Hinckley & Bosworth Borough Council

A Borough to be proud of

MEDIUM TERM FINANCIAL STRATEGY 2013/14 to 2016/17

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MEDIUM TERM FINANCIAL STRATEGY
2014 to 2017
FOREWORD

Finally, the national economy seems to be moving in the right direction. In March 2014, the Office for Budget Responsibility (OBR) updated their economic forecasts and these forecasts were substantially brighter than for many years: (see section 4.1)

As a result of these brighter figures the deficit is expected to continue to fall, albeit slowly. When compared to Gross Domestic Product (GDP) these numbers suggest that total Government borrowing will peak in 2015/16 at 78.7%.

The depressing news (and there is no way of avoiding it), however, is that we are barely halfway through the fiscal consolidation, and achieving the forecasts in the recent 2014 Budget will depend both on the continuation of the growth in the UK economy, and the achievement of some eye-watering savings targets. Public sector net borrowing is not expected to be eliminated until after 2017/18 which means that overall funding cuts in local government will continue.

The main objective for the Coalition Government continues to be to secure sustainable economic growth to enable national deficit reduction.
The Government's main requirements from local government in support of this objective are to achieve efficiency savings and reduced costs through more coordinated activity and a commitment to the growth priority at a local level.

The Council's resources from central government will continue to reduce whilst our ability to raise income locally will be constrained by factors such as:

- Control over council tax increases;
- Increased debt for residents and businesses;
- The pressure locally to keep our fees and charges down
- The 'share' of business rate taken by the Treasury ;and
- Ministerial statements about our use of Council reserves/assets,

Furthermore, New Homes Bonus, which has supported the budgets for all District Councils, may be threatened by further lobbying from County Councils to take larger shares. This argument arguably has more weight given the severe pressures on adult and children's services and additional powers created by transfers of community services.

The introduction of retained business rates last year is not as yet, showing the significant increases in revenue to Districts originally showcased by DCLG. The introduction of Local Council Tax Support has created further gaps in the Council's revenue budget reductions in the base. Debt and its recovery have become more significant; and there remains the likely prospect of redundancy costs if the Department of Works and Pensions (DWP) continues to drive forward Universal Credit from later this year.

Our ability to fund much-needed capital projects also remains constrained, because of the lack of availability of land and capital receipts and the inevitable reliance on making successful capital bids to funding held by organisations such as Leicester and Leicestershire Enterprise Partnership (LLEP). The plans for how LEPs will bid for and spending subsequent allocations of these funds are details in Strategic Economic Plans (SEP). As a member of the Leicester and Leicestershire LEP and also through close relationships with the Coventry and Warwickshire LEP, this Council will be working with these organisations to identify how bids can benefit projects in the Borough.

.Discussion is also currently under way with LLEP to share the significant projected business rates uplift for the next 25 years from the Enterprise Zone (EZ) at MIRA. The projected forecasts are included in the narrative of this document but no provision has been made on any potential share of the uplift as no agreement has been reached with the LLEP.

We will, over the course of this Strategy, experience additional pressures on our budgets from colleagues in the public sector; particularly the County Council, who are already expecting and needing Districts to assist their own efficiency priorities to deliver savings of £110 million in the next 3 years. Conversely, the decisions we make at District level on development which triggers New Homes Bonus, Business Rates growth and caps on the LCTS will have a direct impact on the finances of the major preceptors . We acknowledge we will need to be sensitive to these impacts as inevitably there will be a knock on impact on the delivery of public services.

The introduction of the “welfare cap” might have some impact on how future savings are allocated between services. However, this will only be the case if the “cap” makes future governments take active decisions to reduce the welfare bill (or to offset future increases).

In order to address the ongoing financial pressures in the sector, local government will continue to have to seek efficiencies and transform service delivery. By pre-empting these pressures in the past, this Council has put itself in a position where it has managed the pressures so far without any large scale reductions in expenditure. That said the cumulative effect of grant reductions, the economic climate and County Council cutbacks does create a situation where larger changes are required. Inevitably these may include staff restructures and possible cuts to non statutory services which are detailed in the Strategy.

As outlined above, the future of spending and funding for this Council is volatile and heavily dependant on factors such as Government policy and the financial stability of businesses, local citizens and partners. In order to effectively plan for the medium term, this Strategy presents 3 scenarios; a forecast position, best and worst case. Each scenario is based around a hybrid of assumptions for income streams, expenditure requirements and funding settlements, all of which could have a material impact of the financial standing of this Council.

In the past the Council has strived to, and has been successful in, delivering to the “forecast position”, however the deficit position created by the “forecast” in this MTFS creates a General Fund deficit and is therefore not sustainable. It is therefore imperative that elected Members work with the Senior Management team and staff to make decisions and put in place actions highlighted in this strategy that will enable the Council’s financial plans to deliver to the “best case” forecast for 2015/16 and 2016/17.

In order to manage the Council’s financial position and to ensure ongoing resilience and value for money, Council officers are continually looking to identify savings and cut costs. Since 2011/2012 the Council has achieved over £2,102,200 savings through the following initiatives:

- Sharing services such as building control and economic development with other local authorities
- Joint procurement exercises such as those used for Internal Audit and the new leisure centre
- Centralising and zero basing corporate budgets such as training, subscriptions and equipment purchases
- Providing service to other local authorities – they key example being the ICT shared service with Steria
- Cutting running cost through moving to the Hinckley Hub
- Tackling fraud to recovery more income
- Reviewing fees and charges and implementing new levies on services such as pre application advice
- Proactively reviewing reserves (see section 5)
- Use of a vacancy provision and ongoing scrutinty of vacancies
- Reviewing Councillor Allowances
- Identifying sources for external funding (e.g. Local Growth Fund, DECC funding and RGF)
- Introduction of Channel Shift initiatives to encourage self services

Whilst we have together delivered these necessary efficiency savings in order to balance the Council’s books, we must not lose sight of the very positive fact that through effective, efficient and flexible financial planning corporate led support this Council will by 2015/2016 have delivered or facilitated during this period of economic austerity over £140 million of regeneration to the Borough.

Whilst understanding, accepting and embracing the changes being imposed on Local Government by policy decisions being made in Whitehall and building this into how we as a Council have to change the way we operate with other public bodies to deliver our services, we also, at a local level, must not lose sight of the fact that we exist primarily to serve the citizens of our Borough. It is therefore important that this Council seeks to continually improve its financial management and continues to strive to provide financial information in a manner that is ‘user friendly'.

Effective planning therefore, although becoming increasingly difficult, continues to be particularly important in this period of national economic instability and local financial uncertainty resulting from unprecedented changes in the Local Government finance structure. By continuing to have well planned services and associated resource allocation, the Authority will be much better equipped to respond appropriately to community needs. Good planning will ensure that short-term solutions are not achieved at the expense of long-term sustainability.

The Council is very well equipped to deal with these challenges as it has become accustomed to sound financial planning linked to effective service delivery and has established a strong financial standing. Senior Management and Elected Members will need to continue to work closely together to strike the right balance in decision making for the long term benefit of the local community and for the future sustainability of the Authority.

Sanjiv Kohli
Deputy Chief Executive
(Corporate Direction)
and S151 Officer

Cllr Keith Lynch
Executive Member for Finance

2. INTRODUCTION

The Medium Term Financial Strategy (MTFS – the Strategy) 2014 to 2017 sets out the financial planning framework for Hinckley and Bosworth Borough Council (the Council) and shows how national, regional, sub-regional and local issues are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

The ongoing impact of austerity measures enacted by Government means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to business rates retention (BRR), localisation of council tax support (LCTS) and New Homes Bonus. That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.

Across the country, many Councils are having to look for drastic measures to cut costs and ensure solvency in the medium term. In Leicestershire, the County Council is required to make £110 million savings over the next five years. In order to achieve these targets, pressures will be transferred to district councils in areas such as waste, children's services and older peoples services. For this Council, the direct impact of these changes is forecast to create an estimated budget pressure from 2015/2016 of up to £500,000 overall. The indirect impact of changes inflicted by the County Council ,however, could increase this pressure by many thousands more.

Locally, the commitment to minimise the pressure of economic pressures on the local tax payer has meant that council tax has been frozen for a fourth year in 2014/2015. In real terms, this has created a opportunity loss in spending power during this period of over £650,000.

This, together with the desire of the Council to minimise increases and introduction of new fees and charges (e.g. car parking and green waste) to assist local residents and businesses means that the Council's budgets are coming under considerable strain from 2015/16 onwards.

The financial modelling forecasts within this Strategy include sensitivity analyses and 3 scenarios; "best", "worst" and "forecast" are presented. In all cases the scenarios outline costs and subsequent savings from staff restructures. Whilst the Council has managed for a number of years to identify alternatives to compulsory redundancies, this commitment cannot be realistically sustained from 2015/2016 onwards.

Whilst the "forecast" position shows a unsustainable draw down on reserves, the "best case" scenario in attainable through commitment to a number of targets and decisions. These movements (excluding decisions on Council Tax) are documented in the table below and will be used as a target for members and officers over the period of this Strategy:

<u>Table 1 – Best Case Scenario Targets</u>

	£
Net Borough requirement forecast 2015/2016	10,330,233
Net Borough requirement best case 2015/2016	8,959,333
Difference - Of which:	**1,370,900**
Additional legal fees	-50,000
Additional planning and building control income	-135,000
Additional recycling income	-14,000
Printing and postage savings	-10,000
Reduced impact of Sainsburys on car parking	-19,000
Additional ICT shared service income	-20,000
Additional contribution from LLEP for planning documents	-100,000
New Homes Bonus no longer provided to parishes	-478,000
BID contribution to car parking	-25,000
No additional appeals costs	-100,000
Council Tax Support Grant no longer provided to parishes	-143,000
Reduction of hardware support	-35,000
Business rates growth	-115,676
NNDR and electricity savings Hub	-50,000
Additional savings	-50,000

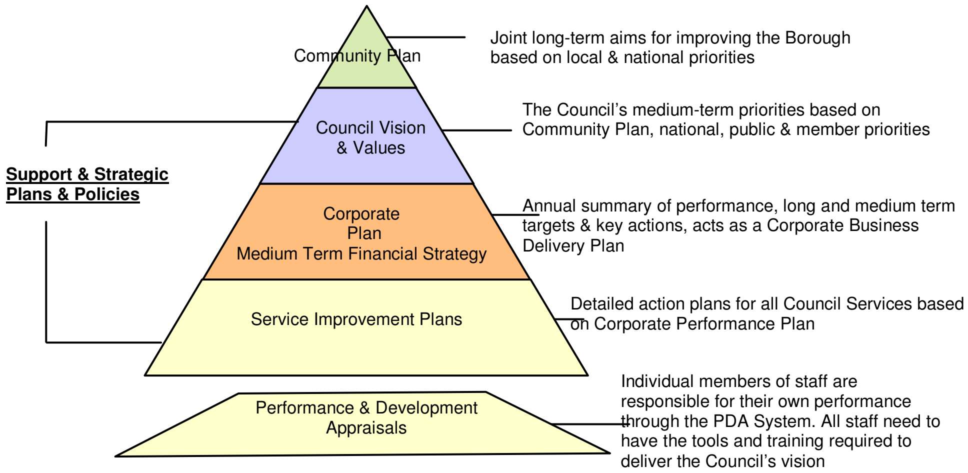
Despite the challenges, this Council continues to be committed to an adventurous Capital Programme. Funding for large schemes continues to be a challenge as regional funding that this Council benefited from in the past is no longer available and capital receipts are minimal. In order to achieve these schemes the Council has had to adopt a progressive attitude towards borrowing and reserves rationalisation. The result of this has meant that capital schemes will open up opportunities for revenue savings and income streams which help to support the MTFS into the future. (e.g. business rates from the Crescent, management fee income from the Leisure Centre and salary savings from the Regional Growth Fund) This relationship between capital and revenue emphasises the ever growing interdependencies of financial decisions and the need to not take financial decisions in isolation but rather from a corporate, holistic perspective.

The change in the Housing Financing System that came into effect from April 2012 has provided the Council with significant opportunities to invest in new and existing house stock and, in turn generate future funding streams and rent to maintain a healthy housing "business". The HRA Investment Plan sets out these priorities and should be read in conjunction with this Strategy.

2.1 Hinckley and Bosworth Borough Council – Corporate Planning Framework

The Medium Term Financial Strategy is one of a suite of strategic documents that forms the Corporate Planning Framework and sets out the national, regional and sub-regional factors affecting the financial planning and resource allocation of the Council linked to its Corporate objectives.

Table 2 – Corporate Planning Framework



The Council's vision is to make Hinckley and Bosworth **'a Borough to be proud of'**. To achieve the Council's vision four long term Aims have been identified:

- Creating a Vibrant Place to Work and Live
- Empowering Communities
- Supporting Individuals
- Providing Value for Money and Pro-active Services

The Council uses its performance management framework to ensure that services improve and that plans, partnerships and strategies deliver the Council's Aims.

The Council regularly consults its community regarding local priorities to inform its strategic plans and policies. This consultation is conducted through both the Citizens Panel and borough-wide through the Borough Bulletin and the Council's Internet.

Detailed plans for the development and delivery of services are included in Service Improvement Plans (SIPs) prepared on an annual basis by service managers. These are three year plans that are used to identify service pressures and thus inform the MTFS to identify resource requirements.

Confirmed local public priorities, Leicestershire area, Member and national priorities are used to develop and inform the Council's delivery plans for the medium to long-term. The purpose of setting priorities is to allocate resources to meet the needs of the borough, whilst recognising that the Council has finite resources and cannot achieve everything all at once.

The MTFS considers the services that the Council needs to invest in for the years ahead in order to meet the corporate objectives and long-term service ambitions and the implications of this spending on council tax levels, and on other sources of income. The budget strategy for each of the years of this strategy will similarly take into account the Authority's priority and non-priority services. As regards non-priority services, the Council needs to ensure that it meets minimum statutory requirements.

A "priority survey" was conducted by the Council in summer 2013 to consult on the priorities for residences which could be used to shape and devise policies going forward. The survey revealed the "top five" priorities of respondents as follows:

- Keep neighbourhoods clean
- Protect and improve our parks and open spaces
- Reduce the impact on the environment by council operations
- Sustain economic growth
- Identify and support the most vulnerable people

The results of this survey, along with consultation with members, officers and partners has informed a number of the proposals reflected in this document. Although the MTFS is a document that covers the forthcoming three years, it is reviewed annually and amended, as appropriate.

The resulting document is also designed to meet the financial objectives for the Council which are detailed below and considered in more detail in section 7:

- The Council should allocate resources to services in line with the Corporate Aims and Ambitions
- Ensure regular budget monitoring of actual spend against budget to assess outcomes and inform the Performance management Framework
- The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives
- To review the scale of fees and charges at least annually
- To optimise the financial return on assets and ensure capital re4ceiptd are obtained where appropriate opportunities arise
- Capital expenditure is properly appraised
- When funding the Capital Programme, all funding options are considered
- To review levels and purposes of Reserves and Balances
- To maintain sustainable Council Tax increases
- To increase efficiency savings and generate funding through shared services and collaborative working

3. EXECUTIVE SUMMARY

This Medium Term Financial Strategy takes into account the Council's Corporate Plan objectives. It takes into consideration national and county-wide initiatives together with local pressures facing the Council.

The MTFS is prepared under a climate of continued national and local uncertainty and large scale changes in the operation of local government finance. Many aspects of what the Council is striving to achieve during the MTFS period and the impact of various changes are difficult to quantify and will need to be continually refreshed. Nevertheless, it is important that this Strategy is refreshed to incorporate what is known but also to forecast what **could** occur in the future (both positively and negatively). By doing this the Strategy provides as clear a framework and direction as possible as to how resources can be used to support of the work of the Council over the three years.

This strategy has been compiled against the backdrop of the Comprehensive Spending Review (CSR10) announced by the Coalition Government in October 2010 and the Autumn Statement of 2013. The overriding objective of the CSR10 review was to eliminate the national budget deficit over the life of this Parliament. In order to support this objective, the total level of central government support to Local Government was forecast to drop by up 28% over the life of the review.

Since CSR10, central government has adapted the methods used to achieve its financial objectives. The Autumn Statement and Financial Settlement announced in 2013/2014 outlined a number of headlines regarding local government financing. These included:

- In future, Local Government will have longer term settlements on the same basis as Government Departments
- Going forward, the make up of settlements will become more aggregated, with a number of grants being "rolled into" the formula allocation
- The proposed New Homes Bonus transfer to the Local Growth Fund will not take place as previously intended. That said, no further clarification has been provide on the future of New Homes Bonus after 2016/2017
- Increases in the Business Rates baseline will be capped at 2% rather than linked to RPI inflation with small businesses and some retail premises in England receiving discounts
- An ongoing commitment to reducing high levels of council tax increases was promoted through a 1% Council Tax freeze grant and a referendum level of 2%. The Government has suggested that levels will be reviewed for parish councils going forward
- Introduction of the Efficiency Support Grant for those authorities who have a drop in overall spending power of over 6.9%

At a national level economic growth forecasts have increased from 0.6% to 1.4% for 2013/14 and from 1.8% to 2.4% for 2014/15. Public sector net borrowing is not expected to be eliminated until after 2017/18 which has meant that overall funding cuts in local government continue to be seen. The total spending power for English councils reduced by £1,665.5 million (3.1%) between 2013/14 and 2014/2015 and for shire districts this was a 2.5% decrease. The impact on the spending power for this Council is further detailed in section 4.2

In order to address the ongoing financial pressures in the sector, local government will continue to have to seek efficiencies and transform service delivery. By pre-empting these pressures in the past, this Council has put itself in a position where it has managed the pressures so far without any large scale reductions in expenditure. That said, the cumulative effect of grant reductions, the economic climate and County Council cutbacks does create a situation where larger changes are required. Inevitably these will include staff restructures and cuts to non statutory services which are detailed in the Strategy.

3.1 Assumptions and Scenario Planning

As outlined above, the future of spending and funding for this Council is volatile and heavily dependant on factors such as Government policy and the financial stability of businesses, local citizens and partners. In order to effectively plan for the medium term, this Strategy presents 3 scenarios; a forecast position, best and worst case. Each scenario is based around a hybrid of assumptions for income streams, expenditure requirements and funding settlements, all of which could have a material impact of the financial standing of this Council. By considering these varied scenarios, the Council is able to effectively quantify the potential impact of a range of circumstances which may occur.

Table 3 - Summary of Assumptions and Scenarios

	Worst Case	**Forecast**	**Best Case**
Council Tax	Freeze	Freeze 2% increase 2016/17	2014/15 Freeze 2% thereafter
Business Rates levels	10% decrease	No forecast growth	10% growth
Additional capital outlay	£950,000	£750,000	£650,000
Income levels - Development control - Car Parking - Trade Waste - Rental	Reduced levels	Assumed levels	Increased levels
New Homes Bonus	50% at Band C	75% at Band C	100% at Band C
Capital Receipts	0	0	Bus Station profit share realised
Appeals costs	£200,000 per annum	£100,000 per annum	£nil
New Homes Bonus Allocation to Parishes	25% allocation	25% allocation	No allocation from 2015/16
Council Tax Support to Parishes	£143,000 each year	Reduce by block funding % decrease from 2015/2016	Nil from 2015/2016
Revs and Bens Partnership Savings (15/16 onwards)	£35,000	£85,000	£85,000

In addition, the following assumptions have been used in all scenarios:

	2014/2015	**2015/2016**	**2016/2017**
Revenue Support Grant	2014/2015 Settlement	2015/2016 Draft Settlement	16% Reduction
Council Tax Base	Approved base	1% increase	1% increase
Pay increases	1% increase	1% increase	1% increase
Vacancy factor	5% of staff costs	5% of staff costs	4% of staff costs
Base Rate	0.5%	0.75%	1.5%
Inflation	3% increase (0% S&S)	3% increase (0% S&S)	3% increase (0% S&S)
LCTS Cap	12%	12%	12%
Leisure Management Fee	0	£220,000	£844,712
LDF expenditure	£375,500	£40,000	£258,000
County Council cuts	£45,000	£300,000	£500,000
Growths	Per budget	£100,000	£100,000
Restructure costs	£49,500	£250,000	£100,000
Restructure savings	1/3 per annum	1/3 per annum	1/3 per annum
Pension contributions	16.4% + £282,000	16.4% + £371,000	16.4% + £468,000

The following table summarises the service budget requirements and the underlying funding requirements for the three years of the Strategy along with a summary of the savings required to meet the best case position in 2015/2016. It is evident from this table that both the forecast and worst case position will mean that the Council does not hold minimum general fund balances of 10% of the net budget requirement. However, achievement of the "best case" scenario will allow the Council to invest over £5,000,000 into earmarked reserves for future pressure and spend.

Table 4 - Summary of Service Budget Requirements

	2013/2014	**2014/2015**	**2015/2016**	**2015/2016**	**2015/2016**	**2016/2017**	**2016/2017**	**2016/2017**
	Estimate	**Budget**	**Forecast**	**Best Case**	**Worst Case**	**Forecast**	**Best Case**	**Worst Case**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Working Balances Position (Excluding Special Expenses)								
Opening General Fund Balance 1st April	1,584,000	1,220,481	1,020,392	1,020,392	1,020,392	-103,509	1,020,392	-648,871
Transfer to /(from)from Balances	-363,519	-200,089	-1,123,901	0	-1,669,264	-785,899	0	-1,628,712
Closing General Fund Balance 31st March	**1,220,481**	**1,020,392**	**-103,509**	**1,020,392**	**-648,871**	**-889,408**	**1,020,392**	**-2,277,584**
Earmarked Reserves Position (Excluding Special Expenses)								
Opening Earmarked Reserve Balances 1st April	5,119,434	5,989,794	3,104,564	3,104,564	3,104,564	2,156,624	2,498,455	2,298,455
Transfer to Reserves	2,779,056	528,281	377,000	818,831	818,831	364,585	1,615,049	1,615,049
Use of Reserves	-1,908,696	-3,413,511	-1,324,940	-1,424,940	-1,624,940	-420,940	-420,940	-420,940
Closing Earmarked Reserves Balance 31st March	**5,989,794**	**3,104,564**	**2,156,624**	**2,498,455**	**2,298,455**	**2,100,269**	**3,692,564**	**3,492,564**
Total General Fund Reserves and Balances	**7,210,275**	**4,124,956**	**2,053,115**	**3,518,847**	**1,649,584**	**1,210,861**	**4,712,956**	**1,214,980**
Net Budget Requirement	10,016,260	9,731,464	9,325,661	9,520,493	9,198,134	9,806,001	10,201,790	9,411,571
Minimum Balance Requirement	1,001,626	973,146	932,566	952,049	919,813	980,600	1,020,179	941,157
General Fund Surplus/(Deficit)	**218,855**	**47,246**	**-1,036,075**	**68,343**	**-1,568,685**	**-1,870,008**	**213**	**-3,218,741**

4. ECONOMIC CLIMATE

The national and local economic climate must be taken into account when developing the MTFS. Local government continues to be a sector that is impacted by state of the overall economy. The wider fiscal position of the country affects the level of resource available from government to pass down to councils. Despite the introduction of "localism", local government continues to be a sector whose finances are determined by Westminster.

In addition, the changes in local government financing introduced since CSR10 means that the relative "wealth" and mobility of individuals, businesses and partners have a direct correlation to financing available through business rates, New Homes Bonus and subsided service provision. The current economic downturn and recessionary period will also continue to add financial pressures with decreased income from charges, increased costs and drop in land values, at a time when there will be an increased demand for our services.

4.1 Economic Outlook

The following commentary on economic outlook has been provided by the Council's treasury management consultants Sector [1]

4.1.1 The Global Economy

The sovereign debt crisis eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year Euro Zone bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt, reduce internal price and wage levels and promote economic growth. The Euro Zone finally escaped from seven quarters of recession in quarter two of 2013 but growth is likely to remain weak and so will dampen UK growth. The European Central Bank's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The USA's economy has managed to return to robust growth in quarter two 2013 of 2.5% y/y and 3.6% y/y in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve therefore decided in December to reduce its $85bn per month asset purchases programme of quantitative easing by $10bn and by another $10bn in January. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have all improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels.

4.1.2 Economic Growth

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 (quarter one +0.3%, two +0.7% and three +0.7%), to surpass all expectations. The Bank of England has, therefore, upgraded growth forecasts in the February quarterly Inflation Report for 2014 to 3.4%, 2015 to 2.7% and 2016 to 2.8% The February Report stated that:

"The UK recovery has gained momentum and inflation has returned to the 2% target. Reduced uncertainty, easier credit conditions and the stimulative stance of monetary policy should support continued solid economic growth, with the expansion in demand becoming more entrenched and more broadly based.

[1] http://capitaassetservices.com/products-and-services/public-sector.cshtml

Robust growth has not so far been accompanied by a material pickup in productivity. Instead, employment gains have been exceptionally strong and unemployment has fallen much more rapidly than expected. The LFS headline unemployment rate is likely to reach the MPC's 7% threshold by the spring of this year. Even so, the Committee judges that there remains spare capacity, concentrated in the labour market.

Inflation is likely to remain close to the target over the forecast period. Given this, and with spare capacity remaining, the MPC judges that there remains scope to absorb slack further before raising Bank Rate. Moreover, the continuation of significant headwinds — both at home and from abroad — mean that Bank Rate may need to remain at low levels for some time to come."

The Bank of England issued forward guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate had fallen to 7% or below. However, unemployment has fallen much quicker than the Bank expected and in February 2014 stood at 7.1%. Accordingly, in the February report, the Bank broadened its approach. Given the spare capacity in the economy of 1-1.5% of GDP, mainly in the labour market the Bank will refrain from raising the bank rate until a significant inroad has been made into reducing this spare capacity. In light of this the first increase in rate is likely to be in quarter two of 2015 and rate rises will be slow and gradual (probably 25bp per quarter) to a forecast level of 2% in three years time.

Whilst the bank rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy, aimed at supporting the purchase of second hand properties, started in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. The Bank does not feel that Bank Rate increases would be effective in reducing house price inflation in London as a large part of property purchase is being done as cash transactions and / or by foreign purchasers, and is aggravated by a major short fall in new housing supply compared to the level of demand. As for bank lending to small and medium enterprises, this continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation has fallen from a peak of 3.1% in June 2013 to 2.0% in December. It is expected to remain near to the 2% target level over the MPC's two year time horizon.

Given these conditions, forecasts for base rate and interest rates for debt from the Public Works Loan Board (PWLB) are projected by Sector in the table below:

Table 5 – Forecast bank and borrowing rates

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	**25 year**	**50 year**
Mar 2014	0.50	2. 60	4.40	4.40
Jun 2014	0.50	2.60	4.40	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.80	4.60	4.60
Mar 2015	0.50	2.90	4.70	4.70
Jun 2015	0.50	2.90	4.70	4.80
Sep 2015	0.50	3.00	4.80	4.90
Dec 2015	0.75	3.10	4.90	5.00
Mar 2016	0.75	3.20	5.00	5.10
Jun 2016	1.00	3.20	5.00	5.10
Sep 2016	1.25	3.30	5.10	5.10
Dec 2016	1.50	3.40	5.10	5.20
Mar 2017	1.75	3.50	5.10	5.20

4.1.3 <u>Inflationary increases</u>

Reflecting these forecasts, an inflation rate of 3.% has been used for contracts for all years of this Strategy, unless otherwise specified within the terms of the specific contract. Investment projections have been calculated assuming an average return of 0.5% for 2014/2015 and increasing to 1.5% in 2016/2017.

4.2 Local Economic Climate

In drafting this Strategy, we must also consider the local economic climate and demoograpghics in order to understand the context and impact of decisions on residents.

As a Borough, Hinckley and Bosworth is dealing comparable well with the economic climate. Unemployment is currently running at 5.9% in the Borough compared with 7.7% in the East Midlands and 7.7% nationally. [2] Although the town centre is feeling the impact of the recession, its vacancy rate is currently 7.3% which is well below the national average of 14.1%.

As at February 2014 there were 1,180 Jobseeker's allowance claimants in the Borough As a proportion of the working age population this is 1.8% which is below both 2.9% for the East Midlands and 3% for Great Britain. [3]
In 2013 the gross weekly pay for all full-time workers for Hinckley and Bosworth was £496.90 which is slightly below the Great Britain average of £517.80, however is above the East Midlands average of £474.60. [4]

4.3 Local Government Financing

Each year the Council receives a significant amount of financial support from central government in the form of grants. The allocations to the Council are determined by Government carrying out Comprehensive Spending Reviews (CSR) which enables it to decide how much it can afford to spend, what its priorities are and targets for improvements to be funded by additional resources.

The last full review was undertaken in summer 2010 (CSR10) following the General Election in May 2010 and covered the four years following. The spending targets set in this review were significantly influenced by the Coalition Government's desire to remove the deficit within the term of this current Parliament.

Ahead of the next full review, the government underwent a "mini" Spending Review in 2013 to refresh and consider arrangements outlined by CSR10. The key points of this review for local government included:

- Public sector pay rises will be limited to average of 1% for 2015/2016
- A reform of the notion of automatic progression pay - this is where employees get a pay rise and move up a pay grade every year, regardless of performance
- The Department of Communities and Local Government will need to make a further 10% savings in the forthcoming year
- £3billion of capital investment in affordable housing and the troubled families programme
- Support for another two years of council tax freezes through provision of grant funding for eligible councils
- An additional £2 billion in growth funds which can be bid for by local enterprise partnerships

The specific allocations of funding for all local councils is announced in the annual "Autumn Statement" and published in Local Government Finance Settlement for the following year. The headlines detailed in the 2014/2015 Settlement and draft 2015/2016 settlement are detailed below. In total, funding available for all English councils fell by £2.5billion or 9.41% in 2014/2015 and further cuts of 13.18% are expected in 2015/2016. It should be noted that the cuts for district councils such as Hinckley and Bosworth are far starker at 13.46% and 15.48% for 2014/2015 and 2015/2016 respectively. This is primarily due to the protection of social care funding in upper tier authorities.

Table 6 – Summary of funding assessments contained in 2014/2015 Finance Settlement

	2013-14 Funding Assessment	2014-15 Settlement Funding Assessment	Illustrative 2015-16 Settlement Funding Assessment
	£million	£million	£million
Total England	26,256.42	23,785.62	20,650.81
Shire Districts	1,263.79	1,093.74	924.40

[2] Source: Nomis September 2013
[3] Source: Nomis February 2014
[4] Source: Nomis September 2013

For this Council, the funding arrangements announced in the Settlement are as follows:

Table 7 – 2014/15 Local Government Finance Settlement

	2014/15 Final Settlement	2015/16 Draft Settlement	Mvt	Mvt
	£	£	£	%
Revenue Support Grant	1,949,297	1,107,335	-841,962	-43.19%
Council Tax Support Grant [5]	544,764	544,764	0	0.00%
NNDR	2,251,383	2,313,524	62,141	2.76%
Council Tax Freeze Grants[6]	146,726	146,691	-35	-0.02%
Total core financing[7]	**4,892,170**	**4,112,314**	**-779,856**	**-15.94%**

Based on this allocation, the funding of this Council is expected to decrease above average for 2015/2016. This in turn also impacts the "spending power" per dwelling for citizens of the Borough as detailed below:

[5] Whilst this grant is not specifically awarded from 2014/2015 onwards, DCLG stated that the allocation has been assumed as frozen and therefore this has been assumed in the presentation of funding for 2014/15 and 2015/16

[6] Grants for 2011/12 and 2013/14. It is expected that the grant announced for 2014/15 will be "rolled into" the core settlement from 2014/15 onwards

[7] For the purposes of this Strategy, the provisional figures for 2015/2016 have been incorporated, with a further reduction in RSG of 16% in 2016/2017. NNDR funding has been adjusted based on the sensitivity analysis highlighted in Table 1.

Table 8 – Spending power per dwelling

	Spending power per dwelling		
	2013/2014	2014/2015	2015/2016 Indicative
	£	£	£
Average - Shire Districts	296.22	288.82	268.3
Hinckley and Bosworth Borough Council	234.06	226.14	207.8
Difference £	-62.16	-62.68	-60.5
Difference %	20.98%	21.70%	22.55%

It is clear from this analysis that the outcomes of funding reductions will impact this Council in material terms from 2015/2016. In order to mitigate this loss of income, budgets must be reviewed and cost bases lowered.

This position is echoed by PriceWaterhouseCoopers LLP in their annual local government survey "The Local State We're In"[8]. The results of this survey of local government Chief Executives and Leaders noted that:

- 57% thought that 2015/2016 would be the most financially challenged compared to 33% who said 2013/2014
- 96% of Chief Executives agreed with the statement "The 2013 Spending Review will result in further significant financial pressures for my Council and for a longer period of time"
- 94% of Leaders and 89% of Chief Executives agreed with the statement that "Some local authorities will get into serious financial crisis in the next three years
- Chief Executives ranked new incentives such as business rates retention as the factor that would most likely increase income into their authority. In the previous year the most popular answer was "increasing existing fees and charges"

[8] "The Local State We're In" PricewaterhouseCoopers (2013) available at www.psrc.pwc.com

5. MAIN FINANCIAL FACTORS AFFECTING HINCKLEY AND BOSWORTH BOROUGH COUNCIL

It is impossible to identify all of the national, regional and local factors impacting this Council over the period of this Strategy. Indeed, given the current climate, the number and nature of these factors alters significantly over a financial year. The most predominant and material financial factors are detailed in table 1 and a high level review of each of these is provided in this section.

5.1 Council Tax

The amount of council tax an authority needs to raise is the difference between its budget requirement (the Council's planned spending less any funding from reserves and income, excluding income from the Government and council tax) and the funding it will receive from the Government. The level of council tax and any increase is approved by Council annually.

One of the directions of CSR10 and the 2013 Spending Review was that Council's should seek to set a zero increase in council tax where possible. The Government announced compensation grants for those Council's who met this objective. This Council has frozen council tax since 2011/12 and therefore has been eligible for these grants as detailed below:

Table 9 – Council Tax Freeze Grant Allocation

	Freeze grant %	HBBC Allocation [9] £
2011/2012	2.50%	104,400
2013/2014	1%	49,000
2014/2015	1%	43,000

[9] The actual allocation differs between years and therefore these number are to the nearest £1,000

For the purpose of this Strategy, three different scenarios have been used to consider the impact of council tax levels going forward. These have been detailed in table 1 and are quantified below:

Table 10 – Council Tax Levels

	Average Band D Property					
	2013/14	**2014/15**	**2015/16**	**2015/16**	**2016/17**	**2016/17**
	Actual	**Estimated**	**0%**	**2%**	**2% on Frozen 2015/16**	**2% on 2% 2015/16**
Hinckley & Bosworth Council	£95.96	£95.96	£95.96	£97.88	£97.88	£99.84
Special Expenses	£16.13	£16.13	£16.13	£16.45	£16.45	£16.78
Borough Wide	**£112.09**	**£112.09**	**£112.09**	**£114.33**	**£114.33**	**£116.62**

Based on the assumptions above, if council tax is not increased over the years of this Strategy, the Council will forego £157,235 of council tax and therefore spending power[10]. This is in addition to the £650,000 opportunity cost "lost" from freezes to 2014/2015.

5.2 Business Rates

Before 1st April 2013, business rates were collected by local authorities from businesses, before being paid into a central pool to be redistributed as part of grant funding. This system meant that local authorities did not have any financial incentive to promote business growth in their area, as they did not receive any of the business rates receipts from new development.

The Local Government Resource Review removed this centralised scheme and instead introduced a system of business rates retention. From 2013/14,

[10] Based on a constant tax base.

billing authorities will paid over 50% of collected business rates to the DCLG to be returned as Revenue Support Grant (RSG). The remaining 50% is split between the billing authority (80%) and the precepting authorities (20%).

Following these payments, the retained business rates of billing authorities is subject to a tariff. Any growth in business rates over a set baseline is subject to a "levy" payment of 50%, with the remaining half retained by the host council. Correspondingly, if a Council loses 7.5% of their set threshold, a "safety net" payment will be triggered to compensate for the loss.

Baselines for each council are detailed in the annual Settlement. When the initiative was first announced it was intended that this level would be up rated by the retail price index (currently around 3%) each year. However in 2014/2015 this uplift was capped at 2% and councils were compensated for this loss in income through a general grant allocation (£24,570 for this Council). In addition, the Government has also pledged to clear 95% of the September 2013 appeals backlog by July 2015 to allow councils to more accurately forecast rates levels and forecast their financial position.

The purpose of the changes is to ensure that growth is retained at a local level and therefore there is an incentive for local Councils to promote business growth. That said, the government has also looked to encourage businesses back into town centres through the introduction of reliefs for retail premises and extension of small business rate relief.

For this Council, the baseline funding level has been set at £2,251,383 for 2014/2015 following a tariff payment of £8,799,123.In order to ensure a prudent position, no growth was budgeted for 2014/2015, though scenarios of the impact of upwards and downwards movement have been considered in the Strategy as outlined in table 1. As with the remainder of the sector, the uncertainty around appeal outcomes means that any forecasts continue to be speculative. As at the time of writing this report the Council had £674,000 of appeals outstanding. Of this amount £81,000 was likely to be settled before 31st March 2014

The NNDR reforms also allowed local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments (50% of growth) are made into a local pool rather then paid to central government. Correspondingly, losses will be funded from the pool.

Under pooling, levy and safety net thresholds are then set at the pool level (i.e. the total of all individual thresholds)

The Leicestershire business rates pool which was formed in 2013/2014 has been disbanded in 2014/2015 following uncertainties over guidance on the appeals process and accuracy of forecasts. The future of any such pool will continue to be monitored and considered over the period of this Strategy.

In addition to "standard" business rates collected, the creation of the Enterprise Zone at MIRA Technology Park will also generate business rates uplifts estimated at over £14million for the first ten years of operation. In order to stimulate such growth, these uplifts are not subject to business rate retention rules. The Council is currently in negotiation with the Leicester and Leicester Local Enterprise Partnership (LLEP) to identify what element of this uplift will be retained by the Council directly. In order to be prudent, this income has not been included in this version of the Strategy.

5.3 Capital Schemes

The Council's capital investment plans are outlined annually in the Capital Programme (the "Programme") which is approved at the same time as the revenue budget. The Capital Programme for 2013/2014 – 2016/2017 forecasts spend of £23,306,855 and is concentrated around the achievement of three capital projects detailed as follows:

Table 11- Summary General Fund Capital Programme

2013/14	2014/15	2015/16	2016/17	Total
£	£	£	£	£
3,012,719	7,663,069	11,965,212	665,855	**23,306,855**

5.3.1 The Crescent (£4.5million)

This scheme involves redevelopment of the town centre bus station site, including a new supermarket, bus station, 560 space car park, new shops, family restaurants and cinema. Following renegotiation of the Development Agreement with the schemes developer, The Tin Hat Partnership, Council approved on 16th July 2013 capital investment of £4,500,000 to purchase the freehold of the Leisure "Block C" upon completion.

Based on the current development programme, completion of Block C will occur in June 2015. The Council's £4,500,000 investment has therefore been included in the Programme in 2015/2016, to be funded by borrowing approved by Council in July 2013.

On completion of the development, blocks A, B and D will be sold by Tin Hat Partnership on the open market. Tin Hat Partnership will have priority over the first £5,000,000 of development profit with the balance split 80:20 (THP:HBBC). This receipt (currently estimated at £1,200,000) will be used by the Council to partly fund the Leisure Centre project. The development agreement contains a "long stop" date for this sale of five years following completion (currently programmed for 27th July 2015).

5.3.2 Hinckley Leisure Centre (£13.55million)

The current Leisure Centre building on Coventry Road was opened in 1975 and will be at the end of its design life by the end of 2015. Council approved the decision in November 2012 to proceed with the procurement of a Partner (or Partners) to develop a new Leisure Centre and deliver the ongoing management of the Centre. Having considered all of the alternatives, Council agreed to relocate the Leisure Centre to the former Council Offices location on Argents Mead.

The preferred bidder for the New Leisure Centre was approved by Council on 21st January 2014. The approved bid was is a high specification centre which includes:

- 25 metre, 8 lane swimming pool and learner pool
- 8 court sports hall
- Family Climbing Wall
- Larger Learner Pool with moveable floor
- Separate splash/water familiarisation and fun zone in pool hall
- Glazed Group Cycling studio
- Health Suite (Sauna and steam rooms)

The approved scheme which will be a significant income stream to the Council has an estimated capital cost of £13.55million which will be expended and financed as follows:

Table 12- Hinckley Leisure Centre Expenditure and Financing

	2013/14	2014/15	2015/16
	£	£	£
Expenditure	**50,000**	**6,750,000**	**6,750,000**
Financed by			
Leisure Centre Reserve	50,000	2,610,000	0
Capital Receipts (depot site)	0	2,000,000	0
Leisure Centre Temporary Financing	0	0	3,400,000
Leisure Centre Borrowing	0	2,140,000	3,350,000
Total financing	**50,000**	**6,750,000**	**6,750,000**

5.3.3 Regional Growth Funding (£17.761million + £1.713million Pinchpoint)

During 2012/2013, the Secretary for State for Business Innovation and Skills (BIS) confirmed that Hinckley and Bosworth Borough Council would receive £19,474,000 in Regional Growth Funding (RGF) to support the development of the MIRA Enterprise Zone and wider economy. This has subsequently been reduced to £17.761million following allocation of £1.713million of "Pinchpoint" funding for the scheme directly to the Highways agency. The funding will be spent in conjunction with MIRA, the Highways Agency and Highways Authorities to provide enhanced highway capacity on the A5 around the zone and other sustainable transport initiatives. In addition, elements of the funding have been provided to fund the relocation of a substation on the current site and also to support sustainable transport links for the zone.

The capital works associated with this project are due to commence in 2014/2015. Expenditure will be incurred in the main by the Council with some elements being passported to MIRA and Highways Agency to fund the works. In all cases the expenditure is funded by the RGF monies and therefore the scheme has not net impact on the capital financing requirement of the Council.

In addition to this, the Council is working with partners to bid for additional Enterprise Zone funding, to be announced in September 2014.

5.3.3 Additional schemes and revenue scenarios

In addition to these major schemes, the Council is also considering the purchase of a new car park in the town centre. In order to finance this scheme, the Deputy Chief Executive (Corporate Direction) has indicated that an earmarked reserve of £1,000,000 resulting from a developer incentive payment granted to the Council will be firstly used, with borrowing undertaken to cover any shortfall.

Although capital expenditure is clearly separated from revenue spend within the Council's budget, the use of capital resources has an impact on revenue in the following ways:-

- The use of capital resources will result in a corresponding reduction in investment income.
- Any borrowing will incur interest payments and minimum revenue provision which is charged as a "cost" to the Councils revenue budget
- The creation of new assets will require running costs that will have to be funded from revenue sources.

As outlined in Table 1, this strategy has considered the impact of three capital financing scenarios on the revenue budget, each of which reflect differing levels of borrowing should forecast capital resources not be available for use:

Table 13 – Capital Financing Scenarios

	2014/15	2015/16	2016/17
	£	£	£
Forecast - Current Capital Programme + £0.750million outlay for car park			
Net Interest	2,490	408,138	648,839
MRP	517,570	605,980	877,695
Total Capital Charge	**520,060**	**1,014,118**	**1,526,534**
Worst cast - Current Capital Programme + £0.950million outlay for car park			
Net Interest	2,490	408,138	648,839
MRP	517,570	613,980	885,695
Total Capital Charge	**520,060**	**1,022,118**	**1,534,534**
Best cast - Current Capital Programme + £0.650million outlay for car park receipt + £1,200,000 from bus station			
Net Interest	2,490	408,138	577,559
MRP	517,570	601,980	873,695
Total Capital Charge	**520,060**	**1,010,118**	**1,451,254**

5.4 New Homes Bonus

New Homes Bonus was introduced in February 2011 and is designed to encourage housing growth by providing a financial incentive for councils and local people to accept new housing.

For each additional new home built local authorities receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use. In addition a £350 payment is granted per year for each affordable home, as well as traveller sites in public ownership.

The grant is made to local authorities on a non-ring fenced basis with 80% to a district authority and 20% to a county council in two-tier areas. In addition, this Council has determined a voluntary contribution to Parish Councils where the development takes place of 25% from its 80% allocation. Hinckley & Bosworth Borough Council continues to be the only district in Leicestershire which passports New Homes Bonus in this way. It has been agreed that this arrangement will be reviewed from 2014/2015 and the Strategy considers scenarios for this per tables 1 and 3.

Table 14 – New Homes Bonus Allocations

Financial Year	Total Allocation (80%) (£)	Transfer to Parishes (£)	Retained NHB (£)
2011/12	349,760	87,440	262,320
2012/13	711,292	177,823	533,469
2013/14	1,042,501	255,815[11]	786,687
2014/15	1,401,891	348,526	1,053,365
Total	**3,505,444**	**869,604**	**2,635,841**

To date this Council has been awarded over £3.5million of funding through New Homes Bonus of which 25% (approx £875,000 has been passported to parish councils). This funding has not been used for specific projects but rather to support the General Fund and sustain discretionary services.

The award of New Homes Bonus is driven by the housing market and is therefore difficult to predict with any significant degree of accuracy. As outlined in table 1, therefore, three scenarios have been forecast based on the current planned housing trajectory for the remaining years of the MTFS. These contain the income streams that may be received as a result of the Sustainable Urban Extensions (SUE) at Barwell and Earl Shilton.

[11] In 2013/14 and 2014/15 the Council was awarded small additional amounts of returned funding for New Homes Bonus after allocations were communicated to parish councils

Table 15 – New Homes Bonus Forecasts

Total (80%) NHB - Before Parish Allocation			
	Worst Case (£)	Forecast (£)	Best Case (£)
2014/15		1,401,891	
2015/16	1,656,945	1,784,472	1,911,999
2016/17	2,054,795	2,381,248	2,707,700

Future arrangements for New Homes Bonus are currently unknown past 2017/2018. Whilst it has been confirmed that the funding will not be “top sliced” for Local Enterprise Partnerships in the immediate future, it is yet to be established whether the funding stream will cease in its entirety from this date or if future developments will be honoured. On this basis, the council must consider substitute funding streams that would compensate for any loss of income.

5.4 Welfare Reform

5.4.1 Local Council Tax Support

From 2013/14, Council Tax Benefit for non pensioners was removed and instead, all individuals were required to pay an element of council tax based on an agreed local scheme. From a budget perspective this resulted in the removal of council tax subsidy and also Council Tax Benefit payments from the Collection Fund.

From a financing point of view, the introduction of the Local Council Tax Support Scheme (LCTS had the result of reducing the council tax base for the Council as income is only received for a proportion of those properties previously in receipt of Council Tax Benefit. The council tax base for this Council for 2013/14 was impacted by -3,532.7 band D equivalents and Council Tax of £318,617 as a result of the introduction of a 8.5% capped scheme. For 2014/2015, this Council has agreed to increase this cap to 12%, meaning that individuals will be required to pay 3.5% more then in previous year. The impact of this (along with other changes relating to new homes) has meant that the proposed council tax base for this Council has increased by 1,367 Band D equivalents which in turn will generate £35,572 of average council tax income.

Following this change it is not intended that any furher alternations will be made to the LCTS in future years and therefore this Strategy assumes a 12% cap for all years.

In order to compensate for the loss of income created by introducing a scheme, the 2013/2014 Finance Settlement included £544,764 of Council Tax Support Grant for this Council. £143,000 of this amount was passed to parish councils to reduce the impact on their council tax bases. In addition, the Council received a grant of £14,000 from the DCLG as an incentive to restrict the council tax cap to 8.5%. The 8.5% grant was removed in 2014/2015. Additionally the Settlement for 2014/2015 did not separately identify any Council Tax Support Grant. However, the consultation on the document advised Authorities to assume that a similar level had been included for this purpose. The presentation of the Settlement in table 5 therefore has followed this advice and £143,000 of this amount was allocated to parish councils. This is not a mandatory requirement and many Councils have not granted any element of the grant in either years. Scenarios for any future allocation have been considered in this Strategy per table 1.

5.4.2 Universal credit

Universal Credit is aimed at simplifying the benefits system by bringing together a range of working-age benefits into a single streamlined payment. It is designed to promote digital and financial inclusion and smooth the transition between welfare and work.

The total level of annual funding will be determined with reference to the estimate of total service cost. DWP is working with local authorities and local authority associations to estimate the cost of local support services. Councils will be expected to continue to provide welfare advice and support, housing advice and solutions to their residents from existing funding arrangements. This Strategy will updated for any impact when clarification is received.

5.6 Salary costs

As a local authority, salary costs are the single largest item of expenditure for this council and budgeted for at £8.9million in 2014/2015. In light of this, it is essential that salary costs are effectively scrutinised in the MTFS to ensure that the workforce is efficient and fit for purpose.

One way in which efficiencies are achieved in salary costs is through the use of a vacancy factor percentage that is applied to salary costs. In 2014/2015 a factor of 5% was used (increased from 4% in 2013/204). A vacancy factor continues to be budgeted for in this Strategy, though the rate will be decreased to take into account potential staffing reductions through restructures.

In order to manage the financial pressures expected from 2015/2016 onwards, this Strategy assumes that a restructure and consequential redundancies will be required to realise salary savings in the base budget. The exact cost and savings resulting from this process will not be known until the restructures and any applications are confirmed. However for the purpose of the MTFS, the following costs and savings, including any vacancy factor, have been assumed.

Table 16 – Restructure costs and income

	2014/15	2015/16	2016/17	2017/18
	£	£	£	£
Redundancy/ Notice pay[12]	49,400	250,000	100,000	0
Pension strain	9,880	59,880	79,880	79,880
Total costs	*59,280*	*309,880*	*179,880*	*79,880*
Salary savings	0	-16,467	-116,267	-249,400
Net cost (saving)	**19,280**	**293,413**	**63,613**	**-169,520**

The MTFS also includes assumptions regarding pay increases. In accordance with national pay deal projections which are currently being negotiated, a 1% increase have been applied for each year of the Strategy.

[12] The Council will look to apply for a capitalisation directive for redundancy costs. In order to be prudent however these have been deemed revenue payments for the purpose of this Strategy . Based on the current guidelines it is expected that costs of circa £500,000 would be required to qualify for a directive.

The other significant change in the payroll budget is the increase in the employer's contributions for pension payments to the Local Government Pension Fund (managed by Leicestershire County Council), to pay the pension liabilities of current and previous employees.

This rate is made up of a contribution to meet the cost of the pensions benefits that employees accrue in the current year and also an adjustment to deal with any deficit or surplus that there may be on the Pension Fund resulting from the accrual of benefits in previous years. The contribution rates are determined by the Fund's Actuary, who values the Fund every three years to assess its solvency level i.e. the ability of the fund to meet all future liabilities.

The pension assumptions included in this Strategy have been confirmed by the funds actuary following the valuation as at 31st March 2013. This valuation reflected £500million increase in the total liability of the scheme since the previous review and therefore contributions have increased to cover this deficit. The communicated rates also reflect outcomes of the Hutton report and the introduction of career average related earnings scheme (CARE) from 1st April 2014.

5.7 <u>Income levels</u>

A significant proportion of the council's expenditure is financed from income from fees and charges. The forecast for the total income from fees and charges in 2014/2015 is around £3.5million. A number of these income streams are extremely volatile and depend on external factors such as take up, demand and local economic conditions. On this basis, it is important that this Strategy forecasts varying levels income to consider the financial impact of fluctuations that may occur. The more significant and sensitive changes in income levels are set out below.

5.7.1 <u>Planning Fees</u>

Planning income refers to the charges the Council receives for planning application and building control fees. Income received can fluctuate significantly depending on the state of the market and the level of development that is taking place.

Since 2010/11, the Council has seen large increases in Development Control Income, in part due to an improvement in the local economic situation, as seen with the large developments such as the MIRA site on the A5, the Sketchley Brook site in Hinckley and the Barwell and Earl Shilton SUEs. In addition, this Council's Executive introduced in July 2012 a pre application charging regime for the following types of development which generated over £32,000 of additional income in 2013/2014.

The future trend of this income source is difficult to predict as it is linked to the economic outlook and future developments. What is known however is that no developments similar to those seen in the last few financial years are forecast for the period of this Strategy and therefore such "windfalls" cannot be reliably forecast.

In addition to income received for planning fees, the council has seen significant costs for appeals against decisions taken by Planning Committee. In 2013/2014, £78,000 was paid out in legal fees associated with appeals, compared with £18,000 in the previous year. In order to prudently budget for future costs, scenarios for appeal costs have also been considered in this Strategy.

The projections predict that regular development control income is likely to be fairly constant over the period of the Strategy. The best case scenario does pre-empt some increase in development control income if the housing market improves going forward. Building control fees are however likely to be squeezed due to increased competition in the market.

The best case scenario does also identify the potential for income from three large applications in 2015/2016. These have not currently been budgeted for because of the uncertainty around the future of these applications.

Table 17 – Development Services Income Assumptions

	2015/16 F'cast	2015/16 Best Case	2015/16 Worst Case	2016/17 F'cast	2016/17 Best Case	2016/17 Worst Case
	£000	£000	£000	£000	£000	£000
D'ment Control	550	560	530	567	577	546
B'ding Control	160	170	150	160	170	150
Large apps		135				
Total	**710**	**865**	**680**	**727**	**747**	**696**

5.7.2 Car Parking Income

Another major source of income for the Council is Car Parking Charges. The Council operates 28 car parks in the Borough. In Hinckley Town Centre, 19 pay and display car parks are currently operated, 10 which are short stay and 9 long stay.

Income from the car parks operated by the council for 2013/2014 was budgeted at £410,000. In addition, the council has also received £62,000 in season ticket income. In order to address issues with footfall in the town centre, the council introduced a number of initiatives such as free parking on Tuesday afternoons and Christmas and also reduced short stay charges from April 2013 to support local businesses.

Going forwards the level of income received from parking will be affected by the development in the town centre. The Council will no longer have access to the Brunel Road car parks when the Crescent development commences. The MTFS also assumes loss of income resulting from the provision of parking at the Crescent supermarket for free/marginal price. The negative impact on pay and display income of similar developments at other authorities has been in excess of 40%.

Table 18 – Car Parking Income Assumptions

	2015/16 Forecast	2015/16 Best Case	2015/16 Worst Case	2016/17 Forecast	2016/17 Best Case	2016/17 Worst Case
	£000	£000	£000	£000	£000	£000
Income	409	428	349	349	408	258

5.7.3 Refuse and Recycling Income

The Environmental Protection Act (1990) places a duty on the Council to arrange for the collection of domestic waste. This service is provided by the Councils "in house" service. In addition to domestic waste, the "in house" team operates an alternate week service for garden waste (Brown Bin) and residual waste (Black Bin). The disposal of domestic waste is the responsibility of Leicestershire County Council as the "Waste Disposal Authority" which provide tipping facilities and meets all disposal costs and arrangements

The main income streams for the refuse and recycling service are as follows:

- Recycling credits from the County Council
- Collection of bulky waste items from residential premises
- Disposal of trade waste
- Second brown bin rentals
- Sales of plastic and glass

The levels of income from these streams has been forecast in the table below. The forecasts for all years are predicted to be consistent. However, the worst case is impacted by factors such as fall in demand due to increased pricing on trade waste and brown bins and a decrease in price per tonne for paper and card (currently £50).

The operation of this service will be impacted significantly by cuts fro the County Council as detailed in section 5.8.1. Equally, additional expenditure will be required to service properties in the new SUE areas. The revenue cost of this is forecast in 2016/2017 at £20,000.

Table 19 – Waste Income Assumptions

	2014/15	2015/16	2016/17
	£000's	£000's	£000's
Second Brown Bin rental	14	14	14
Bulky Waste	20	20	20
Tipping Away	11	11	11
Trade Waste	85	85	85
Sales of glass, plastics, tins & cans	1	1	1
Sales of Paper & Card	15	15	15
Total	**146**	**146**	**146**
Best case		**160**	**160**
Worst case		**127**	**127**

5.7.4 Rental Income

As a landlord, the council generates significant income annually from rental and service charges. The council currently owns and manages 67 industrial starter units in the Borough which are leased to small/medium enterprises as well as 18 units on the Greenfield Business Park and 5 retail properties. Rental income is also received from 23 plots of industrial land which are leased by the council to businesses on a long-term basis.

As well as industrial estates, the council's own premises also generate rental income from tenants and hire of facilities for functions and meetings. The Atkins Building, opened in 2012/2013 is now fully utilised and contributes £200,000 of income for the council. In 2013/2014, the council opened the newly constructed Hinckley Hub which generates income towards lease costs from its partner tenants, including Leicestershire County Council and Job Centre plus.

The Council's rental streams, whilst valuable are extremely volatile and are significantly impacted by the state of local businesses and the wider economic climate. The changes in Business Rates retention in 2013/2014 place an added pressure on the Council to attract and retain tenants in the Borough in order to ensure that Business Rate levels are also maintained.

On the basis of the above, this strategy includes prudent assumptions on future rental streams and has assumed relatively constant levels of income based on current utilisation in the Hub (87%) and 95% occupancy of other units. That said, if utilisation of the Hub increases to 95% and other units to 97%, income levels could increase by £221,000 over the period of the Strategy.

Table 20 – Rental Income Assumptions

	2014/2015	2015/2015	2016/2017
	£000's	£000's	£000's
Industrial Units	646	655	655
Misc Properties	56	62	62
Atkins	220	220	220
Hub	163	166	169
Total	**1,085**	**1,103**	**1,106**
Best Case		**1,139**	**1,143**
Worst Case		**1,034**	**1,037**

Upon completion of Block C on the Bus Station Crescent, the Council will become landlord for the units within this element of the complex. Based on the current open date for all units (October 2015), the MTFS forecasts the following rental income:

- No rental from the large units within the Block for two years. This is based on the assumption that rent free periods will be required to provide incentives to tenants from national organisations
- £67,500 rental per annum (pro rata) for the two smaller units. This is based on current market rents. It is however, assumed that the Council will be required to fund some element of fit out for these

units, which is forecast to be met from the "Masterplan" reserve. This income has been reduced by 20% for the worst case scenario.
- Based on the rental agreement, the Council will receive around £185,000 from the Cinema tenant per annum.

5.7.5 Leisure Centre Income

The Council's investment into the new Leisure Centre is a capital outlay, details of which are provided in section 5.3.2. That said, the Council will also be in receipt of management fees from the Leisure provider (DC Leisure) which essentially represents a profit share from operations.

The total management fee that will be received by the Council over the life of the contract is £18.01million This amount will be reduced by the cost of servicing borrowing for the scheme. Following award of the contract, the Council has negotiated with the provider a profile of these payments which ensure that the Council is not required to subsidise the provision of the service during construction. The agreed management fees (both before and after financing) for the first five years of the contract are detailed below and have been included in this Strategy[13]. It should be noted that these income streams have not been altered between scenarios, as the amounts are written into the contract with the provider and are, therefore, guaranteed.

Table 21 – Leisure Centre Income

	Management fee (before financing)
	£
2015/2016	205,501
2016/2017	834,001
2017/2018	974,735
2018/2019	973,890
2019/2020	974,203

[13] The gross income before financing has been included as any borrowing costs will have been reflected in the capital financing calculations included elsewhere in the Strategy

5.8 Relationship with Partners

5.8.1 County Council Budget Reductions

In order to provide services, this Council receives significant amounts of funding from other local public sector partners, the most significant being Leicestershire County Council. Currently the County Council provides over £1.75million of funding to the Council including:

- £975k of recycling credits
- £345k for Children's Commissioning work
- £62k towards running of Sure Start Centres
- £400k of Supporting People Funding
- £72k towards administration of the LCTS and provision of a Discretionary Discount Fund

Due to austerity measures, the County Council is required to make £110 million savings over the next five years. In order to achieve these targets, it is expected that pressures will be transferred to district councils in areas such as cuts in recycling credits and withdrawal of funding for children's and older peoples services. Details of these schemes are being clarified; however, indicative calculations suggest they will create a budget pressure from 2015/2016 of up to £500,000 overall. This potential pressure has been factored into this Strategy, therefore, in order to assess the potential impact on service provision.

5.8.2 Local Partnerships

In 2010, the Secretaries of State for Business, Innovation and Skills (BIS) and Communities and Local Government (DCLG) wrote to local authorities and business leaders inviting partnerships to come together to form local enterprise partnerships (LEPs). The letter stated that these business led partnerships would provide strategic leadership to set out local economic priorities. They will help rebalance the economy towards the private sector by creating the right environment for business growth.

Continuing on this theme and the associated premise of localism, Lord Heseltine published his report "No Stone Unturned in the Pursuit of Growth" in March 2012. This report outlined the introduction of a new "Single Growth

Fund" from 2015 which would be available for bids from LEPs for projects promoting economic and infrastructure growth. This report works alongside the publication "Unlocking Growth in Cities" which outlines the notion of "City Deals" to promote economic growth in large urban areas.

The plans for how LEPs will bid for and spending subsequent allocations of these funds are detailed in Strategic Economic Plans. As a member of the Leicester and Leicestershire LEP and also through close relationships with the Coventry and Warwickshire body, this Council will be working with these organisations to identify how bids can benefit projects in the Borough.

On the basis that the majority of spend and funding for such projects will be carried out by LEPs directly or through funding that will be passported, no specific costs are included in this Strategy, with the exception of a contribution towards the Coventry and Warwickshire "City Deal" in 2014/2015.

5.8.3 Collaborative Working

Partners across the County have also been working to establish opportunities for locality working, designed to share resources and streamline services.

The table below summarises a number of schemes that are currently in place across the County to encourage this working.

Table 22 – Current Collaborative Working

Partnership	Purpose	Partners involved
Think Family Partnership	* Oversee delivery of SLF programme. * Improve outcomes for Children and Young People. * Oversee delivery of Sure Start programme.	CYPS; Adult Services; Libraries; Youth Services; Police; Probation; VCS; Parents/carers; Health Services; Education; HBBC; DIG.
HBBC Health and Wellbeing	* Deliver the Health and Wellbeing	CCG; GP's; VCS; Public Health; HBBC; Local

Partnership	Purpose	Partners involved
Partnership	Strategy aligned to Leic Strategy.	Sport & Health Alliance.
Hinckley and Bosworth & Blaby Community Safety Partnership	* To oversee and deliver the Community Safety Strategy.	Police; Probation; LCC; Blaby; HBBC; Health; VCS; Fire.
Endeavour Tactical Group	* To ensure emerging risk and threat is addressed in a timely manner. To co-ordinate campaigns and projects.	HBBC services, Police, Trading Standards, Fire Service, County Community Safety, Youth Service.
Housing Services Partnership	* Developing integrated housing services.	Districts, Adult Services, Children's Services, RP's, County Community Safety, CAB.
Housing Offer for Health Project Board	* To ensure development and delivery of Housing's offer for health.	District Councils, Adult Services, CCG's, First contact, Papworth Trust.
Cross Border Employment and Skills Partnership	* To co-ordinate the delivery of cross border local economic and employment initiatives in accordance with LEP priorities.	HBBC; NBBC; NWBC; NWHC; Recruitment agencies; NAS; key local employers.
Hinckley & Bosworth Voluntary and Community Sector Forum and Commissioning Board	* To oversee and lead the establishment, development and sustainability of front line VCS service delivery organisations, and	Lead Partners: HBBC; Next Generation and Community Action Hinckley & Bosworth; plus 30 key/leading VCS organisations within the locality.

Partnership	Purpose	Partners involved
	brokering of effective joint working between VCS and the public sector. * To oversee and develop VCS commissioning, via VCS Commissioning Board.	
Hinckley Town Centre Partnership	* To deliver the Hinckley Town Centre BID.	HBBC; LCC; Local retailers; Police.
Leicestershire Waste Partnership	* To reduce CO_2. * To reduce waste going to landfill by increasing recycling rates and residual weight reduction. * Keep neighbourhoods clean. * Co-ordinating waste and street cleaning services across county. *	All Districts, LCC
Hinckley & Bosworth Tourism Partnership	* To deliver blueprint for action to promote visitor numbers and spend in the Borough.	HBBC; Leicestershire Promotions; LCC; Concordia Theatre; Hinckley Museum; Local accommodation providers; Twycross Zoo; Mallory Park.
LLRLRF	* Emergency management.	All Cat 1 responders plus voluntary services e.g. Red Cross.

Over the period of this Strategy additional areas of collaborative working will be investigated and pursued in areas such as the following areas:

- **Economic** – Need more formal recognition of locality based economic partnerships and devolving of resources, to help delivery LEP Strategies and Action Plans.
- **Health** – Enhanced commissioning opportunities via CCG and Public Health to Locality Partnerships.
- **Voluntary and Community Sector** - Enhanced local commissioning opportunities for delivery of local heath & wellbeing and community development initiatives and the opportunity to align the VCS offer (both the voluntary/charitable provision, and commissioned provision) with statutory provision.
- **Older Peoples Services** – Enhanced local commissioning opportunities of integrated care.
- **Housing offer for health/better Care fund/Delivering Differently** – Opportunity to develop joined up, holistic services, particularly around older people for locality delivery.
- **Prevention/early intervention service development** – Led by the County Council, to include housing related support in a continuum of support/care. Opportunity to influence with the older persons support model developed for locality delivery.
- Possible **waste services** linking collection and disposal. Possible joint working to reduce costs.
- **Emergency Management**.

5.9 Local Development Scheme

A Local Development Scheme (LDS) is essentially each local planning authority's (LPA) project plan for the preparation of Local Development Documents (LDDs) in accordance with the requirements of the Planning and Compulsory Purchase Act 2004.

LDDs can be either Development Plan Documents (DPDs) or Supplementary Planning Documents (SPDs) The Core Strategy, Area Action Plans, and any document which includes a site allocations policy, are prescribed as DPDs

These documents make up the Local Development Framework which is, effectively, a folder of the LDDs which provide the framework for delivering spatial planning strategy in the Borough.

At present, the Local Plan for the this Council comprises a number of documents including the Core Strategy (adopted in 2009) and the Hinckley Town Centre Area Action Plan (adopted in 2011).

Following changes detailed in the Localism Act 2011, the Council is required over the next four years to review the current documents contained in the LDS and also develop a number of other documents including a Site Allocations Policy and Gypsy and Traveller Allocations Policy. The total cost of this process is estimated at £979,000 over this period. In order to fund the costs of this work, a dedicated reserve has been set up and this Strategy contains forecasts for both the cost of the LPD and the relevant transfers to and from the reserve to fund this expenditure.

Table 23 – Local Development Scheme Expenditure

	2014/2015	2015/2016	2016/2017	2017/2018
	£'000	£'000	£'000	£'000
Site allocations	200	0	0	0
Area Action Plan	88	0	0	0
Gypsy & Traveller	37.5	17.5	75.5	0
Revised LDS	50	22.5	182.5	305.5
Total	**375.5**	**40**	**258**	**305.5**

Table 24 – Movement on Local Development Scheme Reserve

	2014/2015	2015/2016	2016/2017	2017/2018
	£'000	£'000	£'000	£'000
Opening balance	373.5	150	262	156
Transfer to reserves	152	152	152	152
Spend - Existing LDS	-325.5	-17.5	-75.5	0
Spend - Revised LDS	-50	-22.5	-182.5	-305.5
Closing balance	**150**	**262**	**156**	**2.5**

5.10 Efficiencies

5.10.1 Savings and additional income

In order to manage the Council's financial position and to ensure ongoing resilience and value for money, Council officers are continually looking to identify savings and cut costs. Since 2011/2012 the Council has achieved over £2,102,200 savings through the following initiatives:

- Sharing services such as building control and economic development with other local authorities
- Joint procurement exercises such as those used for Internal Audit and the new leisure centre
- Centralising and zero basing corporate budgets such as training, subscriptions and equipment purchases
- Providing service to other local authorities – they key example being the ICT shared service with Steria
- Cutting running cost through moving to the Hinckley Hub
- Tackling fraud to recovery more income
- Reviewing fees and charges and implementing new levies on services such as pre application advice
- Proactively reviewing reserves (see section 5)
- Use of a vacancy provision and ongoing scrutinty of vacancies
- Reviewing Councillor Allowances
- Identifying sources for external funding (e.g. Local Growth Fund, DECC funding and RGF)
- Introduction of Channel Shift initiatives to encourage self service

Table 25 – Cumulative Savings

	2011/12	2012/13	2013/14	2014/15
	£	£	£	£
Savings/Additional income	725,810	201,290	754,700	420,400
Total cumulative reduction	725,810	927,100	1,681,800	2,102,200

Going forward the Council will continue to identify opportunities for savings which will include review of staffing structures. In addition, the following specific savings have been factored into this Strategy:

- £85,000 of savings through a review of the structure and processes within the Leicestershire Shared Revenues and Benefits service. This is based on a target for the whole Partnership of £250,000. This amount has been reduced to £100,000 for the Partnership in the worst case scenario (£35,000 attributable to Hinckley and Bosworth)
- £100,000 achieved through the retendering of the Council's ICT contract in 2016/2017 (£150,000 best case and £50,000 worst case)
- £60,000 savings achieved through implementation of the Channel Shift Strategy. It is estimated that £25,000 of investment will be required ahead of these savings materialising.

5.10.2 Discretionary Services

One way that the Council is able to make savings and reduce costs is to review the continuation of those "discretionary" services which are not required by statute. The cost of these services has been detailed below for reference. Going forward, it is inevitable that the ongoing provision of these services will have to be considered to ensure that budgets are managed effectively. :

Table 26 – Cost of Discretionary Services

	2014/15	**2014/15**	**2014/15**
Service Area	**Original Gross Budget**	**Income**	**Original Net Budget**
	£	**£**	**£**
Allotments	9,590	-2,700	6,890
Car Parks	394,513	-537,960	-143,447
Children & Young People	503,580	-448,530	55,050
Community Planning	105,440	0	105,440
Corporate Management	663,100	-102,390	560,710
Corporate Management (Civic)	27,090	0	27,090
Countryside Management	119,031	-15,300	103,731
Creative Communities & Tourism	62,270	-5,000	57,270
Dog Warden	40,210	-6,700	33,510
Economic Development	448,097	-264,470	183,627
Environmental Initiatives	4,370	0	4,370
Forest Road Garages	1,200	-6,704	-5,504
General Grants	677,981	-16,400	661,581
Housing Strategy	44,840	0	44,840
Industrial Estates	61,743	-669,200	-607,457
Leisure Centre	85,730	-66,000	19,730
Leisure Promotion	53,880	-19,720	34,160
Markets	185,062	-203,960	-18,898
Miscellaneous Properties	261,360	-362550	-101,190
Parks & Open Spaces	662,885	-24,730	638,155
Public Conveniences	20,602	0	20,602
Sports Development	269,074	-154,595	114,479
Sustainable Development	40,040	0	40,040
Total	**4,741,688**	**-2,906,909**	**1,834,779**

6. FUNDS AND RESERVES

Funds and Reserves are maintained by the council to support spending on specific projects or services, with the General Fund being utilised for any imbalance within the council's 'day to day' budgets.

The level of Funds and Reserves held by Hinckley and Bosworth Borough Council determines how much is available to support future pressures and budget requirement and thus in return assists in reducing the demand on council tax.

The Chief Financial Officer (Deputy Chief Executive, Corporate Direction) has a legal duty to carry out a review, and report on, the level of the reserves and balances of the Authority. The Council has the following policies:-

- Maintain general balances at a minimum 10% of Hinckley and Bosworth Borough Council's budget requirement
- All actual service underspends be transferred to general fund balances and not earmarked reserves. Where there is a specific critical need for an earmarked reserve a report will be prepared for Council approval by the Chief Financial Officer.
- As budgets are tightened the need for adequate levels of Funds and Reserves becomes more critical as a contingency for investment in services. The holding of sufficient funds is also important strategically to provide a medium term cushion against unusual circumstances. Appendix II illustrates the current level of Funds and Reserves that have been established to fund specific known expenditure pressures and to provide a cushion against tight settlements over the CSR10 period. As part of the annual budget setting process, Members will consider and approve a policy on the level and nature of reserves and balances that it needs and the minimum and maximum levels within which they will operate.

Based on the projections contained within the Strategy, the Council is forecasting to hold significant balances in reserves over the period of the MTFS, the most significant of these being earmarked as follows:

- A reserve of £2.6million has been built up from savings since 2011/2012 to use towards the capital cost of the Council's new Leisure Centre in 2014/2015
- The Council received £1million from the developer of the Hinckley Hub as an incentive payment. As outlined in section 5.3.3, this reserve will be used for potential additional capital purchases over the life of this Strategy
- The Project Management/Masterplan reserve was set up to fund the costs of implementation of the Town Centre Masterplan. As detailed in section 5, this reserve will be increased in 2015/2016 to fund any fit out costs required for the Block C development
- The Council maintains a Business Rates Pooling reserve to manage any decreases in rates to the "safety net" threshold set in the finance settlement.

7. STRATEGIC FINANCIAL OBJECTIVES

The following strategic financial objectives serve to deliver the Council's corporate strategic objectives of; "delivering the Council's Medium Term Financial Strategy with a sustained focus on the Council's priorities whilst working to resolve the continuing pressure of service requirements in the context of available resources ………. and to maintain council tax within the bottom quartile".

The preceding chapters provide information on the national, regional and local factors that must be taken account of when developing the Council's financial plans. These in turn provide the basis of key financial objectives that are integral to these financial plans. Each of these objectives is detailed below together with an explanation of why it is relevant and how it is to be achieved.

Objective 1	The Council should allocate resources to services in line with the Corporate Aims and Ambitions

One of the key aims of the MTFS is that resources are directed towards the corporate priorities of the Council. The MTFS outlines where resources are allocated in accordance with Council priorities. Targeted resource allocation is going to be particularly important during this recessionary period so that the Council can ensure that it continues to deliver high levels of priority services. Also, through the Performance Management Framework, services will continue to be measured and monitored against their service improvement plan objectives. The annual budget review process will continue to critically analyse service outcomes and budgets, identify efficiency savings and ensure that resources are allocated in line with Corporate Aims and Ambitions.

Objective 2	Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework

Budgets are monitored against actual spend on a monthly basis and fed into the quarterly performance management cycle. Service managers are required to take a short and medium term view of their service and if necessary bid for the appropriate level of funding during the year. Similarly, service managers are required to identify and "offer up" savings during the year. All underspends are reviewed by the Strategic Leadership Board and resources are reallocated or allocated to areas of priority service improvement.

Value for Money will be achieved through the performance management process that has now become embedded into the organisation. Service Mangers have become more aware of their financial and operational responsibilities under the performance management culture and the links between financial and service planning are more apparent.

Objective 3	The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds

Services need to continually review the availability of external resources that may help in delivering services without total reliance on Council resources. Over recent years, the Planning Delivery Grant, East Midlands Development Agency (EMDA), Leicestershire Economic Partnership (LSEP), Regional Growth Funding and English Heritage Funding are good examples of external service improvements/enhancements. The Council does not pursue funding for funding's sake; any external resources are directed towards services that the Council would hope to provide in priority areas, whether funding was available or not.

It is important that when service managers are securing external funding, they include the funding in service plans and clearly identify the availability, the outputs required, the revenue as well as capital implications and an exit strategy when the funding is no longer available.

Whilst all known grant funding is included in the estimates each year, if the Council were to over-estimate any grant funding to be received from Government then it may be necessary to reduce service budgets and thus service levels. It is therefore important that estimates are set prudently.

Objective 4	To review the scale of fees and charges at least annually

During preparation of the budget each year, the balance between who pays for local services: the user or the taxpayer, needs to be reviewed. Through the MTFS and fundamental budget review, service managers review fees and charges within their service areas at least annually and agree any changes with the relevant Executive Member. If approved by Council, any changes in income are taken into account when planning over the medium term.

As well as annual reviews, service managers will need to identify new sources of finance by using the Powers to Charge and Trade. This will also form the primary responsibility of the Business Development and Street Scene service area.

Objective 5	To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise

It is important that the Council continues to review its assets through its Acquisitions and Disposals policy and that clear links are established between this policy and the Capital Strategy (part of the Asset Management Policy), the Capital Programme and the MTFS.

The Acquisitions and Disposals policy identifies those assets that are not fully utilised or are surplus to requirements. These will be reviewed on a regular basis and reported through the Joint Boards and the Executive for decisions to be made as appropriate.

Objective 6	Capital expenditure is properly appraised

The Council seeks to ensure that capital investment proposals are appraised in a structured and consistent manner so as to ascertain whether the plans are affordable, prudent and sustainable and that they contribute to the delivery of the Council's overall aims and objectives. This will include an evaluation of "whole-life" costing. Projects are appraised in this way in order that resource requirements, practical external funding and shortfalls can be identified as soon as possible.

Objective 7	When funding the Capital Programme, all funding options are considered

When considering the Capital Programme, all funding options will be considered e.g. external or LLEP funding, borrowing, capital receipts, Funds and Reserves.

Capital Receipts (money received from the sale of the Council's assets) in line with Government policy can only be used to resource the Capital Programme. Therefore, by using capital receipts ahead of Funds and Reserves, the flexibility is maintained for Funds and Reserves to be used to support either Revenue or Capital expenditure. However, if borrowing under the Prudential Code were considered a more favoured option, this would be utilised before capital receipts.

Increasingly there will be a need to enter a bid process for funding with the LLEP and the single Pot" which is likely to reside with the new City Deals.

Objective 8	To review levels and purpose of Reserves and Balances

In line with the principle of good financial management, the Council should review the level and purpose of its Funds and Reserves to make sure they continue to be “fit for purpose”.

The levels of Funds and Reserves held will continually be reviewed and will be formally reported to Council under Section 25 of the Local Government Act 2003. At present, the Council reviews the levels and purpose of Funds and Reserves during the Corporate Planning Framework, Closure of Accounts in early summer, the Medium Term Financial Strategy and the Budget Setting process.

The objective is to continue to maintain earmarked reserves at appropriate levels for the purpose for which they have been earmarked. This will achieve a financial position whereby non-earmarked balances are only utilised either as a contingency to meet unforeseen in-year expenditure and/or accommodate any shortfalls in planned income over which the Council has no control.

Objective 9	To maintain sustainable Council Tax increases

It is relevant for this council to have sustainable council tax increases as Hinckley and Bosworth is a District Council with one of the lowest council tax levels in the country at average Band D. The Council recently had council tax increases at the going levels of inflation and more recently relevant Government Grants . It is proposed that this is sustained but is reviewed for each future strategy to reflect the expectations and specific funding from Government (‘freeze’ grants), the economic climate and its effects on our communities, inflation, the Council’s aspirations and the impact of wider Government funding on the Council’s resources.

Objective 10	To increase efficiency savings and generate funding through shared services and collaborative working

The Council will continue to explore ways of doing things differently through shared services and collaborative working in order to deliver increased levels of efficiency savings and/or income.
The Council will continue to work with other agencies such as the Leicester and Leicestershire Economic Partnership and the City Deals (once these have been established and the governance has been agreed) to secure funding for continued regeneration of the Borough.

MEDIUM TERM FINANCIAL STRATEGY	**Forecast**				
2013/14 TO 2016/17					
FINANCIAL FORECAST					
	2013/2014	**2014/2015**	**2015/2016**	**2016/2017**	**ASSUMPTIONS**
	Revised	**Budget**	**Forecast**	**Forecast**	
	£	**£**	**£**	**£**	
Net Service Expenditure	12,181,071	9,597,309	10,190,403	10,344,732	
Budget movements					
Additional legal costs recovered	-74,000	30,000			
Reduction in subsidy income	39,000	-39,000			
Additional waste business improvement income	-12,000				
Building control income	-16,000	10,000	-2,000		Assumed levels
Asset management charges on Leisure Centre	-22,000				
Loss of rent on Florence House	22,000	-22,000			
Depot relocation	14,000	-14,000			
Additional salary savings	-164,000	36,321			
Development Control income	13,000	-13,000	-4,000	-17,000	Assumed levels
Recycling savings and additional income	-87,500	-12,000			
Efficiency savings from refuse collection and street cleansing	-64,000	-40,480			
Printing and postage savings	-10,000	-5,000			
Revenue Contribution to Capital	118,800	-118,800			
Reduction in Grounds Maintenance Surplus	26,000	-26,000			
Car parks	-40,000	51,380	68,728	60,138	10% reduction from Sainsbury's
Increase in income from ICT Shared Service	-22,000	-3,750			
Rental income fluctuations	-11,000	-9,000	-18,000	-3,000	
Small Business Rates Relief	-140,000				
Leicestershire Troubled Families contribution			-30000		
Local Development Framework expenditure	-115,000	153,500	-335,500	218,000	
Reduction in Housing Benefit Admin Grant		61,316			
Contributions to Revenues and Benefits Partnership		19,980	-104,980		Savings from review (assuming 14/15 increase is one off)
Members allowances		-33,980		33,980	Assumes no change until 2016/2017
New Homes Bonus to Parishes		89,848	95,645	149,194	25% allocation
Loss of 8.5% grant		14,700			
NNDR and Electricity for Hub		43,960	-50,000		Savings from use of the Hub
Additional cost of benefit payments		21,760			
Loss of BID contribution to car parks		25,000			
Centralisation of budgets		-96,140	-50,000		
Highways Planning Advice		30,000	-30,000		
Movement in vacancy provision		-120,000		120,000	5% in 15/16 and 4% in 16/17
County Council cuts		46,000	254,000	200,000	
Enforcement costs for Mallory Park		20,000	-20,000		
Contribution to Cov and Warks City Deals		16,290	-16,290		
Housing Restructure		7,280	-540		
Additional contribution to VCS Hub		12,330		-12,330	Committed until 2016/2017
Appeals costs		100,000			£100k per annum
Restructure costs			234,133	-229,800	
Block C Rentals			-111,094	-143,965	
Council Tax Support Grant to Parishes			-22,794	-19,233	Reduced by settlement %
Income from new staff car park			-31,680		
Channel Shift			-15,000	-45,000	
Leisure Centre income			-205,501	-628,500	
Cost of election			110,000	-110,000	
Re-tender of ICT contract				-100,000	
Cost of new waste round				20,000	
Carry forwards	-139,439	139,439	-150,000		

Forecast growths			100,000	100,000	
Forecast savings			-150,000		
Other small movements (less then £10k)	-30,763	50,916			
Pay increases		65,800	65,800	65,800	1% per annum
Inflationary increases Costs		107,723	110,955	114,284	3% on contracts, 0% on supplies & services
Inflationary increases (see attached) Fees and Charges		-117,099	-120,612	-124,230	
Pension contributions		220,000	89,000	97,000	Per triennial valuation
Capital Financing MRP	-1,996,100	14,550	88,410	271,715	£750k outlay for car park
Additional interest payable/(receivable)	127,240	-124,750	405,648	240,701	
NET Borough Budget Requirement	**9,597,309**	**10,190,403**	**10,344,732**	**10,602,485**	
Pension adjustments	-25,840	-106,620	-66,230	-66,230	
Contribution to Reserves	2,474,056	280,500	377,000	364,585	
Contribution from Reserves	-1,300,178	-452,730	-205,940	-308,940	
Transfer from unapplied grants	-620,568	0	0	0	
Additional contributions to/from reserves	255,000	20,000	0	0	
Contribution to/(from) Balances	-363,519	-200,089	-1,123,901	-785,899	
NET BUDGET/FORECAST EXPENDITURE	**10,016,260**	**9,731,464**	**9,325,661**	**9,806,001**	
% Increase in Net Budget Forecast/Expenditure	1.94%	-2.84%	-4.17%	5.15%	
	2013/2014	**2014/2015**	**2015/2016**	**2016/2017**	
	Revised	**Budget**	**Forecast**	**Forecast**	
	£	**£**	**£**	**£**	
	10,016,260	9,731,464	**9,325,661**	**9,806,001**	
Revenue Support Grant	2,992,354	1,949,297	1,107,335	842,999	16% reduction in 16/17
Council Tax Support Grant	544,764	544,764	544,764	544,764	
National Non Domestic Rates	1,990,732	2,275,953	2,313,524	2,359,794	2% increase in 16/17
Freeze Grant	147,511	189,239	189,204	189,204	
New Homes Bonus	1,042,501	1,401,891	1,784,472	2,381,248	75% trajectory at Band C
Collection Fund Surplus	2,066	38,416	21,129	21,129	Reduced to reflect cap at 12%
Council Tax Income	3,296,332	3,331,904	3,365,233	3,466,863	
Estimated Tax base	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year
Estimated Band D Council Tax	**£95.96**	**£95.96**	**£95.96**	**£97.88**	2% increase 16/17
Year on Year Increase in Council Tax					
(i) Amount	**£0.00**	**£0.00**	**£0.00**	**£1.92**	
('ii) Percentage	**0.00%**	**0.00%**	**0.00%**	**2.00%**	
SPECIAL EXPENSES					
Net Budget Requirement B/Fwd	534,500	554,011	560,064	565,664	
New Homes Bonus	-92,223	-35,120	-34,752	-54,209	Increased at same % rate as HBBC
Contribution to car parking income	25,000				Assume constant - impact of Crescent
Inflationary increase		17,572	14,829	14,414	
Revenue impact of salaries previously capitalised	38,900	-38,900			
Wykin Community Centre	8,000	-8,000			
Voluntary grants contribution			20,000		
Minor variances	18,323	34			
Contribution to/(from) Reserves	157,511	64,044	5,524	56,878	
Contribution to/(from) Balances	-136,000	6,423	0	0	
NET BUDGET/FORECAST EXPENDITURE-Special Expenses	**554,011**	**560,064**	**565,664**	**582,747**	
Estimated Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year

Special Expenses Council Tax	**16.13**	**16.13**	**16.13**	**16.45**	2% increase 16/17
Year on year increase in Special Expenses Council Tax					
(I) Amount	**-0.08**	**0.00**	**0.00**	**0.32**	
(ii) Percentage	**-0.5%**	**0.0%**	**0.00%**	**2.00%**	
Total Net Budget Requirement	10,570,271	10,291,528	9,891,325	10,388,748	
% increase in Total Net Budget Requirement	*1.29%*	*-2.64%*	-3.89%	5.03%	
Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	
Council Wide Council Tax	£112.09	£112.09	£112.09	£114.33	
Percentage Increase	-0.07%	0.00%	0.00%	2.00%	

MEDIUM TERM FINANCIAL STRATEGY	Best Case				
2013/14 TO 2016/17					
FINANCIAL FORECAST					
	2013/2014	2014/2015	2015/2016	2016/2017	ASSUMPTIONS
	Revised	Budget	Forecast	Forecast	
	£	£	£	£	
Net Service Expenditure	12,181,071	9,597,309	10,190,403	8,973,832	
Budget movements					
Additional legal costs recovered	-74,000	30,000	-50,000	-50,000	Continued increase in recovery
Reduction in subsidy income	39,000	-39,000			
Additional waste business improvement income	-12,000				
Building control income	-16,000	10,000	-12,000		Increased levels
Asset management charges on Leisure Centre	-22,000				
Loss of rent on Florence House	22,000	-22,000			
Depot relocation	14,000	-14,000			
Additional salary savings	-164,000	36,321			Restructure savings shown below
Development Control income	13,000	-13,000	-128,563	111,563	Increased levels
Recycling savings and additional income	-87,500	-12,000	-14,000		Increased levels of income
Efficiency savings from refuse collection and street cleansing	-64,000	-40,480			
Printing and postage savings	-10,000	-5,000	-10,000	-10,000	Ongoing savings from paperless office
Revenue Contribution to Capital	118,800	-118,800			
Reduction in Grounds Maintenance Surplus	26,000	-26,000			
Car parks	-40,000	51,380	49,918	20,147	No reduction from Sainsbury's
Increase in income from ICT Shared Service	-22,000	-3,750	-20,000		Assume one other partner
Rental income fluctuations	-11,000	-9,000	-18,000	-3,000	
Small Business Rates Relief	-140,000				
Leicestershire Troubled Families contribution			-30,000		
Local Development Framework expenditure	-115,000	153,500	-335,500	218,000	£100k funding from external bodies in 2016/2017
Reduction in Housing Benefit Admin Grant		61,316			
Additional contribution from LLEP for planning documents			-100,000		
Contributions to Revenues and Benefits Partnership		19,980	-104,980		Savings from review (assuming 2014/2015 increase is one off)
Members allowances		-33,980			Assumes ongoing freeze
New Homes Bonus to Parishes		89,848	-478,000		No allocation from 2015/2016
Loss of 8.5% grant		14,700			
NNDR and Electricity for Hub		43,960	-50,000		Savings from use of the Hub
Additional cost of benefit payments		21,760			
Loss of BID contribution to car parks		25,000	-25,000		BID provides contribution
Centralisation of budgets		-96,140	-50,000		
Highways Planning Advice		30,000	-30,000		
Movement in vacancy provision		-120,000		120,000	5% in 15/16 and 4% in 2016/2017
County Council cuts		46,000	254,000	200,000	
Enforcement costs for Mallory Park		20,000	-20,000		
Contribution to Cov and Warks City Deals		16,290	-16,290		

Housing Restructure		7,280	-540		
Additional contribution to VCS Hub		12,330		-12,330	Committed until 2016/2017
Appeals costs		100,000	-100,000		No further appeal costs from 2015/2016
Restructure costs			234,133	-229,800	
Block C Rentals			-111,094	-143,965	Cinema and Block C rental
Council Tax Support Grant to Parishes			-143,000		No allocation from 2015/2016
Income from new staff car park			-31,680		
Channel Shift			-15,000	-45,000	
Leisure Centre income			-205,501	-628,500	
Cost of election			110,000	-110,000	
Reduction in hardware costs/review of ICT support			-35,000		
Re-tender of ICT contract				-150,000	
Cost of new waste round				20,000	
Carry forwards	-139,439	139,439	-150,000		
Forecast growths			100,000	100,000	
10% Business Rate Growth			-115,676	-2,314	10% growth after levy payment
Forecast savings			-200,000		
Other small movements (less then £10k)	-30,763	50,916			
Pay increases		65,800	65,800	65,800	1% per annum
Inflationary increases Costs		107,723	110,955	114,284	3% on contracts, 0% on supplies & services
Inflationary increases (see attached) Fees and Charges		-117,099	-120,612	-124,230	
Pension contributions		220,000	89,000	97,000	Per triennial valuation
Capital Financing MRP	-1,996,100	14,550	84,410	271,715	£650k outlay for car park and Bus Station receipt
Additional interest payable/(receivable)	127,240	-124,750	405,648	169,421	
NET Borough Budget Requirement	**9,597,309**	**10,190,403**	**8,973,832**	**8,972,623**	
Pension adjustments	-25,840	-106,620	-66,230	-66,230	
Contribution to Reserves	2,474,056	280,500	818,831	1,615,049	
Contribution from Reserves	-1,300,178	-452,730	-205,940	-319,651	
Transfer from unapplied grants	-620,568	0	0	0	
Additional contributions to/from reserves	255,000	20,000	0	0	
Contribution to/(from) Balances	-363,519	-200,089	0	0	
NET BUDGET/FORECAST EXPENDITURE	**10,016,260**	**9,731,464**	**9,520,493**	**10,201,790**	
% Increase in Net Budget Forecast/Expenditure	1.94%	-2.84%	-2.17%	7.16%	
	2013/2014	**2014/2015**	**2015/2016**	**2016/2017**	
	Revised	**Budget**	**Forecast**	**Forecast**	
	£	**£**	**£**	**£**	
	10,016,260	**9,731,464**	**9,520,493**	**10,201,790**	
Revenue Support Grant	2,992,354	1,949,297	1,107,335	842,999	16% reduction in 16/17
Council Tax Support Grant	544,764	544,764	544,764	544,764	
National Non Domestic Rates	1,990,732	2,275,953	2,313,524	2,359,794	2% increase in 16/17
Freeze Grant	147,511	189,239	189,204	189,204	
New Homes Bonus	1,042,501	1,401,891	1,911,999	2,707,700	100% trajectory at Band C

Collection Fund Surplus	2,066	38,416	21,129	21,129	Reduced to reflect cap at 12%
Council Tax Income	3,296,332	3,331,904	3,432,537	3,536,200	
Estimated Tax base	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year
Estimated Band D Council Tax	**£95.96**	**£95.96**	**£97.88**	**£99.84**	2% increase from 2015/2016
Year on Year Increase in Council Tax					
(i) Amount	**£0.00**	**£0.00**	**£1.92**	**£1.96**	
('ii) Percentage	**0.00%**	**0.00%**	**2.00%**	**2.00%**	
SPECIAL EXPENSES					
Net Budget Requirement B/Fwd	534,500	554,011	560,064	576,978	
New Homes Bonus	-92,223	-35,120	127,343		No allocation from 2015/2016
Contribution to car parking income	25,000				Assume constant - impact of Crescent
Inflationary increase		17,572	19,692	16,379	
Revenue impact of salaries previously capitalised	38,900	-38,900			
Wykin Community Centre	8,000	-8,000			
Voluntary grants contribution			20,000		
Minor variances	18,323	34			
Contribution to/(from) Reserves	157,511	64,044	-150,121	1,045	
Contribution to/(from) Balances	-136,000	6,423	0	0	
NET BUDGET/FORECAST EXPENDITURE-Special Expenses	**554,011**	**560,064**	**576,978**	**594,402**	
Estimated Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year
Special Expenses Council Tax	**16.13**	**16.13**	**16.45**	**16.78**	2% increase from 2015/2016
Year on year increase in Special Expenses Council Tax					
(I) Amount	**-0.08**	**0.00**	**0.32**	**0.33**	
(ii) Percentage	**-0.5%**	**0.0%**	**2.00%**	**2.00%**	
Total Net Budget Requirement	10,570,271	10,291,528	10,097,470	10,796,193	
% increase in Total Net Budget Requirement	*1.29%*	*-2.64%*	-1.89%	6.92%	
Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	
Council Wide Council Tax	£112.09	£112.09	£114.33	£116.62	
Percentage Increase	-0.07%	0.00%	2.00%	2.00%	

MEDIUM TERM FINANCIAL STRATEGY	Worst Case				
2013/14 TO 2016/17					
FINANCIAL FORECAST					
	2013/2014	**2014/2015**	**2015/2016**	**2016/2017**	**ASSUMPTIONS**
	Revised	**Budget**	**Forecast**	**Forecast**	
	£	**£**	**£**	**£**	
Net Service Expenditure	12,181,071	9,597,309	10,190,403	10,762,567	
Budget movements					
Additional legal costs recovered	-74,000	30,000			
Reduction in subsidy income	39,000	-39,000			
Additional waste business improvement income	-12,000				
Building control income	-16,000	10,000	8,000		Reduced levels
Asset management charges on Leisure Centre	-22,000				
Loss of rent on Florence House	22,000	-22,000			
Depot relocation	14,000	-14,000			
Additional salary savings	-164,000	36,321			
Development Control income	13,000	-13,000	16,000	-16,000	Reduced levels
Recycling savings and income	-87,500	-12,000	19,000		Reduced levels
Efficiency savings from refuse collection and street cleansing	-64,000	-40,480			
Printing and postage savings	-10,000	-5,000			
Revenue Contribution to Capital	118,800	-118,800			
Reduction in Grounds Maintenance Surplus	26,000	-26,000			
Car parks	-40,000	51,380	128,921	90,664	42% reduction from Sainsbury's
Increase in income from ICT Shared Service	-22,000	-3,750			
Rental income fluctuations	-11,000	-9,000	51,000	-3,000	Based on 88% occupancy
Small Business Rates Relief	-140,000				
Leicestershire Troubled Families contribution			-30,000		
Local Development Framework expenditure	-115,000	153,500	-335,500	218,000	
Reduction in Housing Benefit Admin Grant		61,316			
Contributions to Revenues and Benefits Partnership		19,980	-54,980		Savings from review of £35k (assuming 14/15 increase is one off)
Members allowances		-33,980	33,980		Assumes no change until 2015/2016
New Homes Bonus to Parishes		89,848	63,764	99,463	25% allocation
Loss of 8.5% grant		14,700			
NNDR and Electricity for Hub		43,960	-50,000		Savings from use of the Hub
Additional cost of benefit payments		21,760			
Loss of BID contribution to car parks		25,000			
Centralisation of budgets		-96,140	-50,000		
Highways Planning Advice		30,000	-30,000		
Movement in vacancy provision		-120,000		120,000	5% in 15/16 and 4% in 16/17
County Council cuts		46,000	254,000	200,000	
Enforcement costs for Mallory Park		20,000	-20,000		
Contribution to Cov and Warks City Deals		16,290	-16,290		
Housing Restructure		7,280	-540		
Additional contribution to VCS Hub		12,330		-12,330	Committed until 2016/2017

Appeals costs		100,000	100,000		£200k per annum
Restructure costs			234,133	-229,800	
Block C Rentals			-104,344	-130,465	80% of small units realised
Council Tax Support Grant to Parishes					Retained at £143k
Income from new staff car park			-31,680		
Channel Shift			-15,000	-45,000	
Leisure Centre income			-205,501	-628,500	
Cost of election			110,000	-110,000	
Re-tender of ICT contract				-50,000	
Cost of new waste round				20,000	
Carry forwards	-139,439	139,439	-150,000		
Forecast growths			100,000	100,000	
Forecast savings			-100,000		
Other small movements (less then £10k)	-30,763	50,916			
Pay increases		65,800	65,800	65,800	1% per annum
Inflationary increases Costs		107,723	110,955	114,284	3% on contracts, 0% on supplies & services
Inflationary increases (see attached) Fees and Charges		-117,099	-120,612	-124,230	
Pension contributions		220,000	89,000	97,000	Per triennial valuation
Capital Financing MRP	-1,996,100	14,550	96,410	271,715	£750k outlay for car park
Additional interest payable/(receivable)	127,240	-124,750	405,648	240,701	
NET Borough Budget Requirement	**9,597,309**	**10,190,403**	**10,762,567**	**11,050,868**	
Pension adjustments	-25,840	-106,620	-66,230	-66,230	
Contribution to Reserves	2,474,056	280,500	377,000	364,585	
Contribution from Reserves	-1,300,178	-452,730	-205,940	-308,940	
Transfer from unapplied grants	-620,568	0	0	0	
Additional contributions to/from reserves	255,000	20,000	0	0	
Contribution to/(from) Balances	-363,519	-200,089	-1,669,264	-1,628,712	
NET BUDGET/FORECAST EXPENDITURE	**10,016,260**	**9,731,464**	**9,198,134**	**9,411,571**	
% Increase in Net Budget Forecast/Expenditure	1.94%	-2.84%	-5.48%	2.32%	
	2013/2014	**2014/2015**	**2015/2016**	**2016/2017**	
	Revised	**Budget**	**Forecast**	**Forecast**	
	£	**£**	**£**	**£**	
	10,016,260	**9,731,464**	**9,198,134**	**9,411,571**	
Revenue Support Grant	2,992,354	1,949,297	1,107,335	842,999	16% reduction in 16/17
Council Tax Support Grant	544,764	544,764	544,764	544,764	
National Non Domestic Rates	1,990,732	2,275,953	2,313,524	2,359,794	2% increase in 16/17
Freeze Grant	147,511	189,239	189,204	189,204	
New Homes Bonus	1,042,501	1,401,891	1,656,945	2,054,795	50% trajectory at Band C
Collection Fund Surplus	2,066	38,416	21,129	21,129	Reduced to reflect cap at 12%
Council Tax Income	3,296,332	3,331,904	3,365,233	3,398,885	

Estimated Tax base	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year
Estimated Band D Council Tax	**£95.96**	**£95.96**	**£95.96**	**£95.96**	2% increase 16/17
Year on Year Increase in Council Tax					
(i) Amount	**£0.00**	**£0.00**	**£0.00**	**£0.00**	
('ii) Percentage	**0.00%**	**0.00%**	**0.00%**	**0.00%**	
SPECIAL EXPENSES					
Net Budget Requirement B/Fwd	534,500	554,011	560,064	565,664	
New Homes Bonus	-92,223	-35,120	-34,752	-54,209	Increased at same % rate as HBBC
Contribution to car parking income	25,000				Assume constant - impact of Crescent
Inflationary increase		17,572	14,829	14,414	
Revenue impact of salaries previously capitalised	38,900	-38,900			
Wykin Community Centre	8,000	-8,000			
Voluntary grants contribution			20,000		
Minor variances	18,323	34			
Contribution to/(from) Reserves	157,511	64,044	5,524	45,452	
Contribution to/(from) Balances	-136,000	6,423	0	0	
NET BUDGET/FORECAST EXPENDITURE-Special Expenses	**554,011**	**560,064**	**565,664**	**571,321**	
Estimated Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	1% increase each year
Special Expenses Council Tax	**16.13**	**16.13**	**16.13**	**16.13**	2% increase 16/17
Year on year increase in Special Expenses Council Tax					
(I) Amount	**-0.08**	**0.00**	**0.00**	**0.00**	
(ii) Percentage	**-0.5%**	**0.0%**	**0.00%**	**0.00%**	
Total Net Budget Requirement	10,570,271	10,291,528	9,763,798	9,982,892	
% increase in Total Net Budget Requirement	*1.29%*	*-2.64%*	-5.13%	2.24%	
Taxbase	34,351.1	34,721.9	35,069.1	35,419.8	
Council Wide Council Tax	£112.09	£112.09	£112.09	£112.09	
Percentage Increase	-0.07%	0.00%	0.00%	0.00%	