been made which provides the calculations to enable the Council to estimate the level of retained business rates. No further changes to the New Homes Bonus were made which following previous announcement which was unexpected. A Fair funding Consultation paper was also issued with the settlement. For information the figures contained in the provisional settlement are set out in the table below.

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Settlement Funding Assessment	1,791	1,490	1,329	1,136
-Revenue support Grant	576	251	52	0
-Baseline Funding Level	1,215	1,239	1,277	1,305
Business Rates Adjustment	0	0	0	-169
Rural Services Delivery Grant	181	146	146	146
Transitional Grant	28	28	0	0

- 3.2.3 As previously reported this four year settlement results in an overall loss of grant of £933k between the baseline financial year 2015/16 and 2019/20, representing a 42% reduction. This is in addition to the previous reductions of £1,859k or 57% over the period 2010/11 to 2015/16. It can also be seen that once Revenue Support Grant no longer exists an adjustment is made to the business rates retained in order to continue with the reductions to funding. However this recent settlement has announced that this adjustment is to be reconsidered.
- 3.2.4 Proposals were also announced that RSG, Rural Services Delivery Grant and other non district Council grants will be funded through retained business rates from 2020/21. This would mean Local Government retaining 75% of business rates. Further information will be forthcoming to enable us to model the impact but it is not expected to result in any additional funding overall. Disappointingly the 100% business rates pilot bid by Leicestershire authorities was unsuccessful however an opportunity to bid again for 2019/20 may be available.
- 3.2.5 After proposing no changes to the referendum criteria in a previous technical consultation the government announced that district Councils will be allowed to increase council tax by up to 3% or an overall increase of up to £5 for a Band D property. This means that any overall council tax increase above this limit will require a referendum to be held providing the local electorate with the opportunity to approve or veto the increase, in a binding referendum. As part of the consultation there has been lobbying to increase the overall amount of £5 above which council tax cannot be raised by a district council without holding a referendum. This is due to some district councils not benefiting from the increase from 2% to 3%. Should this be adjusted members will be briefed accordingly on any changed flexibility and the potential financial implications should they wish to consider this as an option for council tax either as part of this meeting or any subsequent meeting before the council Tax is formally set on 22 February 2018.

3.3 Policy Framework and Budget Process

- 3.3.1 Following detailed scrutiny by the Management Team the Conservative Chairs meeting on 13th November 2017 considered the latest projections. Following this process a draft budget was produced.
- 3.3.2 The Strategic Planning 'Away Day' was held on 10th January 2018 to which all Councillors and Heads of Service were invited, to provide their views on the budget proposals and financial position of the Council for the current, next and future years. This exercise enabled Members knowledge of the Council's financial position to be

enhanced and also resulted in a steer being provided regarding the assumptions to be made in the budget and the Council Tax increase for Council funds.

3.4 Estimated Year End Position 2017/18

3.4.1 The estimated year end position for the current financial year 2017/18 is shown in Appendix B. This has been compiled on the basis of the 'best estimate' of income and expenditure for the year provided by budget holders and includes requests for supplementary estimates that have been approved by the Policy, Finance and Administration Committee.

3.4.2 The estimated year end position for General Expenses results in a surplus for the year of £131k. This takes into account approved contributions from the Corporate Priorities Reserve relating to non-recurring expenditure as included in the original budget, supplementary estimates, and approved carry forwards from 2016/17. In year monitoring is showing a break even position this will continue to be monitored.

3.4.3 The variances between the in year approvals and the estimated year end position primarily relate to:

- Salary savings achieved from the senior management review as well as the Communities and Neighbourhoods restructure. Savings have also been achieved within the communication team. Some of these savings have been used or allocated for the recruitment costs and interim arrangements whilst the new realignment proposals are put into place and any staffing related one off costs relating to the new public conveniences.
- Additional income generated from treasury management investments
- Contingency allowance not required for pension auto-enrolment
- Loss of car parking, cattle market and building control income over that originally estimated
- Loss of income from Leicestershire Partnership Trust as they vacated their occupation at Parkside during the year when the budget was based on them remaining at a reduced level for 2017/18.
- Additional fees required to support the new waste contract procurement process primarily due to additional tenderers over that expected.
- Overspend within the Wheels to Work scheme due to the unsuccessful bid for funding to operate the Northampton scheme meaning the third party income budgeted for will not be received and a reduction in take up of the scheme over that projected.
- Write off for a number of bad debts within the homelessness service and lifeline services due to increased scrutiny of aged debts.

3.4.4 For Special Expenses (Melton Mowbray) there is an underspend of circa £5k forecast after allowing for the approved carry forward of budgets from 2016/17 which is mainly due to the savings within open spaces as there has been a reduction in play area maintenance following capital investment in recent years. This has been partly offset by a shortfall expected in income from the children's centres due to a decline in the usage plus additional expenditure at the centres in relation to maintenance, service agreements and internet charges.

3.4.5 With regard to the parish special expenses the estimated year end position is for more favourable balances than originally estimated brought forward from 2016/17 over that estimated.

3.4.6 The estimated year end position is only an indication of the likely position at the year end and budget holders can only spend at this level if they seek approval through

virements and supplementary estimates. Whilst the estimated year end position for General Expenses is showing an underspend there is still some pressure on increased costs in some areas and also the additional costs from the realignment proposals and their implementation and the interim arrangements that need to be covered from these underspends.

- 3.4.7 Management Team continue to monitor budgets closely on a monthly basis and will be looking to end the financial year as close as possible to the approved budget. It is proposed that any surplus/deficit over the approved working balances at 31st March 2018 be adjusted by transfers to/from the Corporate Priorities Reserve and Special Expenses Reserve as appropriate.

3.5 Proposed Budget 2018/19

- 3.5.1 The budget proposals for General Expenses and Special Expenses Melton Mowbray are set out in Appendix A. These proposals along with a proposed overall 2.99% council tax increase result in the estimates set out in Appendix B. These are as proposed at the Strategic Planning Away Day with no further changes arising from the Policy Finance and Administration Committee at their meeting on 24th January 2018. All of the growth proposals put forward at the Away Day are being recommended for approval. Two savings proposals for General Expenses are not recommended for approval and these are set out in Appendix C.
- 3.5.2 The budget for 2018/19 has been prepared on the basis of maintaining services at their agreed levels except where the Council has already agreed to a change in which case any change in cost has been incorporated into the base budget.
- 3.5.3 All service budgets have been subject to scrutiny by both the Management Team and considered at the Conservative Chairs meeting. In accordance with the MTFS no inflation has been provided for general prices unless adjusted by budget Holders for known increases or contractual commitments. Pay inflation has been provided based on the current pay proposals.
- 3.5.4 A number of principles and assumptions have been applied when preparing the summary set out in Appendix B as follows:
- That the Council sets a 2.99% overall council tax increase. General Expenses has been set at 3.65%, Sproxtton and Frisby Special Expenses at the level required to balance the budget, Special Expenses Melton Mowbray at 0% in order to bring the overall level to 2.99%;
 - The approved establishment has generally been budgeted for in full, but no provision has been made for recruitment costs as a result of any vacancies;
 - The capital programme as set out elsewhere on this agenda is approved. The revenue implications of which have been considered when preparing the budget;
 - Assumptions have been made in respect of a number of service related income streams in addition to assumptions over the level of interest from investments. The actual position could differ significantly from that estimated. Those services that continue to be particularly affected are retained business rates, building control, development control, the sale of co-mingled waste, car parking, Wheels to Work, Me and My Learning and industrial unit rents. Assumptions have also been made relating to price increases which could also differ to that estimated;
 - Estimated retained business rates income has been based on the Council's NNDR1 form (Non Domestic Rating Income Calculation and Estimate of Collection fund Surpluses and Deficits). As experience has shown the actual amount can vary significantly in and between years as a result of levy calculations. A business rates

equalisation reserve is held to smooth out some of these implications between years;

- The finance settlement is still provisional and therefore the final settlement could impact on the estimates including any changes to the council tax referendum limits;
- The public conveniences have been delayed and this will impact on the delivery of estimated savings. This will need to be met from any savings in year;
- That the cost of the wheels to work service will be reduced in line with reduced external funding of £80k in order to result in no increase in the net cost of the service. This will require the service to be reconfigured and a report will be submitted to a future meeting of the Community and Social Affairs Committee setting out the proposals for the service in order to achieve this. Any delay in approval and implementation will result in the full year saving not being achieved;
- Melton went with the full Universal Credit (UC) service in November 2016 of which we currently have around 275 tenants on UC – and of these around 93% are in arrears which has a significant impact upon both our arrears and our service delivery. However, over the past few months the caseload has started to reduce slowly of which the recent changes announced by government will impact further which are:
 - Families with 2 children or more cannot claim UC until Feb 2019
 - Homeless accommodation – this will return to HB and not UC for the rent
 - The 7 day waiting days is abolished from Feb 2018
 - From April 2018, HB will continue for a further 2 weeks to allow transition to UC

These should all have a positive impact but the Council will monitor this closely and is expected to slow the number of rent arrears. We have agreed with Housing Benefit that they will award Discretionary Housing Payments (DHP) for the first 4 weeks of a new tenancy where the new tenant is claiming UC, and are making best use of DHP where possible. We have secured MADMAC money advice to work with clients with multiple debts until the end of March 2018 and an extra ½ post to work on UC within the team. This is largely a HRA issue but will also impact to some extent on the General Fund;

- As the council has yet to award the contract for the Waste service from 1st October 2018 estimates have been based on the best estimate of the likely position at this point in the process;
- Estimates of maintenance requirements for council assets is based on best estimates provided by the property team and a review would be beneficial of these in the coming months;
- To compensate for the reduced council tax base, as a result of the council tax support scheme, an element of Revenue Support Grant has been allocated to each special expense and parishes on the basis of the estimated loss that will be incurred following the policy introduced in 2013/14. This is on a reducing basis to reflect the anticipated reduction in RSG in future years as approved by the Council on 11th December 2013, with the grant no longer being payable from 2020/21 financial year onwards;
- Any balance on the General Expenses revenue budget is transferred to/from the Corporate Priorities Reserve and Special Expenses Melton Mowbray is transferred to/from the Special Expenses Reserve.

3.5.5 The proposals and assumptions set out above result in the proposed Council Tax levels for each fund as set out below:

Fund	Council Tax at Band D £	Change over 2017/18 %
General Expenses	168.69	3.65
Special Expenses - Melton Mowbray	57.96	0
Special Expenses – Sproxtton Nos. 2 & 4	61.08	-10.9
Special Expenses - Frisby	23.98	-31.6
Average		2.99

3.5.6 For information, a summary of the parish precepts is set out at Appendix D.

3.6 Budget Monitoring

3.6.1 For the purpose of budget monitoring, services are designated as one of three categories which determines the level and frequency of budget monitoring.

These are:

- High risk and complex budgets.
- High risk budgets.
- Lower risk budgets.

3.6.2 The categorisation of the various services has been reviewed for 2018/19 and is set out in Appendix E.

3.6.3 Following consultation with the Management Team changes have been made to the risk profile with planning professional fees being added to the high risk category to reflect the heightened risk of costs associated with appeals and other professional fee requirements due to workload. Two services have been removed these being the lottery and the Leisure Vision/Melton sports village due to the revenue budgets for these now being more stable.

3.7 Financial Projections for Future Years

3.7.1 The estimates in Appendix C contain forward projections for the financial years 2018/19 to 2020/21. This is based on the estimated likely position for these future years. In drawing up this projection a number of assumptions have been made regarding service expenditure and income following discussions with budget holders, and scrutiny by the Management Team and Conservative Chairs. Some of the key assumptions that have been made in preparing these forward projections as follows:

- That an overall increase in council tax of 2.99% will be set in 2019/20 followed by further overall increases of £5 to 2021/22;
- The expected position is based on the current level of service provision with assumptions incorporated regarding inflation changes to income streams and demand. No allowance is made as part of the projections for the delivery of savings or income generation which would require a change to service levels/policy. This is to enable the true surplus/deficit to be identified that will require management intervention in order to address the position;

- The full extent of any financial impact arising from Welfare Reform including Universal Credit has not been allowed for due to insufficient information;
- RSG will continue to reduce significantly and then discontinue entirely in 2019/20 in line with the four year provisional settlement with business rates being reduced in 2019/20 to continue the Government's austerity programme. However the government have indicated in the 2018/19 provisional settlement that this policy will be reviewed as such this is subject to change;
- No assumptions have been incorporated for the impact of 75% retention of business rates due to the lack of detail surrounding this at the present time. There is likely to be a baseline reset in 2020/21 above which a portion of business rates are retained. As no information is available on how this is likely to be calculated this remains unaccounted for and a risk to future income projections with regard to business rates;
- No allowance has been made in the forward projection for income that may need to be utilised to support the Melton Distributor Road as the detail of any funding is still being finalised and any shortfall in funding is not certain;
- The LCC review of Early Help is likely to impact on the income received in respect of children's centres in the borough. This is a Special Expense and will need to be incorporated into the estimates once details are known. In addition funding for Supporting Leicestershire Families is also under review. The council is the employer for some of these positions and this could result in costs as a result of this service reducing/ceasing which is a general fund expense ;
- NHB projections have been based on the housing growth figures provided by the local plans team based on the current grant criteria.

3.7.2 The forward projection for General Expenses based on the likely position is as follows:

Year	Projected Deficit £000
2019/20	190
2020/21	346
2021/22	191

3.7.3 In order to address this funding gap a Budget Management Strategy is in the early stages of development. A prudent approach has been taken with regard to values being assigned to projects identified at this stage in the process as the council is yet to undertake a prioritisation exercise. The strategy needs to be realistic in terms of the reductions to net expenditure that could arise from the projects it contains as well as the ability to resource and deliver the projects on time. A full copy is included at Appendix F a summary of which is set out below along with the revised surplus/deficit position for the general fund as a result of the projects included to date.

General Expenses £'000	2019/20	2020/21	2021/22
Commercialism	(10)	0	0
Service reviews/efficiencies	(40)	(72)	0
Asset maximisation/rationalisation	(58)	(28)	0
Procurement	(230)	0	0
Total	(338)	(100)	0
Revised (surplus)/deficit	(148)	(192)	(247)

Special Expenses £'000	2019/20	2020/21	2021/22
Asset maximisation/rationalisation	(15)	0	0
Total	(15)	0	0
Increased transfer to reserve	(15)	(25)	(36)

3.7.4 The projections have been subject to sensitivity analysis which shows that any changes in the assumptions primarily relating to income, staffing costs and government grants could significantly alter the forward projections both positively and negatively.

3.8 Reserves

3.8.1 The Local Government Act 2003 requires the Responsible Financial Officer to comment on the adequacy of reserves and the robustness of the estimates. The key issues that could impact on the robustness of the estimates in year are primarily covered by the high risk budgets set out in Appendix E and the risks set out in section 9. The forward projections set out in the Medium Term Financial Strategy also indicate the deficits that are likely to arise if the council does not develop and deliver its Budget Management Strategy meaning that reserves will have to be utilised as with 2018/19 which is not sustainable in the medium term.

3.8.2 A Statement of Revenue and Capital Reserves is attached at Appendix G and this is based on the following assumptions:

- The capital programme and the contribution from the reserves and balances is approved as set out earlier on this agenda and the revenue budget as set out in Appendices A and B is approved;
- Any increase or shortfall against the target working balance on General Expenses 31 March 2018 be adjusted by transfers to/from the Corporate Priorities Reserve and for Special Expenses Melton Mowbray any surplus/deficit be transferred to/from the Special Expenses;
- Transfers are made from and to the business rates equalisation reserve in order to mitigate the financial implications between years of the levy payments and collection fund surplus/deficits. This follows the establishment of a reserve at the end of 2014/15.

- 3.8.3 With regard to the revenue reserves the council has three main categories. These are earmarked for a specific purpose, general where the use is flexible and working balances which are in effect a contingency for unforeseen but risk assessed events. A brief description of the purpose and future intention with regard to each reserve and provision held by the Council is set out in Appendix H.
- 3.8.4 With regard to the general reserves which are not earmarked there are a range of projects for which these reserves may be required for the Council to deliver particularly those included in the Council's Budget Management Strategy as well as being available to support capital expenditure should that be necessary due to a low level of capital receipts being held. In 2018/19 these are being utilised to meet the budget deficit and if the Budget Management Strategy is not developed and delivered it will be necessary to draw on these again until alternative savings are identified and delivered.
- 3.8.5 Some years ago the council set up a New Homes Bonus Reserve where a portion of New Homes Bonus Grant that was not needed to support the revenue budget was used to support strategic and local infrastructure and new houses in support of growth. The balance of this fund was used to support the feasibility study into the Melton Distributor road. With the grant now much reduced and the revenue budget under pressure contributions are no longer made to this reserve and the remaining balance stands at £6k. As such it is recommended that this remaining balance be transferred to the Corporate Priorities Reserve.
- 3.8.6 As part of making the assessment around the adequacy of reserves some reserves warrant more detailed review and commentary given their nature and purpose of funding council expenditure specifically the Corporate Priorities Reserve and Capital Receipts.

Corporate Priorities Reserve

As the table below highlights there has been reduction in this reserve which is due to a combination of budgets that have been carried forward which go into the reserve at year end, supplementary estimates agreed in year and transfers to the Spending Pressure Reserve. Overall the estimated reserve balance in 2018/19 is similar to that in 2013/14 which was £1,591k and therefore remains at a healthy level to support revenue budget priorities.

£'000	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Projection	2018/19 Estimate
Closing Balance	£1,591k	£2,003k	£2,507k	£2,004k	£1,523k	£1,480k

However, as outlined in section 3.7 above, based on the current financial projections over the medium term, the forecast deficits would require funding to be drawn from the Corporate Priorities Reserve in order to balance the budget but this would put this reserve under considerable pressure should this be the case. Therefore, it is critical for the future funding of Council priorities that the increased income and savings outlined in the Budget Management Strategy are delivered.

Capital Receipts

This reserve is the main funding source for the General Fund capital programme which had been reducing over the past few years as the Council has delivered a number of key projects including the Redevelopment of the Cattle Market (£2m), contribution towards delivery of the broadband project (£360k), purchase of Melton Sports Village site (£573k) and funding of the public conveniences project (£390k). This can be seen in the table below with the projected balance at the end of 2017/18 being circa £800k.

£'000	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Projection	2018/19 Estimate
Closing Balance	£5,330k	£4,729k	£3,584k	£2,269k	£782k	£782k

As outlined in the Capital programme report elsewhere on this agenda there is minimal capital spend identified for 2018/19 therefore the current estimated balance is sufficient to meet this but this doesn't include any 'business as usual' projects to maintain our assets and therefore highlights the limited capital balances for funding of future schemes. In addition to this the council is keen to develop proposals around growth and regeneration which is likely to mean in order to fund further capital programme items the main options available to the Council are generating additional capital receipts, use of other revenue reserves such as Corporate Priorities (which is already under pressure as highlighted above) or external borrowing. Any external borrowing would incur revenue costs in terms of the interest and principal repayments and therefore the projects would either need to be on an invest to save basis or further revenue savings would need to be found to support the associated debt costs.

- 3.8.7 Subject to the concerns set out above I am satisfied with the robustness of the 2018/19 base budget estimates and the adequacy of the reserves on the basis of the information available to me at this time and advised by budget holders and the assumptions set out in para 3.5.4.

3.9 Member Allowances Scheme – Civic Year 2018/19

- 3.9.1 Each Council is to review its Member remuneration arrangements annually and approve a scheme for the forthcoming financial year to which the allowances relate. The Member Allowances Scheme was last reviewed by the independent Welland Remuneration Panel in Summer 2016 and the Council approved the Panel's recommendations on 12 October 2016. There has been no change made to any of the allowances (apart from the NJC pay award) and it reflects the recommendations and monetary values approved by the Full Council in October 2016. The proposed scheme for 2018/19 is set out at Appendix I.

- 3.9.2 The Member Allowances Scheme must not rely on its NJC index for annual adjustment for more than a four year period before seeking a recommendation from an Independent Remuneration Panel on the application of such an index. Melton is next due a review of its annual adjustment index arrangements in 2020. As previously mentioned, all allowances remain index linked to the NJC pay award scheme and the 2017/18 pay award has been applied to the current scheme.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 Following approval of the budget, the MTFs and budget book will be published as a joint document and it is intended this will be available for circulation to members at the Council meeting on 22nd February 2018.
- 4.2 The ability to attract and retain interested and hard working Members is essential to enable the Council to meet its priorities and an appropriately set remuneration package is a contributing factor in achieving these aims.
- 4.3 There are no further policy and corporate implications directly arising as a result of this report other than those set out above.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 There is the opportunity for Members to consider any change to the Member allowances scheme and subject to this, the position relating to financial implications could be affected.

5.2 There are no further financial and resource implications other than those set out above.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 The Local Authorities (Members Allowances) (England) Regulations 2003 and the Local Authorities (Members Allowances)(England)(Amendment) Regulations 2003 set out the requirements on the Council in making a Member Allowances Scheme and these requirements are included within the Council's proposed updated scheme at Appendix I.

7.0 **COMMUNITY SAFETY**

7.1 Individual budgets could have links to community safety issues. These are covered in any associated reports and financial forms that refer to these budgets as they progress through the decision making process.

8.0 **EQUALITIES**

8.1 Should it be considered that elements of the budget proposals may have equalities issues then these have been considered by the service area and assessed accordingly.

9.0 **RISKS**

9.1 There is always the risk that an item of income or expenditure is not adequately reflected in the budget for any financial year. The process followed as set out in the Service and Financial Planning Timetable is aimed at mitigating this risk. However, the Council has a working balance which is annually reviewed and calculated on a risk based approach. This working balance is there to provide for any variations in actuals against budget that could not have been anticipated at this stage. The detailed calculations are contained in the Council's MTFS and were presented to the Policy Finance and Administration Committee at its meeting on 26th September 2017.

9.2 There are a number of budgets where assumptions have had to be made which are of higher risk than others and these could impact on the robustness of the estimates. The level of budget monitoring in year is based on the risk assessment undertaken and the frequency and extent of in year monitoring and reporting reflects the relative risk of each budget.

9.3 There are a number of financial pressures and uncertainties which have been highlighted earlier in the report which could affect the estimates particularly in future years. Collectively these indicate significant financial pressure on the council's resources. The forward projections have been subjected to sensitivity analysis in light of the potential risks associated with particular items and assumptions. These do indicate potential wide fluctuations in any year which could see the likely surplus/deficit being substantially different to that expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks there is a risk contained within the Council's corporate risk register relating to finance as set out in the following table. As a corporate risk an action plan is in place and is actively managed. Other key areas of risk which would impact on the council's financial position are also set out in the table below.

L I K E L I H O O D	A	Very High				
	B	High			1	
	C	Significant		3,10,12	8,9,	
	D	Low		11, 13,14	2,4,6,7	5
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Risk of achieving a balanced budget as a result of government funding cuts and non achievement of the Budget Management Strategy, and growth estimates without resulting in significant cuts in service provision.
2	Assumptions around demand and usage result in fees and charges income not being achieved in areas such as planning fees and car parking.
3	Grant incomes for supporting service delivery are withdrawn or reduced; funding is provided in areas such as wheels to work, benefits administration, sports commissioning Me and My Learning.
4	Changes to assumptions regarding waste management costs due to contract not yet awarded.
5	A shortfall in funding for the MMDR reduces the council's income streams to a level that impacts on the council's future financial sustainability
6	Assumptions made for retained business rates aren't achieved resulting in reduced income over that estimated. This could be the result of less growth, changes in reliefs and discounts over that estimated, closure of businesses, successful and backdated appeals being higher than estimated, changes to baseline assumptions.
7	Increased Income projections for the cattle market as a result of the capital works and new partnership arrangements are not achieved.
8	Uncertainty over the impact and potential cost pressures arising from certain projects set out in the Budget Management Strategy and arising from the prioritisation exercise

9	Projections for Housing growth used to calculate the New Homes Bonus are inaccurate.
10	Withdrawal of children centre funding from review of Early Help cause financial pressure on special expenses
11	Lease income from MBC assets aren't achieved including key buildings such as Parkside, Cattle Market and Phoenix House.
12	The Community and Social Affairs Committee do not approve a service configuration for the wheels to work service which achieves the financial position of no increase in net costs over that provided for in the budget.
13	If Members' remuneration is not at an appropriate level the Council will not be able to recruit and retain good quality Members. The use of an independent remuneration panel with a professional Chair using data and statistics from other Councils should assist in reducing this risk to a low level.
14	In the current economic climate there is the risk that the Council cannot afford to fund significant increases in Member allowances without making cuts to services elsewhere.

9.4 Offset against the above risks are the level of reserves and balances the Council holds. Whilst the Council does have a good level of reserves and balances this should be taken in the context of the future significant cuts that are set to continue. Should the Budget Management Strategy not be achieved these would soon be depleted. As such the council needs to develop a range of lower priority areas it would be able to disinvest from should the need arise. In addition the council's non earmarked capital resources are now almost depleted and with no firm planned asset sales the only source of capital funding aside from borrowing will become the Corporate Priorities Reserve.

10.0 CLIMATE CHANGE

10.1 Individual budget heads could have climate change issues but these are considered individually as they progress through the approval process.

11.0 CONSULTATION

11.1 The Council's corporate priorities were approved following consideration of national priorities, local intelligence, partner's priorities, community views, internal requirements and future challenges. These have been taken into account as part of the budget setting process.

11.2 The Service and Financial Planning Timetable sets out the Council's approach to consultation and its links to the budget setting process. All Heads of Service and Members are involved in the process at various stages.

11.3 Union representatives were invited to attend the Strategic Planning Away Day in order to facilitate communication with staff representatives.

11.4 Business ratepayers have been consulted on revenue and capital spending plans via the council's website. No comments have been received to date but should any be received prior to the meeting the Council will be updated verbally.

12.0 WARDS AFFECTED

12.1 All wards are affected.

Contact Officer: Dawn Garton

Date: 19 January 2018

Background Papers: Budget Working Papers
Strategic Planning and Budget 'Away Day' notes.

List of Appendices:
Appendix A – Budget Proposals
Appendix B- Summary of Proposed Committee Estimates
Appendix C – General fund Savings not Proposed
Appendix D - Parish Council Precepts
Appendix E - Risk Assessment of Budgets
Appendix F – budget Management Strategy
Appendices G and H - Statement of Revenue and Capital Reserves and Purpose and Future Intentions of Reserves
Appendix I – Member Allowances Scheme 2018/19

Reference: X: Council, C'tee & Sub-C'tees/Council/2017-18/07-02-18/Revenue Budget 2018/19

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FULL COUNCIL 7.2.182018/19 GENERAL FUND REVENUE BUDGET GROWTH AND SAVINGS PROPOSALSGENERAL EXPENSES

	£
Budget deficit based on 3.65% Council Tax Increase	£306,244
Savings Proposals as set out in budget report	
Reduction in homelessness B&B costs in line with 2017/18 forecast	-£40,000
Additional planning fee income	-£50,000
Increased investment return based on forecast balances and rate of return	-£35,000
Additional income from car parks and lease renewal	-£30,000
Additional income arising from increased building control notices	-£10,000
Recharging parish councils for delivering elections - 2019/20 impact (£15k)	£0
	<u>-£165,000</u>
Growth Proposals as set out in budget report	
Budget required to sustain management of the MSV site for the interim contract period	£40,000
Hosting costs to enable the Council to have a test website	£3,500
Support range of workforce strategy initiatives	£15,000
Increase resource to support priority neighbourhood work	£67,610
	<u>£126,110</u>
Contribution from the HRA and Special Expense towards priority neighbourhood resource	-£42,250
Net deficit on the General Expenses Budget	<u>£225,104</u>
Deficit to be funded by	
Spending Pressure Reserve	£181,514
Corporate Priorities Reserve	£43,590
	<u>£225,104</u>
<u>SPECIAL EXPENSES MELTON MOWBRAY</u>	
Budget Surplus based on 0% Council Tax Increase	-£20,568
Growth Proposal to support priority neighbourhood work	£25,350
Transfer from the Special Expenses Reserve	-£4,782
Net Special Expenses MM Budget	<u>£0</u>

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SUMMARY OF COMMITTEE ESTIMATES & MEDIUM TERM FINANCIAL PLAN

2016-17		2017-18	2017-18	2018-19	Variation	<--Band D Equivalent-->		2019-20	2020-21	2021-22	
Actual		Original Estimate	Estimated Year End Position	Original Estimate	2017-18 Original	2017-18 Original	2018-19 Original	Expected Case	Expected Case	Expected Case	
£		£	£	£	%	£	£	%	£	£	£
	General Expenses										
2,702,512	1 Community & Social Affairs	1,579,450	1,678,140	1,520,140	-3.8	87.21	82.71	-5.2	1,622,140	1,740,140	1,822,140
2,989,985	2 Melton Economic & Env Affairs	2,593,930	2,851,650	2,626,650	1.3	143.23	142.91	-0.2	2,852,650	2,868,650	2,905,650
1,694,746	3 Policy, Finance & Admin	1,672,390	1,709,040	1,640,210	-1.9	92.35	89.24	-3.4	1,712,210	1,848,210	2,015,210
	4 Proposed Growth			83,860					83,860	83,860	83,860
	5 Proposed Savings			-165,000					-165,000	-165,000	-165,000
7,387,243	6 Net Cost of Services	5,845,770	6,238,830	5,705,860	-2.4	322.79	310.45	-3.8	6,105,860	6,375,860	6,661,860
39,375	7 Reversal of Notional Parkside Rental - LCC	39,370	39,370	39,370	0.0	2.17	2.14	-1.5	39,370	39,370	39,370
-130,988	8 Interest & Investment Income	-67,122	-139,120	-61,800	-7.9	-3.71	-3.36	-9.3	-72,660	-79,400	-84,410
69,816	9 Contributions to Funds	190,910	252,490	141,580	-25.8	10.54	7.70	-26.9	0	0	0
-86,881	10 Contributions from Funds	0	0	-149,000	0.0	0.00	-8.11	0.0	0	0	0
88,334	11 Financing of Capital Expenditure	0	0	149,000	0.0	0.00	8.11	0.0	0	0	0
	Provision for Repayment of										
12,419	12 External Debt	12,270	12,270	12,120	-1.2	0.68	0.66	-2.7	11,970	11,820	11,580
-877,916	13 Depreciation Reversal	-631,980	-631,980	-562,490	-11.0	-34.90	-30.60	-12.3	-562,490	-562,490	-562,490
-1,098	14 Interest Payable	0	0	0	0.0	0.00	0.00	0.0	0	0	0
-220,316	15 Revenue Expenditure Funded from Capital under Statute	-248,000	-248,000	-237,000	-4.4	-13.69	-12.89	-5.8	-237,000	-237,000	-237,000
0	16 Impairments Reversal	0	0	0	0.0	0.00	0.00	0.0	0	0	0
-251,560	17 Asset Revaluation	0	0	0	0.0	0.00	0.00	0.0	0	0	0
12,233	18 CTSS Grants to Parish Councils	7,951	7,951	5,248	-34.0	0.44	0.29	-35.0	0	0	0
0	19 Corporate Priorities Reserve - Capital	0	0	0	0.0	0.00	0.00	0.0	0	0	0
6,040,662	20 Net Expenditure	5,149,169	5,531,811	5,042,888	-2.1	284.32	274.38	-3.5	5,285,050	5,548,160	5,828,910
	Met by:										
-1,349,858	21 Non-Domestic Rates	-1,149,165	-1,277,256	-1,271,706	10.7	-63.45	-69.19	9.0	-1,287,772	-1,195,591	-1,219,503
72,386	22 NNDR Collection Fund Surplus(-)/Deficit	-123,570	-123,570	-141,580	14.6	-6.82	-7.70	12.9	0	0	0
-547,531	23 Revenue Support Grant	-238,097	-238,097	-46,882	-80.3	-13.15	-2.55	-80.6	0	0	0
15,000	24 Council Tax Collection Fund Surplus(-)/Deficit	25,000	25,000	0	-100.0	1.38	0.00	-100.0	0	0	0
-960,475	25 New Homes Bonus	-490,660	-558,052	-257,116	-47.6	-27.09	-13.99	-48.4	-501,035	-600,456	-863,212
-2,838,992	26 Council Tax	-2,947,387	-2,947,387	-3,100,500	5.2	-162.75	-168.69	3.65	-3,261,000	-3,406,500	-3,554,780
-431,192	27 Corporate Priorities Reserve	-225,290	-412,449	-43,590	-80.7	-12.44	-2.37	-80.9	-45,000	0	0
0	28 Spending Pressure Reserve	0	0	-181,514	0.0	0.00	-9.88	0.0	0	0	0
0	29 Surplus(-)/Deficit for Year	0	0	0	0.0	0.00	0.00	0.0	190,243	345,613	191,415

SUMMARY OF COMMITTEE ESTIMATES & MEDIUM TERM FINANCIAL PLAN

2016-17		2017-18	2017-18	2018-19	Variation	<--Band D Equivalent-->		2019-20	2020-21	2021-22	
Actual		Original Estimate	Estimated Year End Position	Original Estimate	2017-18 Original	2017-18 Original	2018-19 Original	Expected Case	Expected Case	Expected Case	
£		£	£	£	%	£	£	£	£	£	
-7,863	60	-8,996	-8,996	-6,230	-30.7	-35.09	-23.98	-31.6	-6,290	-6,290	-6,290
-1,189	61	-2,968	-2,968	15	-100.5	-11.58	0.06	-100.5	0	0	0
4,142	62	4,514	2,953	-15	-100.3	17.61	-0.06	-100.3	0	0	0
£2,953	63	£1,546	-£15	£0	-100.0	6.03	0.00	-100.0	£0	£0	£0

Summary Information/Key Data

£6,547,667	64	£5,648,739	£6,036,461	£5,569,458	-1.40	311.91	303.03	-2.8	£5,811,830	£6,074,890	£6,355,640
-£3,330,833	65	-£3,443,426	-£3,443,426	-£3,599,589	4.5	-190.14	-195.85	3.00	-£3,771,785	-£3,927,555	-£4,086,325
£15,990	66	£16,310	£16,310	£16,720	2.5	0.90	0.91	1.01	£15,685	£15,685	£15,685
-£3,346,823	67	-£3,459,736	-£3,459,736	-£3,616,309	4.5	-191.04	-196.76	2.99	-£3,787,470	-£3,943,240	-£4,102,010
£547,714	68	£575,805	£575,805	£616,612	7.1	60.46	63.74	5.4	£527,962	£527,962	£527,962
-£507,831	69	-£512,349	-£512,349	-£515,809	0.7	-28.29	-28.06	-0.8	-£526,470	-£536,740	-£547,230
£1,055,545	70	£1,088,154	£1,088,154	£1,132,421	4.1	60.95	62.50	2.5	£1,054,432	£1,064,702	£1,075,192
-£3,894,537	71	-£4,035,541	-£4,019,231	-£4,232,921	4.9	-£222.83	-230.31	3.4	-£4,315,432	-£4,471,202	-£4,629,972
-£575,860	72	-£250,562	-£250,562	-£52,367	-79.1	-13.84	-2.85	-79.4	£0	£0	£0
-£180,588	73	-£145,816	-£145,816	-£145,816	0.0	-8.05	-7.93	-1.5	-£145,816	-£145,816	£0
-£27,930	74	-£27,823	-£27,823	£0	-100.0	-1.54	0.00	-100.0	£0	£0	£0
-£1,632,460	75	-£1,700,465	-£1,692,660	-£1,667,103	-2.0	-93.90	-90.70	-3.4	-£1,691,077	-£1,615,189	-£1,647,493
£1,790,888	76	-£1,490,394	-£1,490,394	-£1,329,447	-10.8	-82.30	-72.33	-12.1	-£1,136,376	-£1,156,211	-£1,003,475
17,990.20	77	18,110.20	18,110.20	18,379.50	1.5	1.00	1.00	0.0	18,690.50	18,990.50	19,290.50
8,534.60	78	8,586.50	8,586.50	8,706.27	1.4	0.47	0.47	-0.1	8,880.40	9,058.00	9,239.16
81.90	79	82.43	82.43	80.70	-2.1	0.00	0.00	-3.5	82.31	83.96	85.64
252.22	80	256.40	256.40	259.77	1.3	0.01	0.01	-0.2	264.97	270.26	275.67

	2017-18	2018-19	2019-20	2020-21	2021-22
Council Tax Base	18,110	18,380	18,691	18,991	19,291
Council Tax per Band D - General Exp	162.75	168.69	174.47	179.38	184.28
Council Tax per Band D - Gen / SEAs	191.04	196.76	202.64	207.64	212.64
Year on Year average Increase in Council Tax					
(i) Amount	£0.00	£5.72	£5.88	£5.00	£5.00
(ii) Percentage	0.00%	2.99%	2.99%	2.47%	2.41%

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SAVINGS OPTIONS AVAILABLE; NOT RECOMMENDED

Ref No	C'tee	Service	Budget Holder	Reduced Service		Details	Equalities Impact Assessment Completed Y/N
				On-going £	Non Recurring £		
D2	All	Various Budgets	Various	£12,600	£0	Remove provision for employee professional subscriptions	N
D3	REEA	Economic Development	Harry Rai	£16,800	£0	Debt Recovery Officer post, part funded by contributions from LCC, Police and Fire. Funding to be withdrawn by LCC from 01.04.18, it is assumed Police and Fire will follow	N
REDUCED SERVICE TOTALS				<u>£29,400</u>	<u>£0</u>		

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APPENDIX D

Parish Council Precepts 2018/2019 Summary

Parish Council	Precept 30/04/2018	Precept 30/09/2018	Grant 30/04/2018	Grant 30/09/2018	Budgeted Expenditure	Precept Amount	Grant amount
	£	£			£	£	£
Ab Kettleby	3,750.00	3,750.00	30.61	30.60	7,500.00	7,500.00	61.21
Asfordby	60,722.50	60,722.50	1,024.22	1,024.22	226,335.00	121,445.00	2,048.44
Belvoir	4,500.00	4,500.00	75.04	75.04	9,000.00	9,000.00	150.08
Bottesford	58,190.00	58,190.00	258.27	258.26	116,380.00	116,380.00	516.53
Broughton and Dalby	14,125.00	14,125.00	67.44	67.44	32,250.00	28,250.00	134.88
Buckminster	4,025.00	4,025.00	61.96	61.96	8,050.00	8,050.00	123.92
Burton and Dalby	7,027.50	7,027.50	48.42	48.42	14,400.00	14,055.00	96.84
Clawson, Hose and Harby	27,294.97	27,294.97	275.29	275.28	94,740.00	54,589.94	550.57
Croxton Kernial	5,652.00	5,652.00	80.76	80.76	11,304.00	11,304.00	161.52
Eaton	9,625.00	9,625.00	55.33	55.33	19,200.00	19,250.00	110.66
Freeby	750.00	750.00	9.88	9.87	1,545.00	1,500.00	19.75
Frisby	6,437.50	6,437.50	26.98	26.97	13,748.00	12,875.00	53.95
Gaddesby	6,600.00	6,600.00	53.59	53.59	14,185.00	13,200.00	107.18
Garthorpe	940.00	940.00	11.63	11.63	1,880.00	1,880.00	23.26
Grimston	2,750.00	2,750.00	25.72	25.71	8,175.00	5,500.00	51.43
Hoby with Rotherby	13,812.00	13,812.00	14.61	14.60	28,657.00	27,624.00	29.21
Kirby Bellars	4,500.00	4,500.00	11.91	11.90	10,850.00	9,000.00	23.81
Knossington & Cold Overton	5,085.00	5,085.00	12.08	12.08	12,640.00	10,170.00	24.16
Redmile	10,189.00	10,189.00	34.31	34.31	20,578.00	20,378.00	68.62
Scalford	8,500.00	8,500.00	65.99	65.99	18,900.00	17,000.00	131.98
Somerby	12,024.00	12,025.00	108.20	108.19	47,150.00	24,049.00	216.39
Sproxton	2,500.00	2,500.00	21.38	21.37	4,930.00	5,000.00	42.75
Stathern	8,696.17	8,696.17	53.83	53.83	17,500.00	17,392.34	107.66
Twyford and Thorpe Satchville	3,250.00	3,250.00	16.74	16.74	6,650.00	6,500.00	33.48
Waltham	17,510.00	17,510.00	98.95	98.94	36,665.00	35,020.00	197.89
Wyndham & Edmondthorpe	9,850.00	9,850.00	80.86	80.85	20,818.00	19,700.00	161.71
TOTAL	308,305.64	308,306.64	2,624.00	2,623.88	804,030.00	616,612.28	5,247.88

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1. RISK ASSESSMENT OF BUDGETS

1.1 High Risk and Complex Budgets

Categorised as:

- Cattle market income
- Waste management contractor costs and income
- Rent rebates –HRA (net)
- Rent rebates – non HRA (net)
- Rent allowances (net)
- Housing Revenue Account (HRA)
- Retained Business Rates
- Car park Income

These form part of a monthly report to Management Team (MT). Monthly meetings take place between Budget Holders and the Service Accountant supported by volume data, financial and non-financial. Any problems placed on corporate budget action list.

1.2 High Risk Budgets

Categorised as:

- Planning application fees
- Planning professional fees
- Building control fees
- Phoenix House income
- Parkside income
- Homelessness
- Environmental Maintenance
- Customer services
- Wheels to Work

Monthly meetings take place with Service Accountant and Budget Holders reviewing spend against budget, profile and likely year end position to feed into MT full report co-ordinated by Senior Accountant. Any problems placed on the corporate budget action list.

1.3 Lower Risk Budgets

All Other Services

Service Accountants review oracle reports monthly prior to despatch to Budget Holders and investigate any obvious problems i.e. over/under spends with the Budget Holder. Any resulting actions are placed on the corporate budget action list.

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BUDGET MANAGEMENT STRATEGY

	2019/20	2020/21	2021/22
	£'000	£'000	£'000
<u>CHANGES TO BASE BUDGET REQUIREMENT</u>			
<u>MANAGEMENT INTERVENTION</u>			
<u>Commercialism</u>			
Christmas Lighting sponsorship	-10	0	0
Housing development for sale or private rent	0	0	0
Commercial Property Development	0	0	0
Existing Services	0	0	0
Timesage	0	0	0
Business App Viability	0	0	0
Waste- Green Waste	0	0	0
Total	-10	0	0
<u>Service Reviews/Efficiencies</u>			
Post Room	0	0	0
New finance system	0	0	0
Elections Parish Council recharging	-15	10	0
Customer Service review (including Housing Repairs Contract)	0	-75	0
Vehicle renewal policy- clean emissions etc	0	0	0
Transport	0	0	0
CIL	-25	0	0
LDO for residential properties	0	0	0
Modern.gov for members	0	-7	0
Total	-40	-72	0
<u>Asset Maximisation/rationalisation</u>			
Car Parking Strategy	0	0	0
Parkside- new tenants	-28	-28	0
Lake Terrace - Grounds maintenance relocation	-30	0	0
Sharing of Lake Terrace with other partners	0	0	0
Phoenix House	0	0	0
Total	-58	-28	0
<u>Procurement</u>			
New waste contract	-230	0	0
Total	-230	0	0
Total Management Intervention General Fund	-338	-100	0
<u>Asset Maximisation/ Rationalisation</u>			
Children's Centre (SEA)	0	0	0
Leisure Activities and Creche Facility	-15	0	0
Total	-15	0	0
Total Management Intervention Special Expenses	-15	0	0

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STATEMENT OF REVENUE AND CAPITAL RESERVES

APPENDIX G

											GENERAL RESERVES				WORKING BALANCES				SUB TOTALS
	Waste Consultancy	Supporting Leics Families	Miscellaneous S106 Projects	Melton Local Plan	Waterfield Leisure Centre	Waterfield Leisure Centre Income Smoothing	Business Rates Equalisation Reserve	New Homes Bonus Reserve	Lottery Good Causes	Total	Corporate Priorities Reserve	Spending Pressure Reserve	General Reserve Special Expenses	Total	General Expenses	Special Expenses	Housing Revenue Account	Total	C/F TO NEXT PAGE
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1 April 2017 Balance	42,372	60,000	23,256	570,615	124,000	253,000	209,076	75,816	2,264	1,360,399	2,004,099	153,374	244,621	2,402,094	640,000	50,000	1,186,019	1,876,019	5,638,512
2017-18 INCOME																			
Contributions from Revenue Accounts	0	0	0	0	50,000	22,000	184,310	67,340	6,360	330,010	131,221	0	28,674	159,895	0	0	252,340	252,340	742,245
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	69,816	138,000	0	207,816	0	0	0	0	207,816
Total Income	0	0	0	0	50,000	22,000	184,310	67,340	6,360	330,010	201,037	138,000	28,674	367,711	0	0	252,340	252,340	950,061
EXPENDITURE																			
Contributions to:																			
Revenue Accounts	42,372	30,000	0	420,070	0	0	0	137,156	8,624	638,222	543,670	79,860	11,900	635,430	0	0	0	0	1,273,652
Capital Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	138,000	0	0	138,000	0	0	0	0	138,000
Pooled	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure	42,372	30,000	0	420,070	0	0	0	137,156	8,624	638,222	681,670	79,860	11,900	773,430	0	0	0	0	1,411,652
31 March 2018 Balance	0	30,000	23,256	150,545	174,000	275,000	393,386	6,000	0	1,052,187	1,523,466	211,514	261,395	1,996,375	640,000	50,000	1,438,359	2,128,359	5,176,921
2018-19 INCOME																			
Contributions from Revenue Accounts	0	0	0	0	40,400	0	141,580	0	8,060	190,040	0	0	0	0	0	0	0	0	190,040
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	0	0	0	0	40,400	0	141,580	0	8,060	190,040	0	0	0	0	0	0	0	0	190,040
EXPENDITURE																			
Contributions to:																			
Revenue Accounts	0	30,000	0	84,990	0	17,000	0	0	8,060	140,050	43,590	211,514	4,782	259,886	0	0	471,490	471,490	871,426
Capital Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Funding Future Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pooled	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure	0	30,000	0	84,990	0	17,000	0	0	8,060	140,050	43,590	211,514	4,782	259,886	0	0	471,490	471,490	871,426
31 March 2019 Balance	0	0	23,256	65,555	214,400	258,000	534,966	6,000	0	1,102,177	1,479,876	0	256,613	1,736,489	640,000	50,000	966,869	1,656,869	4,495,535

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STATEMENT OF REVENUE AND CAPITAL RESERVES (Continued)

APPENDIX G

	SUB TOTALS B/F FROM PREVIOUS PAGE	HOUSING REVENUE ACCOUNT			REPAIRS & RENEWAL FUNDS						PROVISIONS					CAPITAL RECEIPTS				GRAND TOTAL	
		Development & Regeneration Reserve	Major Repairs Reserve (Usable)	Total	General Fund			Special Expenses		Total	Doubtful Debts				Redundancy	Total	HRA	Leisure Vision	Other		Total
					Council Offices Repairs & Renewals	Registrars Furniture Repairs & Renewals	Vehicles & Equipment Repairs & Renewals	Cattle Market Repairs & Renewals	Play Areas Repairs & Renewals		Sundry Debtors (General)	Sundry Debtors (HRA)	Housing Rents	Business Rates Appeal							
					Usable Capital Receipts	Usable Capital Receipts	Usable Capital Receipts														
1 April 2017 Balance	£	£	£		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	5,638,512	5,230,757	2,069,404	7,300,161	320,696	6,900	569,694	0	0	897,290	262,000	40,000	347,000	369,996	62,010	1,081,006	2,386,069	805,378	2,269,540	5,460,987	20,377,956
2017-18 INCOME																					
Contributions from Revenue Accounts	742,245	1,220,430	1,394,610	2,615,040	66,750	610	121,970	3,750	30,000	223,080	0	0	0	0	0	0	0	0	18,040	18,040	3,598,405
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	446,901	0	0	446,901	446,901
Transfers	207,816	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	207,816
Total Income	950,061	1,220,430	1,394,610	2,615,040	66,750	610	121,970	3,750	30,000	223,080	0	0	0	0	0	0	446,901	0	18,040	464,941	4,253,122
EXPENDITURE																					
Contributions to: Revenue Accounts	1,273,652	0	0	0	0	0	76,740	0	0	76,740	0	0	0	0	62,010	62,010	0	0	0	0	1,412,402
Capital Works	0	3,119,000	1,012,000	4,131,000	0	0	0	0	18,000	18,000	0	0	0	0	0	0	0	35,000	1,506,000	1,541,000	5,690,000
Revenue Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Pooled	138,000 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	138,000 0
Total Expenditure	1,411,652	3,119,000	1,012,000	4,131,000	0	0	76,740	0	18,000	94,740	0	0	0	0	62,010	62,010	0	35,000	1,506,000	1,541,000	7,240,402
31 March 2018 Balance	5,176,921	3,332,187	2,452,014	5,784,201	387,446	7,510	614,924	3,750	12,000	1,025,630	262,000	40,000	347,000	369,996	0	1,018,996	2,832,970	770,378	781,580	4,384,928	17,390,676
2018-19 INCOME																					
Contributions from Revenue Accounts	190,040	1,470,790	1,412,960	2,883,750	66,750	610	111,560	5,000	30,000	213,920	0	0	0	0	0	0	0	0	0	0	3,287,710
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	455,839	0	0	455,839	455,839
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	190,040	1,470,790	1,412,960	2,883,750	66,750	610	111,560	5,000	30,000	213,920	0	0	0	0	0	0	455,839	0	0	455,839	3,743,549
EXPENDITURE																					
Contributions to Revenue Accounts	871,426	0	0	0	0	0	18,430	0	0	18,430	0	0	0	0	0	0	0	0	0	0	889,856
Capital Works	0	4,280,000	1,668,000	5,948,000	0	0	149,000	0	0	149,000	0	0	0	0	0	0	0	0	0	0	6,097,000
Capital Funding Future Year Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Pooled	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Total Expenditure	871,426	4,280,000	1,668,000	5,948,000	0	0	167,430	0	0	167,430	0	0	0	0	0	0	0	0	0	0	6,986,856
31 March 2019 Balance	4,495,535	522,977	2,196,974	2,719,951	454,196	8,120	559,054	8,750	42,000	1,072,120	262,000	40,000	347,000	369,996	0	1,018,996	3,288,809	770,378	781,580	4,840,767	14,147,369

STATEMENT OF REVENUE & CAPITAL RESERVES: Purpose & Future Intentions		
Description:	Purpose	Future Intentions
Reserves:		
Other Earmarked Reserves		
Waste Consultancy	Procurement consultancy support and legal support to ensure that the new contract is suitable and fit for purpose	This reserve is intended to be fully expended during 2017/18 and therefore will no longer be required.
Supporting Leicestershire Families	Contribution towards the costs of Supporting Leicestershire Families service until March 2019	Contribute £30k per year until March 2019 as supported by Leicestershire District Chief Executives.
Miscellaneous S106 Projects	Funds received from developers contributing towards various schemes	Existing funds received are required to be used on works required at the Country Park, Leisure Vision on dry leisure facilities and the Melton Country Park Pavilion
Melton Local Plan	Contribution from Local Plans revenue budget towards future spending requirements	To be released to fund uneven spending on Melton Local Development Framework
Waterfield Leisure Centre	Contribution from Waterfield Leisure Centre revenue budget towards future spending requirements	To fund cyclical works at the Waterfield Leisure Centre as and when required
Business Rate Equalisation Reserve	One of the main impacts of the Business Rate retention scheme has identified the potential for annual fluctuations in the retained income levels. There is likely to be volatility in surpluses and deficits achieved in future years which this reserve will help mitigate	The reserve will be utilised to even out surpluses / deficits created on the revenue account as a result of changes in the actual levy payments. Budgeted and actual contributions to and from the fund will also be undertaken to mitigate fluctuations created by surplus / deficit on the collection fund.
New Homes Bonus Reserve	Funds allocated from the Government's grant award for the provision of New Homes in the borough. The fund was set up to support strategic and local infrastructure in support of growth, the development of new housing and services in support of growth.	The fund is now depleted and it is recommended that the small residual balance is transferred to the Corporate Priorities Reserve.
Lottery Good Causes	Good Cause income generated from lottery ticket sales used to fund grant allocations for good causes	The fund is used to support expenditure on grants to voluntary bodies.
General Reserves		
Corporate Priorities Reserve	General fund reserves have been earmarked in the medium term financial strategy as being available to finance capital expenditure and revenue items of a non recurring nature that meet the Council's priorities. Contributions to this fund only arise as a result of surpluses in the revenue account	This reserve is to be used in line with the Medium Term Financial Strategy. Used for General Expenses for the benefit of the whole borough
Special Expenses Reserve	See notes for Corporate Priorities Reserve	Used for Special Expenses (Melton Mowbray)
Spending Pressures Reserve	This reserve was created to support the revenue budget whilst efficiencies were achieved which would lead to a balanced budget over the life of the Medium Term Financial Strategy	The reserve is expected to be fully utilised in 2018/19 to support the revenue budget deficit.
Working Balances		
General Expenses Working Balance	When calculating Budget requirements, relevant authorities are required (by The Local Government Finance Act 1992) to have regard to the level of reserves needed for meeting estimated future expenditure. Reserves held as a working balance are held for contingency purposes (e.g. for emergencies) and the appropriate level is reviewed annually as part of the budget setting process.	Used for General Expenses
Special Expenses (Melton Mowbray) Working Balance	See notes for General Expenses Working Balance	Used for Special Expenses (Melton Mowbray)

Description:	Purpose	Future Intentions
Housing Revenue Account Balances		
HRA Working Balance	See notes for General Expenses Working Balance	Used for the HRA
HRA Development and Regeneration	This reserve is for specific HRA development and regeneration needs within the HRA ring fence	To be determined by CSA committee depending on the needs of the HRA
HRA Major Repairs Reserve	This reserve holds amounts set aside as depreciation from the HRA, based on a calculation which includes depreciation and additional revenue to support the HRA capital programme. This programme is substantially in regard to the Council's current housing stock.	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future.
Repairs & Renewals Funds:		
Council Offices	This fund provides for major items of expenditure on Parkside. The reserve also receives contributions from partners	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
General Fund - The Registrars Furniture	This fund provides for the replacement of furniture for the County Council's Registrar's Service; the annual contribution to the fund being invoiced to the County	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
General Fund Vehicles & Equipment	This fund provides for the replacement of vehicles, equipment and Christmas lighting which are predominately used for the benefit of the General Fund	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Cattle Market	This fund provides for the upkeep of the site infrastructure and services (infrastructure and service media located underground) at the Cattle Market quarterly contributions from Gillstream Markets to be drawn down when required	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Special Expenses - Play Area Repairs and Renewals	This fund provides for the replacement and repairs at various play areas with the special expense area of Melton Mowbray	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Provisions:		
Doubtful Debts: Sundry Debtors - General	Provision for writing off bad debts: General Fund Sundry Debtors	Continuing Provision
Doubtful Debts: Sundry Debtors - HRA	Provision for writing off bad debts: HRA Sundry Debtors	Continuing Provision
Doubtful Debts: Housing Rents	Provision for writing off bad debts: HRA Rent Arrears	Continuing Provision
Business Rates Appeals	As part of the completion of the NNDR3 LAs are required to make a provision for appeals against the Rateable Values of properties that had yet to have their appeals determined. This provision includes a value for changes to the rates liability for current and previous years	Continuing Provision
Capital Receipts:		
HRA: Usable Capital Receipts	Capital receipts received from the sale of Council dwellings set aside for HRA capital expenditure	Use determined in line with the Council's budget setting process
Leisure Vision: Usable Capital Receipts	Capital receipts specifically allocated to support delivery of the Councils Leisure Vision project	The Council is currently developing its leisure vision proposals which this fund will support.
Other: Usable Capital Receipts	Capital receipts available for General Fund capital expenditure	Use determined in line with the Council's budget setting process



Part 6

Member Allowances Scheme

WEF 16 May 2018

(In accordance with NJC pay award, 1% increase applied wef 1 April 2017)

MEMBER ALLOWANCES SCHEME

Melton Borough Council, in accordance with the requirements of the Local Authorities (Members Allowances)(England) Regulations 2003 and the Local Authorities (Members Allowances)(England)(Amendment) Regulations 2003, makes the following scheme for Member Allowances.

In this scheme, 'Councillor' means a member of the Melton Borough Council who is a Councillor.

The commencement date of the scheme shall be 16 May 2018.

A 'year' means the period commencing on the day of the Annual General Meeting and ending on the day prior to the next Annual General Meeting.

The scheme shall consist of 6 key elements being :-

- (a) Basic allowance
- (b) Special responsibility allowance and other payments
- (c) Dependent carers' allowance
- (d) Travelling and subsistence allowance
- (e) Scheme requirements
- (f) Independent Remuneration Panels

1.0 BASIC ALLOWANCE

1.1 Each Councillor shall be entitled to the same basic allowance. From 18 May 2018 the Allowance shall be £4,710 and shall be increased annually on 1st April each year in line with the National Joint Council Staff Pay Award.

1.2 Should a Member not claim the basic allowance, expenses be claimable up to the maximum of the basic allowance.

2.0 SPECIAL RESPONSIBILITY ALLOWANCE

2.1 This scheme provides for the payment, for each year for which this scheme relates, of an allowance ('special responsibility allowance') to such Members of the Council as have such special responsibilities in relation to the Council as are specified below. These Special Responsibility Allowances shall be increased annually on 1st April each year in line with the National Joint Council Staff Pay Award.

2.2 A maximum of one Special Responsibility Allowance only can be claimed for by a Member and unless notified otherwise the payment will be based on the highest allowance.

Position	Detail relating to role	Allowance per annum
Leader of the Council	(Role includes Chair of Policy, Finance & Administration Committee)	£12,530
Deputy Leader	(Role includes Vice Chair of Policy, Finance & Administration Committee)	£4,004
Other Group Leader(s)	Other Group Leaders (besides the Leader of the Council) – see note below*	*£3,660
Leader of the Opposition	The main Opposition Group Leader's allowance be augmented by this sum – see note below**	**£684
Chair	Community & Social Affairs Committee	£4,004
Chair	Governance Committee	£4,004
Chair	Licensing & Regulatory Committee	£4,004
Chair	Planning Committee	£4,004
Chair	Melton Economic & Environmental Affairs	£4,004
Chair	Town Area Committee	£4,004
Chair	Appeals Committee	£2,121
Vice Chair	Community & Social Affairs Committee	£1,180
Vice Chair	Governance Committee	£1,180
Vice Chair	Licensing & Regulatory Committee	£1,180
Vice Chair	Planning Committee	£1,180
Vice Chair	Melton Economic & Environmental Affairs	£1,180
Vice Chair	Town Area Committee	£1,180

* Where the Members of the Council are divided into at least two groups constituted in accordance with regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990, a special responsibility allowance shall be paid to the Leader(s) of the political group(s) other than the group containing the Leader of the Council to a maximum of the special responsibility allowance paid to the Policy Committee Chair.

The amount of such allowance for each Leader other than the Leader of the Council shall be calculated by sharing the allocated sum* pro rata to the number of Members in each group excluding the group containing the Leader of the Council.

Where there is just one other Group Leader, besides the Leader of the Council, 50% of the allocated sum* be paid.

** The Leader of the Opposition is entitled to an additional sum per annum to recognise the additional responsibilities undertaken by the Leader of the Opposition due to the Council not having a scrutiny function.

2.3 Other payments - Councillors

Who is entitled	Reason for payment	Amount payable
Planning Committee and Substitute Members	Attendance at Planning Site Visit and Member Briefing (see note below)	£31 per site visit
When the number and duration of site visits, combined with the duration of the Members briefing reaches a level where the Assistant Director for Strategic Planning and Regulatory Services in consultation with the Chairman of the Planning Committee deems it appropriate, a light buffet shall be provided for the Members, without any deduction from their Site Visit Attendance Allowance.		
All Councillors	Reimbursement of computer consumables such as printer cartridges and paper (on the production of a receipt)	Up to £52 per annum
All Councillors	Fee for registering Members of the Council as Data Controllers under the Data Protection Act which is administered by the Council on behalf of all Members (see note below)	£35 per annum for each Councillor
The Data Protection Act 1998 requires every data controller (including Elected Members) who may process personal information to register with the Information Commissioner's Office (ICO) which requires each Member to pay a £35 fee.		

2.4 Payments in respect of other roles

Who is entitled	Reason for payment	Amount per annum
Independent Person(s)	Appointed to advise the Governance Committee on Code of Conduct complaints	£472
Parish Representative(s)	Required to be involved in considering allegations against a Parish Councillor	£306

3.0 **CHILD CARE AND DEPENDANT CARERS' ALLOWANCE**

3.1 A Councillor shall be entitled to claim an allowance of up to £6.69 per hour in respect of expenses actually incurred in arranging child care and dependants' relative care whilst engaged on any of the approved duties set out below subject to a maximum amount in any year of £1,335.

3.2 The following duties are those which are "Approved Duties" for the purpose of payment of childcare and dependant carers' allowance :-

- (a) Meetings of the Council
- (b) Meetings of Committees and Task Groups (attended by Members thereof)
- (c) A meeting committee or sub-committee of an outside organisation as the Council's appointed representative
- (d) A meeting which has both been authorised by the Council or a Committee and to which representatives of more than one political group have been invited
- (e) A meeting of a local authority association of which the authority is a member
- (f) Duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authoring to inspect or authorise the inspection of premises

4.0 **TRAVEL AND SUBSISTENCE ALLOWANCE**

4.1 A Councillor shall be entitled to claim travel and subsistence expenses in accordance with the NJC rates and the following duties are those which are 'Approved Duties' for the purpose of payment of travel and subsistence expenses :-

- (a) Meetings of the Council
- (b) Meetings of Committees and Task Groups (attended by Members thereof)
- (c) Chairman's Briefing meetings
- (d) Community Governance Forums
- (e) On approved visits and trips organised by the Council where the Councillor has been authorised to attend as the Council's representative
- (f) Planning application site visits
- (g) Properly convened meetings with Government departments, statutory authorities or other local authorities to discuss the work of the Council

- (h) In connection with the discharge of any function of the Council conferred by or under any enactment and empowering or requiring the Council to inspect or authorise the inspection of premises
- (i) At the invitation of a Committee Chairman in order to speak on an item of particular interest
- (j) Conference or seminar the booking fee for which has been paid by the Council
- (k) Meeting, committee or sub-committee of an outside organisation as the Council's appointed representative
- (l) Training courses organised by the Council
- (m) Any meeting event or seminar in connection with the work of the Welland Partnership as the Council's appointed representative
- (n) Any duty approved by the Chief Executive under delegated authority in accordance with the guidelines set out at 4.2 below.
- (o) Any other duty approved by the Council, or any duty of a class so approved, for the purpose of, or in connection with the discharge of the functions of the Council or any of its Committees or Task Groups

4.2 Guidelines for use of delegated power by Chief Executive in respect of 'Approved Duties' for travel and subsistence

- 4.2.1 Under the Scheme of Delegation, the Chief Executive (and in his/her absence, the appointed Deputy as set out in the Constitution) has been granted delegated authority to approve duties which have not previously been approved by the Council.
- 4.2.2 In exercising his/her delegation the Chief Executive must have regard to these guidelines.
- 4.2.3 The Chief Executive must ensure that there is sufficient budgetary provision taking into account:-
 - (a) the financial provision required to meet existing commitments under the Member' Allowances Scheme;
 - (b) the financial provision required for the support and development needs of all Members for the financial year in question;
 - (c) the cost and quality of the course/seminar/conference where applicable.
- 4.2.4 The Chief Executive must ensure that:
 - (a) the meeting/conference/seminar is relevant to the Member's role and responsibilities at the Council, ie. by virtue of membership of a

Committee, Task Group, Panel or Outside Body or his/her position as Chair or Vice-Chair of a Committee, Task Group, Panel or Outside Body;
or

- (b) attendance would be beneficial to the Council or non-attendance would be prejudicial to the Council or its standing in the wider community; or
- (c) the conference/seminar provides necessary or relevant training or education to the member(s) in his/her/their capacity as a Borough Councillor; or
- (d) the conference/seminar forms part of an agreed programme of training for Members; and
- (e) the conference/seminar does not duplicate attendance by that Member at a previous conference/seminar meeting.

4.2.5 The Chief Executive must ensure that;

- (a) all approvals are given prior to the duties taking place;
- (b) all approvals are recorded in a register kept for the purpose;
- (c) the entry in the register is made at the time the approval is given.

5.0 **SCHEME REQUIREMENTS**

5.1 **Election to forgo allowances**

5.1.1 A person may, by notice given in writing to the Director for Corporate Services, elect to forego his or her entitlement or any part of his or her entitlement to allowances.

5.2 **Claims**

5.2.1 A claim for travel and subsistence expenses and/or childcare and dependant carers' allowance under this scheme shall be made in writing in the form prescribed by the Director for Corporate Services within two months of the date of the meeting in respect of which the entitlement to the allowance arises.

5.2.2 A claim for travel and subsistence expenses and/or childcare and dependent carers' allowance shall include, or be accompanied by, a statement by the Councillor claiming the allowance that he or she is not entitled to receive remuneration in respect of the matter to which the claim relates otherwise than under this scheme.

5.3 **Payments**

5.3.1 In respect of basic and special responsibility allowances, subject to paragraph 5.3.3 below, in instalments of one-twelfth of the amount specified in this scheme on the penultimate day of each month by bank credit.

5.3.2 In respect of travel and subsistence expenses, and/or childcare and dependant carers' allowance on the penultimate working day of each month by bank credit in respect of claims received by the end of the previous month.

5.3.3 Where a payment of one-twelfth of the amount specified in this Scheme in respect of a basic allowance or a special allowance would result in the Councillor receiving more than the amount to which, by virtue of paragraph 5.1.1, he or she is entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount he or she is entitled.

5.4 **Part-year Entitlements**

5.4.1 The provisions of this paragraph shall have effect to regulate the entitlements of a Councillor to basic and special responsibility allowances where, in the course of a year, this scheme is amended or that Councillor becomes, or ceases to be, a Councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.

5.4.2 If an amendment to this scheme changes the amount to which a Councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods :

(a) beginning with the year and ending with the day before that on which the first amendment in that year takes effect, or

(b) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the year.

the entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of days in the period bears to the number of days in the year.

5.4.3 Where the terms of office of a Councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that Councillor to a basic allowance shall be to the payment to such part of the basic allowance as bears to the whole the same proportion as the number of days during which his term of office subsists bears to the number of days in that year.

5.4.4 Where this scheme is amended as mentioned in paragraph 5.4.2, and the term of office of a Councillor does not subsist throughout the period mentioned in paragraph 5.4.2(a), the entitlement of any such Councillor to a basic allowance shall be to the payment of such part of the basic allowance referable to each such period (ascertained in accordance with paragraph 5.4.2(a)) as bears to the whole the same proportion as the number of days during which his term of office as a Councillor subsists bears to the number of days in that period.

5.4.5 Where a Councillor has during part of, but not throughout, a year such special responsibilities as entitle him or her to a special responsibility allowance, that Councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which he has such responsibilities bears to the number of days in that year.

5.4.6 Where this scheme is amended as mentioned in sub-paragraph 5.4.2 and a Councillor has during part, but does not have throughout the whole, of any period mentioned in paragraph 5.4.2 (a) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that Councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

5.5 **Records of Allowances**

5.5.1 A record of payment shall be kept, which shall:

- (a) specify the name of the recipient of the payment and the amount and nature of each payment;
- (b) be available, at all reasonable times, for inspection and at no charge by any local government elector for the area of the Borough of Melton; and
- (c) be supplied in copy to any person who requests such a copy and who pays to the Council such reasonable fee as the Director for Corporate Services may determine at the time of application.

5.5.2 As soon as reasonably practicable after the end of a year to which the scheme relates, the Council shall make arrangements for the publication within the authority's area of the total sum paid by it in the year under the scheme to each recipient in respect of the following :-

Basic Allowance
Special Responsibility Allowance
Dependent Carers' Allowance
Travelling and Subsistence Allowance

5.6 **Publicity**

5.6.1 The Council shall, as soon as reasonably practicable after the making or amendment of a scheme, make arrangements for its publication by:

- (a) ensuring that copies of the scheme are available for inspection by members of the public at the principal office of the Council, at all reasonable hours; and
- (b) publishing in one or more newspapers circulating in its area, a notice which:

- i. states that the Council has made or amended a scheme and specifies the period of time for which the scheme has effect;
- ii. describes the main features of the scheme and specifies the amounts payable in respect of each allowance mentioned in the scheme;
- iii. describes any responsibilities or duties specified in the scheme in accordance with Regulations in relation to special responsibility allowance and travelling and subsistence allowance;
- iv. confirms that in making or amending the scheme, the Council complied with any duty arising under Regulations to have regard to the recommendations of an Independent Remuneration Panel;
- v. describes the main features of that Panel's recommendations and specifies the recommended amounts of each allowance mentioned in its report for the Council;
- vi. states that copies of the scheme and copies of a record kept in accordance with Regulations are available at the principal office of the Council for inspection by members of the public at such times as may be specified by the Council in the notice; and
- vii. specifies the address of the principal office of the Council at which such copies are made available.

5.6.2 The Council shall ensure that a notice in the form required under paragraph 5.6.1 above is published in one or more newspapers circulating in its area as soon as possible after the expiration of twelve months after the previous publication of such a notice, irrespective of whether the scheme has been amended during that twelve month period.

5.6.3 The Council shall supply a copy of the scheme to any person who requests a copy and who pays to the authority such reasonable fee as the authority may determine.

5.6.4 This scheme shall come into force with effect from 16 May 2018 and any previous scheme shall be deemed revoked for the payment of allowances.

6.0 **INDEPENDENT REMUNERATION PANELS**

6.1 **Duty to have regard to Recommendations**

6.1.1 Before the Council makes or amends a scheme, it shall have regard to the recommendations made in relation to it by the Independent Remuneration Panel.

6.1.2 There shall not be more than one Panel which makes recommendations in respect of this Council.

- 6.1.3 The Independent Remuneration Panel shall consist of at least three Members none of whom:
- (a) shall also be a Member of this Council or a Member of a Committee or Sub Committee of the Council; or
 - (b) is disqualified from being or becoming a Member of an authority.
- 6.1.4 The Council will pay all reasonable travelling and subsistence expenses incurred by the Independent Remuneration Panel in carrying out its functions.
- 6.1.5 The Council has agreed to pay the Chair of the Independent Remuneration Panel the following :-

	£
Full Review	1,000
Chair's final report	500
Presentation of report to Full Council	500
Interim Review	500
Chair's final report	250
Presentation of report to Full Council	250

6.2 **Recommendations of the Independent Remuneration Panel**

- 6.2.1 The Independent Remuneration Panel shall produce a report making recommendations:
- (a) as to the responsibilities or duties in respect of which the following should be available:
 - i. special responsibility allowance
 - ii. travelling and subsistence allowance
 - iii. co optees' allowance (if provided for)
 - (b) as to the amount of such allowances and as to the amount of basic allowance;
 - (c) as to whether dependants' carers' allowance should be payable to Members of an authority, and as to the amount of such an allowance;
 - (d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with Regulations;
 - (e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;

- (f) as to which Members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972;
- (g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972

6.2.2 A copy of the report of the Independent Remuneration Panel shall be sent to Council.

6.3 **Publicity for recommendations of the Independent Remuneration Panel**

6.3.1 Once the Council receives a copy of a report made to it by the Independent Remuneration Panel in accordance with Regulations, it shall, as soon as reasonably practicable:

(a) ensure that copies of that report are available for inspection by members of the public at the principal office of the authority, at all reasonable hours; and

(b) publish in one or more newspapers circulating in its area, a notice which:

i. states that it has received recommendations from an Independent Remuneration Panel in respect of its scheme;

ii. describes the main features of that Panel's recommendations and specifies the recommended amounts of each allowance mentioned in the report in respect of the Council;

iii. states that copies of the Panel's report are available at the principal office of the Council for inspection by members of the public at such times as may be specified by the authority in the notice; and

iv. specifies the address of the principal office of the Council at which such copies are made available.

6.3.2 The Council shall supply a copy of a report made by the Independent Remuneration Panel in accordance with Regulations to any person who requests a copy and who pays to the Council such reasonable fee as the authority may determine at the time of the request.

FULL COUNCIL

7 FEBRUARY 2018

REPORT OF THE DIRECTOR FOR CORPORATE SERVICES

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY

1.0 PURPOSE OF REPORT

1.1 This report outlines the Council's prudential indicators for 2018/19 – 2020/21 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- (a) The reporting of the **prudential indicators** setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice and Guidance Notes 2011 as revised.
- (b) The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007);
- (c) The **treasury management strategy statement** which sets out how the Council's treasury management service will support the capital decisions taken, the day to day treasury management activity and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code;
- (d) The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance.

The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

2.0 RECOMMENDATIONS

The Budget and Strategic Planning Working Group recommends to the Council that:

- 2.1 **The prudential indicators and limits are adopted and approved;**
- 2.2 **The Treasury Management Strategy and treasury management prudential indicators are adopted and approved;**
- 2.3 **The Minimum Revenue Provision (MRP) Statement which sets out the Council's policy on MRP is approved, and**
- 2.4 **To note the Council is developing a new Capital Strategy to meet the updated prudential code requirements which will be presented to members during 2018-19.**

3.0 KEY ISSUES

3.1 Background

- 3.1.1 One of the main changes in the MHCLG guidance is that there is greater member scrutiny of the treasury management policies. The Budget and Strategic Planning Working Group is the responsible body for scrutinising the Treasury Management Strategy as agreed by Full Council on 3 February 2011. The Budget & Strategic Planning Working Group scrutinised the strategy on 17th January 2018 and now recommends the report to Full Council for approval.
- 3.1.2 To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators and for housing authorities these are separated for the HRA and non-HRA capital investment. The indicators are mandatory, but can be supplemented with local indicators if this aids interpretation and may cover three years ahead.
- 3.1.3 The indicators cover affordability, prudence, capital expenditure, external debt and treasury management and form the basis of in year monitoring through the Members' Newsletter. For the General Fund the indicators have also been split into General and Special Expenses (Melton Mowbray).
- 3.1.4 The indicators are purely for internal use by the Council and are not to be used as comparators between Councils, as any comparisons will be meaningless. In addition, the indicators should not be considered individually in that the benefit from monitoring will arise from the movement in the Council's indicators over time and the year on year changes.

3.2 Treasury Management Strategy and Prudential Indicators

- 3.2.1 The prudential indicators have been based on the position set out in the capital programme and revenue budget reports set out elsewhere on this agenda and the draft Medium Term Financial Strategy (MTFS). Along with each indicator is an explanation of what it demonstrates.
- 3.2.2 The Treasury Management Strategy is attached as Appendix A including the prudential indicators that relate to the treasury management function. This strategy covers the operation of the treasury function and its activities for the forthcoming year. The strategy has been informed by advice received from the Council's treasury management consultants.
- 3.2.3 The Council's treasury management consultants advise clients to adopt a creditworthiness service. This system uses a wide array of information, not just primary ratings, and by using a risk weighted scoring system, does not give undue reliance on just one agency's ratings. The weekly Link Asset Services counterparty list is produced on this basis. Counterparties allocated a colour coding based on this criteria can be used. The durational limits suggested by Link Asset Services have now been superseded by the recommendation in the mid year review 2016-17 as presented to this committee on 14 December 2016, counterparties with any colour coding can now be used for up to 12 months.

3.2.4 To summarise, the key issues set out in the attached appendix are as follows:

Capital Expenditure – The projected capital expenditure based on the available funding set out in the draft Medium Term Financial Strategy is estimated as set out in the following table:

Capital Expenditure	2017/18 Revised £000's	2018/19 Estimated £000's	2019/20 Estimated £000's	2020/21 Estimated £000's
General Expenses -CSA	734	237	237	237
General Expenses- PFA	69	68	59	16
General Expenses-MEEA	1,037	81	51	0
Special Expenses-TAC	18	0	0	0
Total Non HRA	1,858	386	347	253
HRA	4,131	5,948	11,012	1,212
Total	5,989	6,334	11,359	1,465

Debt Requirement and Repayment – Part of the capital expenditure programme will be financed directly (through Government grants, capital receipts etc.), leaving a residue which will increase the Council's external borrowing requirement (its Capital Financing Requirement – CFR). The General Fund CFR is reduced each year by a statutory revenue charge for the repayment of debt known as the Minimum Revenue Provision or MRP (there is no requirement for an HRA charge). However, where unsupported borrowing is undertaken for the HRA it is considered prudent to do so. With regard to the self financing the Government stated that the repayment of borrowing is not required but the Council can opt to repay the debt rather than build up cash reserves where it considers this to be in the best interests of the Council and the Housing Service.

As illustrated earlier the Capital Finance and Accounting Regulations affecting MRP require the Council to formally approve a method for calculating MRP annually. From 1 April 2017 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

Asset life method- MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) This option provides for a reduction in the borrowing need over approximately the asset's life. It is therefore recommended that the asset life method is used for unsupported borrowing as is the case for 2017-18.

Capital Financing Requirement - The following table sets out the predicted CFR for the period 2017-2021 analysed by fund, taking into account the method of calculating MRP as recommended above.

Capital Financing Requirement	2017/18 Revised £000's	2018/19 Estimated £000's	2019/20 Estimated £000's	2020/21 Estimated £000's
General Expenses	113	101	89	77
Total Non HRA	113	101	89	77
HRA	31,484	31,484	31,484	31,484
Total	31,597	31,585	31,573	31,561

The Council's anticipated net borrowing requirement (net of investments) is shown below with a comparison against the CFR. The Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the next two financial years. This allows some flexibility for limited early borrowing for future years.

The Director for Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the assumptions set out in paragraph 3.2.1.

Net Borrowing	2017/18 Revised £000's	2018/19 Estimated £000's	2019/20 Estimated £000's	2020/21 Estimated £000's
Gross Borrowing	31,413	31,413	31,413	31,413
Investments	15,361	12,233	9,865	10,668
Net Borrowing	16,052	19,180	21,548	20,745
CFR	31,597	31,585	31,573	31,561

Against this borrowing need (the CFR), the Council's expected maximum external debt position for each year (the Operational Boundary), and the maximum amount it could borrow (the Authorised Limit) are set out as follows:

Authorised Limit & Operational Boundary	2017/18 Revised £000's	2018/19 Estimated £000's	2019/20 Estimated £000's	2020/21 Estimated £000's
Authorised limit	46,000	46,000	46,000	46,000
Operational boundary	36,526	36,514	36,502	36,490

3.3 New Waste Management Contract

The new contract commences 1st October 2018, tenders are currently being evaluated, included in the tender was an optional variation requesting tenderers submit information showing the contract saving they can offer to the council, should the Council procure the waste vehicles for the life of the contract.

Prudential borrowing will be undertaken to finance the vehicles for the life of the contract, should it be decided this offers the best value for money for the Council. Any decisions with regard to this will be reported to the appropriate decision making body at the next available opportunity and as such no allowance has been made in this report as the outcome is not known at this stage.

3.4 Capital Strategy

The updated Prudential Code for Capital Finance in Local Authorities published in late December 2017 now includes a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. However, it is unclear when these regulations will actually come into force given the lateness of their publication in advance of the 2018/19 budget year and given the timelines of local authority reporting requirements and resource required to produce a compliant strategy.

CIPFA are due to produce further clarification around this but recognise that this element of the prudential code will need a longer lead in time. When this element of the code was first highlighted in the initial consultation officers begun work with our treasury advisors to help develop an updated capital strategy which continues to be developed but will require some work around prioritisation of key projects and future direction of the Councils resources. Therefore, officers intend to bring an updated Capital Strategy to members during 2018/19 to meet the new requirements of the code.

3.5 Commercial Investment Strategy

The Council is also in the process of developing a Commercial Investment Strategy with the aim of enabling the Council to invest capital to enable it to receive a revenue income from the rent received, whilst still retaining the freehold interest of the property, which it is anticipated will grow in value over time. The additional income generated will be used to support the Councils Medium Term Financial Plan and could feature as a key element of the Budget Management Strategy as a way of generating income to help address the budget deficit over the medium term

The Authority will need to consider what the primary aim is for the commercial property investment either as part of an economic strategy for local economic development and regeneration in the district, or for income generation for the provision of services or a mixture of both. The overall objectives for that programme will be set out the draft strategy for members to be review and approve which will brought forward in due course.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There are no other major policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There are no other financial implications arising from this report.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 There are no other legal implications arising from this report.

7.0 COMMUNITY SAFETY

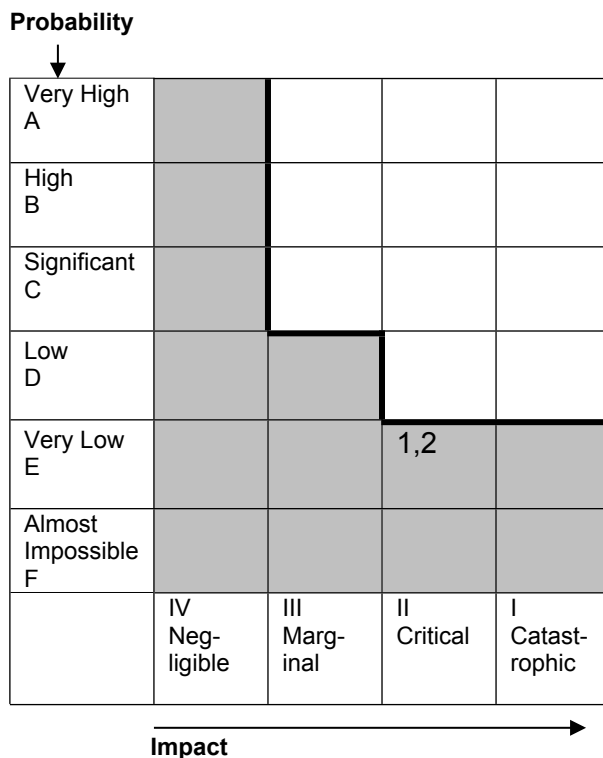
7.1 There are no direct links to community safety arising from this report.

8.0 EQUALITIES

8.1 There are no direct equality issues arising from this report.

9.0 RISKS

9.1 The relevant risks are considered in the table on the following page:



Risk No.	Description
1	Loss of Investment
2	Failure of counterparties

9.2 The relevant risks are considered to be of a very low probability, albeit of a critical nature and are mitigated by both investment and borrowing indicators/limits. In respect of borrowing there are upper limits for both fixed and variable interest rate exposure and limits for the Maturity Structure of Borrowing (see para 5.1.4 in Appendix A). These limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing. The investment strategy (see Appendix A Section 4) contains limits covering maximum sums invested over 365 days, as well as benchmarks relating to the maximum security risk.

9.3 The use of a sophisticated modelling approach in selecting both counterparties and time periods utilising ratings from all three main rating agencies and supplemented with credit watches, credit outlooks, Credit Default Swaps (CDS) spreads and sovereign ratings will ensure only the most creditworthy institutions/countries are used.

10.0 **CLIMATE CHANGE**

10.1 There are no climate change issues arising from this report.

11.0 **CONSULTATION**

11.1 The Council's treasury management consultants have been consulted on this report.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer: Dawn Garton, Director for Corporate Services
Date: 8 January 2018

Appendices: Appendix A - Treasury Management Strategy Statement
Appendix Ai – P.Is & Treasury Strategy

Background Papers: Prudential Indicators Working Papers
MTFS
Revenue Estimates
Capital Programme

Reference: X: C'tees, Council & Sub-C'tees/Full Council/2017-18/07-02-18/DG- Prudential Indicators and Treasury Management Strategy

**Treasury Management Strategy
Statement**

Minimum Revenue Provision Policy
Statement and Annual Investment Strategy
2018-19

1 INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

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

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

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

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

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

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Budget and Strategic Planning Working Group.

1.3 Treasury Management Strategy for 2018/19

The strategy for 2018/19 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny and has been previously undertaken by the Council's Treasury Consultants, most recently in September 2015, further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2020/21

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

2.1 Capital expenditure

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

Capital expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
CSA	367	734	237	237	237
PFA	41	69	68	59	16
MEEA	4,551	1,037	81	51	0
TAC	50	18	0	0	0
HRA	1,746	4,131	5,948	11,172	1,212
Total	6,755	5,989	6,334	11,519	1,465

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

Financing of capital expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital receipts	1,438	1,542	0	2,349	0
Capital grants	144	259	237	237	237
Reserves	117	2,798	4,535	1,829	0
Repairs & Renewals Fund	58	18	149	51	16
Cash backed depreciation	1,644	1,333	1,413	1,393	1,212
External borrowing	0	0	0	2,000	0
Contribution from third parties	3,294	39	0	3,660	0
Revenue	60	0	0	0	0
Net financing need for the year	0	0	0	0	0

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). 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 the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used. Whilst there is a potential for £2m borrowing to be undertaken in 2019/20 this is

relation to the HRA of which balances at the time may be sufficient enough across the within the business plan for borrowing not to be needed. Therefore, not MRP figures have been included for this element in the table below at this point in time.

The Council is asked to approve the CFR projections below:

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Financing Requirement					
CFR – non housing	126	113	101	89	77
CFR – housing	31,484	31,484	31,484	31,484	31,484
Total CFR	31,610	31,597	31,585	31,573	31,561
Movement in CFR	-12	-13	-12	-12	-12

Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	-12	-13	-12	-12	-12
Movement in CFR	-12	-13	-12	-12	-12

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Fund balances / reserves	13,823	11,864	8,468	9,652	10,347
Capital receipts	5,461	4,385	4,841	1,077	1,077
Provisions	432	370	370	370	370
Other	14	100	(100)	100	(100)
Total core funds	19,730	16,719	13,579	11,199	11,694
Working capital*	(1,174)	(1,174)	(1,174)	(1,174)	(1,174)
Under borrowing	(197)	(184)	(172)	(160)	(148)
Expected investments	18,359	15,361	12,233	9,865	10,372

*Working capital balances shown are estimated year-end; these may be higher mid-year

3 BORROWING

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

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
External Debt					
Debt at 1 April	31,413	31,413	31,413	31,413	31,413
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	126	113	101	89	77
Expected change in OLTL	-12	-13	-12	-12	-12
Actual gross debt at 31 March	31,527	31,513	31,502	31,490	31,478
The Capital Financing Requirement	31,610	31,597	31,585	31,573	31,561
Under / (over) borrowing	83	84	83	83	83

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

3.2 Treasury Indicators: limits to borrowing activity

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

Operational boundary £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	36,413	36,413	36,413	36,413
Other long term liabilities	113	101	89	77
Total	36,526	36,514	36,502	36,490

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

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

Authorised limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	45,885	45,895	45,910	45,920
Other long term liabilities	115	105	90	80
Total	46,000	46,000	46,000	46,000

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt cap	33,554	33,554	33,554	33,554
HRA CFR	31,484	31,484	31,484	31,484
HRA headroom	2,070	2,070	2,070	2,070

These figures are represented graphically in appendix B.

3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

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

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

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

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

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. In addition, the new Czech prime minister is expected to be Andrej Babis who is strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years.

However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

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

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Director for Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

During 2018-19 a waste collection and cleansing contract will commence on 1st October 2018 for 10 years, included in the tender was an optional variation requesting tenderers submit information showing the contract saving they can offer to the council should the Council procure the waste vehicles for the life of the contract.

The tenders including this option are currently being evaluated and should it be decided this optional variation offers the best value for money for the Council, prudential borrowing will be undertaken to finance the vehicles for the life of the contract. It is anticipated this will be undertaken in the first 6 months of 2018-19, any decisions will be reported to the appropriate decision making body at the next available opportunity.

The HRA does have a borrowing cap in place and the headroom within is unlikely to be used.

3.5 Policy on borrowing in advance of need

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

The Council does not envisage a situation where it will need to borrow in advance, however if the circumstances dramatically change this will be reported to Full Council together with a revised policy.

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

3.6 Debt rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

All rescheduling will be reported to Full Council at the earliest meeting following its action.

3.7 Municipal Bond Agency

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director for Corporate Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit agencies- Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties and related suggested investment duration periods.

The main rating agencies have, through much of the financial crisis period from 2008 – 2015, provided some institutions with a ratings “uplift” due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies began removing these “uplifts”. It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. It mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the financial crisis when they had higher ratings than now.

Therefore where Link Asset Services’ methodology result in an institution having a colour coding these institutions can be used up to a maximum of 1 year. Link’s colour coding is:

- Yellow 5 years *
- Dark pink 5 years for Enhanced cash funds with a credit score of 1.25
- Light pink 5 years for Enhanced cash funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

An institution with any colour coding from blue or orange (up to 1year) to green (up to 100 days)

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

can be used for fixed term investments for up to 1 year in duration.

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see appendix 5.3.

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

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

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

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

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

The Markets in Financial Instruments Directives (MiFID II) was introduced on 3rd January 2018, this impacts on investment intermediaries i.e. financial instruments that the Council places its investments through. Under these regulations local authorities are classified as de facto "retail" counterparties, which means local authorities would only be able to use investment vehicles such as term deposits but not pooled investment vehicles such as Money Market Funds or property funds which the Council currently uses.

Based on the current level of balances and experience of Melton officers responsible for placing investments, the Council is able to demonstrate it meets the qualitative and quantitative criteria necessary to opt in to professional status. This will enable investments to continue to be placed in accordance with Council's treasury strategy.

The Quantitative criteria to be classified with professional status is made up as follows:

1. A Local Authority has to have an investment portfolio of at least £10m.

And either;

2. 10 transactions per quarter in a relevant market in past 4 quarters

Or

3. At least 1yr experience in professional position in financial markets which requires knowledge of transactions or treasury services.

The 'opting up' process will need to be undertaken on an annual basis and if the Council's total investments dropped below £10m then this could impact on the investment funds the Council could use and in turn the investment rates / income the Council could achieve. Any changes to the Council's classification under MIFID II will be reported back to Full Council.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations.

Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

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

	Now
2017/18	0.40%
2018/19	0.60%
2019/20	0.90%
2020/21	1.25%
2021/22	1.50%
2022/23	1.75%
2023/24	2.00%
Later years	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

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

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

Maximum principal sums invested > 365 days			
£m	2018/19	2019/20	2020/21
Principal sums invested > 365 days	£10m	£10m	£10m

For its cash flow generated balances, the Council will seek to utilise its money market funds in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, LIBID compounded.

4.6 End of year investment report

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

5 APPENDICES

1. Prudential and treasury indicators and MRP statement
2. Interest rate forecasts
3. Treasury management practice 1 – credit and counterparty risk management
4. Treasury management scheme of delegation
5. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2018/19 – 2020/21 AND MRP STATEMENT

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

5.1.1 Minimum revenue provision (MRP) policy statement

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

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

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

5.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Non-HRA	-1.97	-0.40	-0.06	-0.61	-1.29
HRA	13.68	13.27	14.02	15.04	14.72

b. HRA ratios

	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt £m	31.413	31.413	31.413	31.413	31.413
Number of HRA dwellings	1,843	1,829	1,818	1,764	1,790
Debt per dwelling £	17.04	17.17	17.28	17.81	17.55

5.1.4 Treasury indicators for debt

There is one debt related treasury activity limit. The purpose of this are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

The Council is asked to approve the following treasury indicators and limits:

£m	2018/19	2019/20	2020/21
Maturity structure of fixed interest rate borrowing 2018/19			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years to 20 years	0%	100%	
20 years to 30 years	0%	100%	
30 years to 40 years	0%	100%	
40 years to 50 years	0%	100%	
Maturity structure of variable interest rate borrowing 2018/19			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years to 20 years	0%	100%	
20 years to 30 years	0%	100%	
30 years to 40 years	0%	100%	
40 years to 50 years	0%	100%	

Interest rate exposure is managed and monitored to ensure protection against unexpected interest rate increases or volatility in short term borrowing rates. This is monitored by annual review of the long term borrowings, this includes the maturity of the debt and expectations of future interest rates.

Interest Rate Forecasts

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Asset Services Interest Rate View														
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
3 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.60%	0.60%	0.60%	0.70%	0.90%	0.90%	1.00%	1.20%	1.20%	1.20%
6 Month LIBID	0.50%	0.50%	0.50%	0.60%	0.80%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%
12 Month LIBID	0.70%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.10%	1.30%	1.30%	1.40%	1.50%	1.50%	1.60%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB Rate	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate														
Link Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
Capital Economics	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	-	-	-	-	-
5yr PWLB Rate														
Link Asset Services	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.70%	1.90%	2.30%	2.60%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-
10yr PWLB Rate														
Link Asset Services	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.30%	2.60%	2.80%	3.10%	3.30%	3.30%	3.30%	3.30%	3.30%	-	-	-	-	-
25yr PWLB Rate														
Link Asset Services	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.95%	3.15%	3.45%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	-	-	-	-	-
50yr PWLB Rate														
Link Asset Services	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.80%	3.10%	3.30%	3.60%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

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

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments, which do not meet the specified investment criteria. A maximum of £10 million will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	N/A	unlimited	6 months
UK Government gilts	UK sovereign rating	£2m	12 months
UK Government Treasury bills	UK sovereign rating	£2m	12 months
Money Market Funds CNAV	AAA	£3m per fund	Liquid
Money Market Funds LVAV	AAA	£3m per fund	Liquid
Money Market Funds VNAV	AAA	£3m per fund	Liquid
Ultra-Short Dated Bond Funds	Selection process to determine most appropriate	£3m per fund	Liquid
Local authorities	N/A	100%	12 months
	N/A	£2m- non specified	5 years
Term deposits with banks and building societies	Blue Orange Red Green	£6m per institution £9m per banking group	12 months

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
CDs or corporate bonds with banks and building societies	Blue Orange Red Green	£3m- non specified per banking group	12 months
CDs or corporate bonds with banks and building societies	Blue Orange Red Green	£6m per institution £9m per banking group	12 months
Property Funds	N/A	£5m	Minimum 5 years
Council's own bank	N/A	Unlimited	Overnight

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

5.4 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

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

(ii) Budget Strategic Planning Working Group

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Director for Corporate Services

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

5.5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However including in the updated code is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management).

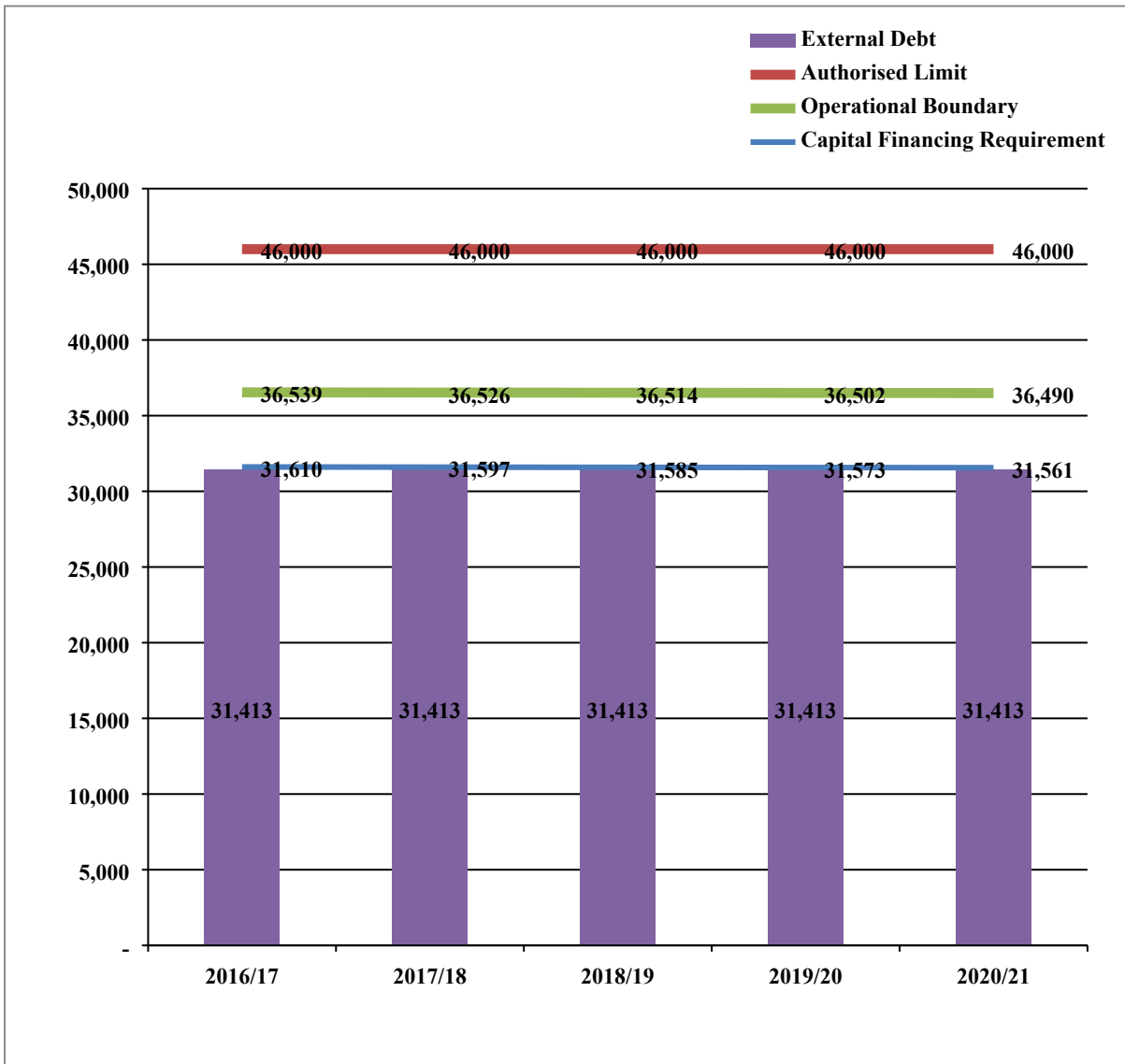
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe. CIPFA has recognised it may not be practical to prepare a capital strategy as part of the approval of

the 2018/19 TM Strategy of which the council is currently developing one which will be brought to members during the 2018/19 financial year.

- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above

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PRUDENTIAL INDICATORS & TREASURY STRATEGY- BORROWING INDICATORS



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FULL COUNCIL

7 FEBRUARY 2018

REPORT OF CHIEF EXECUTIVE

DIRECTOR RECRUITMENT UPDATE AND APPOINTMENT OF RECRUITMENT COMMITTEE

1.0 PURPOSE OF REPORT

- 1.1 On 12th December 2017, Council approved a new management structure. This report is to update members on the initiation of the recruitment process for the 2 Director roles and to advise on the next steps. The report seeks approval to establish a Recruitment Committee to oversee the appointment process.

2.0 RECOMMENDATIONS

- 2.1 To establish a politically-balanced 7 member Recruitment Committee to oversee the recruitment process for the two Director roles, in line with the attached terms of reference (Appendix A) and as set out in the exempt Appendix B. The Recruitment Committee to be authorised to make an employment offer as appropriate.
- 2.2 To appoint the following as members and substitutes for the Recruitment Committee:

Committee Member

P Cumbers

M Glancy

L Higgins (Vice Chair)

J Illingworth

J Orson (Chair)

A Pearson

E Holmes

Substitutes

M Graham

J Wyatt

- 2.3 To delegate authority to the Chief Executive to make amendments to the appointments in accordance with the wishes of group leaders.
- 2.4 In line with other Chief Officer roles to confirm the Director roles will have a 6 point incremental salary scale.

3.0 KEY ISSUES

- 3.1 Following consideration by the Ad Hoc Policy, Finance and Administration Committee on 7th December 2017 a new Corporate Management Structure was approved by Council on 12th December. Members will recall the new structure created two new Director roles; *Growth and Regeneration* and *Legal and Democratic Services*; both of which now need to be filled.
- 3.2 The new structure sought to bridge a number of significant gaps in leadership and to refocus our resources more clearly on growth and our customers, as well as ensure we can manage the governance of the Council more effectively.

- 3.3 Members will be aware that the Council needs to re-build its capacity having carried some significant vacancies for a number of months. This is not only impacting on the Council's ability to deliver new projects, it is also affecting our ability to manage 'business as usual.' As part of the developing workforce strategy there is a determination to ensure that Melton is a good place to work and resourcing key areas of business appropriately is part of this approach.
- 3.4 Since the Council decision, formal termination notice has been served on Harborough District Council for the shared legal service. This has triggered a maximum 15 month period after which the legal service will revert to Melton; being no later than end March 2019. It is anticipated that an earlier termination date will be agreed subject to the new legal structures within both authorities being in place. In accordance with the relevant delegations an Interim Director for Growth and Regeneration has been appointed and started with the Council on 5th February. Due to the anticipated recruitment timetable and likely notice to be served, it is anticipated the interim arrangement would need to remain in place for approximately 4 months, though this will of course depend on the specific circumstances of any successful candidate.
- 3.5 A number of steps have already been taken to progress the recruitment process. Given the importance of these roles, it was considered appropriate to engage a specialist recruitment consultant to assist both with the search and the recruitment process. A procurement exercise has been undertaken and Gatenby Sanderson were selected as the preferred consultant to support the Council's recruitment process.
- 3.6 The recruitment process commenced on 25th January and it is anticipated final member interviews will take place mid-March.
- 3.7 It is proposed that a politically-balanced, 7 Member Recruitment Committee is established to oversee the recruitment process. To protect the integrity of this process, the details are set out in an exempt Appendix B.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 The two Director roles will have a significant role in delivering the Council's Corporate Plan. The Director for Growth and Regeneration will provide a lead role for the Council's Place aspirations, whilst the Director for Legal and Democratic Services will provide a key role in ensuring Council business is conducted effectively and legally. Both roles will have overlapping corporate leadership responsibilities.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The new corporate structure has been built into the budget proposals for 2018/19. The cost of the recruitment consultant is being met from underspends within the 2017/18 budget.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 As these appointments are both Director-level, reporting to the Chief Executive, they are Chief Officer posts. Under the Officer Employment Procedure Rules, the

appointment of a Chief Officer is a decision for a committee or sub-committee of the Council. The establishment of a Recruitment Committee creates an appropriate vehicle for the appointments to be made.

7.0 COMMUNITY SAFETY

7.1 There are no direct community safety implications associated with this report.

8.0 EQUALITIES

8.1 The recruitment process will fully comply with all equalities legislation.

9.0 RISKS

9.1 *To consider and give any risks related to this report. Number any risks and plot them in the coloured table by number ie. 1, 2, 3 and explain the risk in the Risk Description table below.*

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant			2	
	D	Low		1		
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

Risk No	Risk Description
1	Fail to agree an earlier termination date with Harborough Borough Council and have an overlap in both internal and shared legal resources.
2	Fail to identify a suitable candidate for either role

10.0 CLIMATE CHANGE

10.1 There are no direct climate change implications associated with the report.

11.0 CONSULTATION

11.1 The new structure was developed following a full consultation process with affected colleagues and trade unions.

12.0 WARDS AFFECTED

12.1 The appointment of directors to the Council's senior management team will have a significant impact on the Council's ability to deliver services and support all wards within the Borough.

Contact Officer Edd de Coverly – Chief Executive

Date: 10 January 2018

Appendices : Appendix A – Recruitment Committee - Proposed Terms of Reference
Exempt Appendix B – Summary of Recruitment Process

Background Papers: Senior Management Realignment report presented to Policy Finance and Administration
Committee on 7th December 2017

Reference : X:\Cttee, Council & Sub Cttees\Full Council\2017-18\7 February 2018

RECRUITMENT COMMITTEE - PROPOSED TERMS OF REFERENCE

COMPOSITION

7 Elected Members; politically balanced

The Leader is the Chair of this Committee and the Deputy Leader the Vice Chair

The Chief Executive to convene a meeting of the Committee as required.

DELEGATED FUNCTIONS

1. To oversee the recruitment process for the appointment of directors
2. To make offers of employment for the appointment of directors

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of the Local Government Act 1972.

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