



# Cabinet

**To the Cabinet on Friday, 06 January 2023**

**Date of meeting: Monday, 16 January 2023**

**Time: 17:30 Please note start time.**

**Venue: The Council Chamber**

**The Symington Building, Adam and Eve Street, LE16 7AG**

**Members of the public can access a live broadcast of the meeting from the [Council website](#), and the meeting webpage. The meeting will also be open to the public.**

- Information Exchange from Portfolio Holder
- Topical Issues
  - Questions
  - Petitions
  - Notices of Motion

## **Agenda**

<b>1</b>	<b>Apologies for Absence</b>	
<b>2</b>	<b>Declarations of Members' Interests</b>	
<b>3</b>	<b>Draft Cabinet Minutes - 5th December 2022</b>	<b>3 - 12</b>
<b>4</b>	<b>Electricity Supply Contract</b>	<b>13 - 16</b>
<b>5</b>	<b>Draft 2023.24 Budget and MTFS (2024.25 to 2027.28)</b>	<b>17 - 74</b>
<b>6</b>	<b>Mid Year Treasury Management Report 2022-23</b>	<b>75 - 92</b>
<b>7</b>	<b>Annual Treasury Management Report 2021-22</b>	<b>93 - 112</b>
<b>8</b>	<b>Housing Enforcement Policy and Financial Penalties report</b>	<b>113 - 174</b>

<b>9</b>	<b>Core Business Systems Software</b>	<b>175</b>	<b>-</b>
		<b>194</b>	
<b>10</b>	<b>Section 100A(4) - Local Government Act 1972</b>	<b>195</b>	<b>-</b>
		<b>196</b>	
<b>11</b>	<b>Core Business Systems Software- EXEMPT-Appendix B</b>		
<b>12</b>	<b>To consider any matters of special urgency (to be decided by the Leader)</b>		

LIZ ELLIOTT  
 INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE  
 HARBOROUGH DISTRICT COUNCIL

Contact:  
[democratic.services@harborough.gov.uk](mailto:democratic.services@harborough.gov.uk)  
 Telephone: 01858 828282

Circulate to: Jonathan Bateman - Deputy Leader, Paul Dann - Member, James Hallam - Member,  
 Phillip King - Leader, Simon Whelband - Member

**HARBOROUGH DISTRICT COUNCIL**  
**MINUTES OF THE CABINET MEETING**

held at  
Council Chamber, The Symington Building, Adam and Eve Street,  
Market Harborough, LE16 7AG

On 5<sup>th</sup> December 2022  
Commencing at 5.30pm

Present:

Councillors: Bateman, Dann, Hallam and King (Chair)  
Apologies: Councillor Whelband  
Guest: Councillors Dr Bremner and Critchley.

Officers: K. Aitken – Business Planning Officer, L. Elliott – Interim Chief Executive, V. Jessop - Interim Director of Communities and Wellbeing, N. Kwasa – Senior Democratic Officer, C Mason – Interim Deputy Chief Executive, C. Pattinson – Monitoring Officer and Interim Director of Governance, S. Pickering - Community Safety Manager and R. Smith - Environmental Services Manager.

Remote: D. Atkinson – Director Planning and Regeneration, C. Bland - Finance Services Manager

**INFORMATION EXCHANGE FROM PORTFOLIO HOLDERS**

Finance

Councillor Hallam noted that he had a number of reports to be discussed during the meeting so did not have any updates outside of these.

Corporate & Regulatory Services

Councillor Dann gave an update on the ongoing work surrounding the Local Elections in May 2023 including the introduction of voter identification, as well as arrangements being finalised for pre-election candidate briefings and nomination and acceptance drop-in sessions.

Strategy

Councillor King reported that work is progressing to install three community electric vehicle (EV) charging points in rural areas of the Harborough District and that the EV Charging points at the Harborough Innovation Centre had recently been upgraded and there are now 11 charging points there. He also noted that there will be another Go Green Business Convention taking place in March 2023 and further details will be circulated in due course.

## **TOPICAL ISSUES**

There were none.

### **1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Simon Whelband.

### **2. DECLARATION OF MEMBERS' INTERESTS**

Councillor King declared an interest in items relating to Leicestershire County Council, in that he is a County Councillor, and in particular Item 7, Budget Principles & Reserves Strategy which mentions the Leicestershire County Pensions Scheme Committee of which he is a Member.

### **3. MINUTES**

**RESOLVED that the minutes of the meeting of the Cabinet held on the 14<sup>th</sup> November 2022 be approved as a correct record.**

The minutes were updated to reflect that D. Atkinson – Director Planning and Regeneration had been present remotely at the previous meeting.

The Leader then MOVED to change the order of the agenda to discuss Item 9, Extension of PSPO for Alcohol related ASB & Dog Control, before Item 8 Strategic Partnership between Harborough District Council and Melton Borough Council. This was seconded by Councillor Bateman, and it was;

**RESOLVED, that the order of the agenda be changed as noted.**

### **4. 2022.23 Q2 OUTTURN FINANCIAL PERFORMANCE**



The Portfolio Holder introduced the report which set out the financial position (outturn) for the year ending 31 March 2023, based on information at the end of September for revenue and capital. Based on the financial position as at 30 September 2022, based on known income and expenditure commitments and working assumptions, the forecast:

- Revenue is forecasting an overspend of £810k (quarter 1 £1,041k), a variance of 6.7% to the approved budget.
- Capital is forecasting an underspend of £70k

The Leader noted that car parking income was down in relation to the forecasted budget figure, rather than last year or the year before, and requested that more challenge is given to budget forecasts so that they are not overestimated. He also noted that there was a lot of positive information as well. The Cabinet noted that there was a car park review currently taking place which is looking at the future need of parking in the District.

Following the discussion it was;

**RESOLVED, That Cabinet considered the financial performance report and commented on the Forecast Outturn (31st March 2023) as detailed within the report and associated appendices.**

Reasons for Recommendations:

Good financial governance requires the Cabinet to consider and comment on the forecast financial outturn for 2022/23. Such commentary demonstrates to customers, partners, and stakeholders that the Council is actively considering the financial environment within which the Council is operating.

## **5. QUARTER 2 2022-23 PERFORMANCE REPORT**

The Portfolio Holder introduced the report which noted the status of the Council's Key Activities and Key Performance Indicators as follows;

Status of all 32 Key Activities at the end of Quarter 2 of the 2022/23 year 28 (87.5%) Key Activities had a status of Green. 4 (12.5%) Key Activities had Amber status. 0 (0.0%) Key Activities were classed as Red status.

Status of all 21 Key Performance Indicators at the end of Quarter 2, of the year 2022/23: 13 (62%) of these have a status of Green, 3 (14%) have an Amber status and 5 (24%) have a Red status.

The Leader noted that it may be prudent to consider how KPIs on affordable housing and empty properties are reported if they are unlikely to hit the target until the end of the financial year and that quarterly reporting may not be appropriate. The Interim

Chief Executive AGREED to look into this and consider whether this might be better reported once at the end of Q4. She confirmed it would still sit as a target in the background. She also noted that in relation to the target on planning applications, at the time of reporting the team were not at full complement but now they are and the figure is already improving.

Following the discussion it was;

**RESOLVED, That Cabinet considered and commented on the contents of the report.**

Reasons for Recommendations:

The Council's Performance Management Framework requires that both Scrutiny and the Cabinet have a role in monitoring the performance of the Council against its Corporate Delivery Plan.

## **6. QUARTER 2 2022-23 RISK AND OPPORTUNITY MANAGEMENT**

The Portfolio Holder introduced the report which noted that at the end of Quarter 2 of the 2022/23 year there were 21 Corporate Risks and 6 Corporate Opportunities on the Corporate Risk and Opportunity Register. He noted that three new Corporate Risks were added to the Corporate Risk and Opportunity Register during Quarter 2 of the 2022/23 year;

CR 43 The Council fails to put in place and up to date, sound and adoptable local plan, the updated local strategic planning framework for the district,

CR 44 Disruption and Uncertainty arising because of uncertainty in central Government,

CR 45 Possibility of an unplanned General Election ahead of 2024.

Following the discussion it was;

**RESOLVED, That the items contained within the Council's Corporate Risk and Opportunity Register (attached at Appendix A to the report) be noted.**

Reasons for Recommendations:

The Council's Risk and Opportunity Management Framework provides that the Council's Risks and Opportunities will be reported on a regular basis.

The Leader asked officers to consider how reports to be noted might be better shared with the Cabinet going forwards.

## **7. BUDGET PRINCIPLES & RESERVES STRATEGY**

The Portfolio Holder introduced the report the purpose of which was to;

- Highlight to members the budget setting process and get agreement on key principles to support the development of the Budget 2023/24 and Medium-Term financial Strategy (2024/25 to 2027/28), and
- confirm the principles of the Reserves Strategy.

Following the discussion it was;

**RESOLVED, That Cabinet approve the:**

- **Delegations to the Director; Finance, ICT and Assets to agree, in consultation with the Portfolio Holder for Finance once known respective increases in Discretionary Fees & Charges (3.2.4)**
- **budget principles and definitions that are summarised in Appendix 4.**
- **Reserves Strategy in Appendix 5.**

Reasons for Recommendations:

To develop the foundation on which to support the development of the Budget and Medium-Term Financial Strategy.

## **9. EXTENSION OF PSPO FOR ALCOHOL RELATED ASB & DOG CONTROL**

Councillor Bateman introduced the report on behalf of the Portfolio Holder. The purpose of the report was to request that Cabinet extend the existing PSPOs for alcohol related anti-social behaviour and dog related anti-social behaviour for a further three years. This will extend but not vary the Public Space Protection Orders in accordance with the Anti-Social Behaviour, Crime and Policing Act 2014 ("the Act").

The Cabinet asked how many arrests there had been regarding the three offences;

- Failing to remove dog faeces
- Failing to put a dog on a lead after a request by an authorised officer
- Failing to have an appropriate means to pick up dog faeces.

It was confirmed that there have been no issues with these offences whilst enforcement officers have patrolling. It was also asked how a public space is defined in relation to dog related anti-social behaviour and whether this included canal tow paths and public footpaths. It was confirmed that enforcement could be taken on any open space open to the public.

Following the discussion it was;

**RESOLVED, That Cabinet;**

**1. Confirm and extend, for a period of 3 years, the Public Spaces Protection Order to address alcohol related anti-social behaviour without variation; Appendix 1 – draft order.**

**2. Confirm and extend, for a period of 3 years, the Public Spaces Protection Order to address dog control related anti-social behaviour without variation; Appendix 2 – draft order.**

**3. Delegate to the Director, Communities and Wellbeing, authority to take such steps as are required to give effect to the extension of the orders.**

Reasons for Recommendations:

**Alcohol Control PSPO**

Should the PSPO not be extended there would be a lapse on the enforcement of anti-social drinking within the currently specified area. Not having a valid PSPO in place will have an impact on the Council and Local Policing's ability to deal with anti-social drinking within the designated areas. This may have a detrimental effect on the reputation of the Council.

**Dog Control PSPO**

The current PSPO expires in December 2022. Not having a valid PSPO in place will have an impact on the Council's ability to deal with dog related anti-social behaviour in the District, thus affecting the reputation of the Council.

The Interim Chief Executive then left the room for the following item.

## **8. STRATEGIC PARTNERSHIP BETWEEN HARBOROUGH DISTRICT COUNCIL AND MELTON BOROUGH COUNCIL**

The Leader introduced the report the purpose of which was to present to Cabinet the Business Case and memorandum of agreement commissioned on behalf of the Councils in October 2022 in relation to the proposal to enter a Shared Partnership with Melton Borough Council. The Leader invited the Chairman of the Audit and Standards Committee to present any comments from the Committee. The Chairman of the Audit and Standards Committee noted that the particular concerns regarding an exit strategy had been considered in the Memorandum of Agreement and the concerns of having a shared Monitoring Officer had been addressed in the Business Case which had taken account of previous experience. He noted that Members of the Scrutiny Commission had requested more information regarding the Chief Executive of Melton Borough Council and the Leader confirmed that all Members have been invited to attend an informal 'meet and greet' with Mr de Coverly and Ms Howard from Melton Borough Council on 15 December 2022.

The Leader responded to further comments noted in Appendix C - Comments from Scrutiny Commission and Audit and Standards Committee, and noted that all Members had received responses to these and other questions in a FAQs document which had been circulated. He highlighted that there was one change in the Memorandum of Agreement that the break clause be set at 7 months rather than 6 months.

The Cabinet noted that it was a positive collaboration and that it was the right time to be considering this, and they thanked the Chair of the Audit and Standards Committee and the Scrutiny Commissioner, as well as all the officers for the work that has gone into it.

Following the discussion it was;

### **RESOLVED, That Cabinet;**

- 1. Note the Business Case and Memorandum of Agreement.**
- 2. Received and reflected on the written and oral feedback from the Scrutiny Commission and the Audit and Standards Committee, agreeing any amendments required.**
- 3. Endorsed the Business Case and Memorandum of Agreement.**
- 4. Recommend to Council that it:**

- a. Endorse the Business Case in (Appendix A) and authorise Harborough District Council to enter into a strategic partnership with Melton Borough Council, with effect from 1 January 2023;**
- b. Approve the terms of the Memorandum of Agreement (Appendix B) and delegate authority to the Monitoring Officer, in consultation with the Leader, to finalise, approve and execute the Memorandum of Agreement;**
- c. Appoint Edd de Coverly, to the role of Shared Chief Executive and Head of Paid Service, to be placed at the disposal of Harborough District Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered at Council;**
- d. Appoint Liz Elliott, the current Deputy Chief Executive, to the role of Shared Deputy Chief Executive and place her at the disposal of Melton Borough Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered by Council;**
- e. Note that Melton Borough Council will appoint their Director of Housing & Communities (Deputy Chief Executive), Michelle Howard, to the role of Shared Deputy Chief Executive and place at the disposal of Harborough District Council under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered at Council;**
- g. Authorise the Monitoring Officer to make such changes to the constitution as are required to give effect to the Memorandum of Agreement;**
- h. The Strategic Partnership be reviewed after 12 months of operation and thereafter on an annual basis, with the outcome of the reviews being reported to Council;**
- i. Note that, if a recommendation to Council is made as set out above, and if Council resolves to enter into a Strategic Partnership with Melton Borough Council, Council will also be required to consider and approve any associated Human Resource implications of the proposals which will be reflected in the recommendations to Council.**
- j. Appoint the Councils Deputy Chief Executive, Liz Elliott, as the permanent Returning Officer and Electoral Registration Officer for Harborough District Council.**

Reasons for Recommendations:

i. This report relates to the decisions taken by Cabinet on 10 October 2022 to authorise the Council to work with Melton Borough Council to develop a full Business Case in respect of creating and operating a strategic partnership between Harborough District Council and Melton Borough Council.

ii. Development of both the Business Case and Memorandum of Agreement has been a robust and inclusive process supported by independent experts appointed to assist the two Councils. It has involved scrutiny commission considering the Business Case and Audit and Standards Committee reviewing the proposed Memorandum of Agreement. The inclusion of feedback from both committees to Cabinet will enable them to consider and agree any amendments prior to consideration by Council.

iii. The potential benefits that could be realised through a Strategic Partnership, and which the business case seeks to test, are as follows:

a. Strategic Place Leadership: increasing influence regionally and nationally, by speaking with a stronger and more united voice across a larger geographic area;

b. Communities and businesses: working together to respond to, and address, shared challenges which in turn will help improve impact and deliver better outcomes for our residents, communities and businesses e. g cost of living, health and wellbeing, housing affordability. Maximising external investment

a. Organisational effectiveness: opportunity to share learning and good practice and through collaboration whilst increasing service resilience, stability and effectiveness.

b. Workforce: increase opportunities for job enrichment, growth and development and improve recruitment and retention.

c. Financial resilience: realising efficiencies through joint working, reducing duplication, increasing purchasing power and achieving greater value for money.

It was determined that recommendation f. Authorise, Michelle Howard to be placed at the disposal of Harborough District Council in the role of Shared Deputy Chief Executive under Section 113 of the Local Government Act 1972 with effect from 1 January 2023 in accordance with Page 100 of 372 the Memorandum of Agreement and proposed pay structure due to be considered by Council, was a duplication and this was therefore removed from the list of recommendations.

#### **10. To consider any matters of special urgency (to be decided by the Leader)**

There was none.

The Leader thanked the Senior Democratic Officer and Team Leader for her work and wished her good luck as she goes on leave for a year.

The Meeting finished at 18:42.



## Harborough District Council

### Report 1 to Cabinet Meeting of January 16 2023



<b>Title:</b>	<b>Electricity Supply Contract</b>
<b>Status:</b>	<b>Public</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Author:</b>	<b>Jonathan Ward-Langman, Service Manager, Commissioning and Lifeline</b>
<b>Portfolio Holder:</b>	<b>Councillor Hallam (Finance) and Councillor Bateman (Planning, Environment and Waste)</b>
<b>Appendices:</b>	<b>None</b>

### Executive Summary

- i. The Council has procured its energy requirements through Eastern Shires Purchasing Organisation (ESPO) frameworks for several years and this has always proved efficient and cost-effective. Although the Council's current contract does not expire until September 2024, award of a new contract to commence from that date will ensure continuity of supply and allow the Council to benefit from the aggregated, long-term purchasing approach that ESPO employs. This is the procurement method that is most likely to achieve value for money and to reduce the Council's exposure to risk in the context of the current volatile energy market.

### Recommendations

1. That the Council awards a contract for electricity supplies commencing October 1<sup>st</sup>, 2024 to TotalEnergies Gas & Power Ltd. (TotalEnergies) via Eastern Shires Purchasing Organisation (ESPO) Framework Reference 191\_24.
2. That authority is delegated to the Council Leader, Portfolio holders and Deputy Chief Executive to opt in or out of the 'green tariff' that is available when charges are reviewed on a six-monthly basis.

### Reasons for Recommendations

- i. Electricity supplies are essential to the Council's operation and function; the Council has procured its energy requirements through ESPO frameworks for some time, and this has

proved cost-effective. Procurement of a new contract by the same method will ensure supply and is the preferred means of achieving value for money.

## Purpose of Report

1. To recommend award of a contract that will secure the Council's electricity supply from October 2024 to September 2028 at the most advantageous price.

## Background

2. Electricity supplies are essential to the Council's operation and function. the Council awarded a contract for electricity supplies that commenced on 1 October 2020, to Total Gas & Power Limited (TGP, now rebranded as TotalEnergies) through ESPO framework 191. This contract expires on 30 September 30 2024.

## Details

3. Long term commitment to contracts for energy enables the Council to achieve value for money and security of supply. ESPO traders purchase energy up to 18 months in advance and by opting into this purchasing strategy, the Council is likely to achieve significantly better value for money than through alternative procurement arrangements.
4. The UK Cabinet Office advises that aggregation of public sector energy procurement through a Professional Buying Organisation (PBO) such as ESPO is the best method of reducing energy costs for Local Authorities. The PBO can purchase energy flexibly because of the number of customers it serves, taking advantage of market fluctuations to manage risk and increase the likelihood that customers will secure energy supplies at the best price.
5. Procurement through a Framework agreement is the most cost-effective method available to the Council. The alternative would be a tender under Public Contract Regulations (PCR 2015) which would be unduly onerous; it would also expose the Council to unnecessary risk as it would not allow access to the benefits of aggregation, and because the Council does not have access to specialist energy buying expertise.
6. The ESPO 191 framework agreement is a single provider framework and TotalEnergies is the sole supplier. The tender that established the framework included assessment of suppliers' commitment to actions to add social value and carbon reduction measures.
7. This is a routine procurement exercise that represents 'business as usual' and is essential to maintain the Council's operations and function. Authorisation of the award by Cabinet is necessary because the value of the contract exceeds £200,000 (HDC Procurement SORP, 28.1).
8. The framework offers a 'green tariff' that enables contracting authorities to purchase renewable energy; the Council's Cabinet committed to the green tariff when agreeing award of the current contract in July 2019.
9. In June 2022 ESPO informed the Council that the premium for green electricity was increasing. This was forecast to lead to an additional cost of more than £6,000 per annum, an increase of 700%. It was agreed by the Council Leader, Portfolio Holder, and Interim

Deputy Chief Executive (and section 151 officer) to opt out of the green electricity tariff from 1 October 2022, on economic grounds

10. Energy markets are exceptionally volatile at present: the global situation has led to increased energy costs and significant fluctuation over relatively short timescales; demand for renewable energy has also increased dramatically. The current advice from ESPO is that it is difficult to predict either charges in general or the additional premium that the green tariff will incur even in the relatively short term. It is therefore recommended that the relative costs of the green tariff are reviewed on a six-monthly basis when ESPO update their charges and that authority to opt in or out is delegated to the Leader of the Council in consultation with officers.

## **Implications of Decisions**

### **Corporate Priorities**

11. The recommendations will enable the Council to secure value for money and financial sustainability, whilst acknowledging the importance of creating a sustainable environment and carbon reduction and allowing action to support these goals throughout the term of the contract.

### **Financial**

12. The recommended actions offer the best means of achieving value for money and financial sustainability.

### **Legal**

13. Procurement of electricity supplies through the ESPO framework will ensure compliance with procurement regulations (PCR2015).

### **Policy**

14. None.

### **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

15. Implementation of the recommendations will support the Council's commitment to become a net zero carbon Council by 2030 insofar as is possible within financial constraints. However, it should be noted that greater energy efficiency and exploration of the use of localised renewable energy, for example, installation of solar panels on Council buildings is likely to be more effective in achieving these goals in the longer term.

### **Risk Management**

16. There would be a risk that the Council would incur significant unnecessary expenditure if no contract for electricity supplies to commence after September 2024 were to be secured.

### **Equalities Impact**

17. None.

### **Data Protection**

18. None.

## **Summary of Consultation and Outcome**

19. The Service Managers for Finance and Property, and the Environment Co-ordinator, have been consulted about this decision, as have the relevant portfolio holders.

## **Alternative Options Considered**

20. The Council could delay decisions regarding electricity procurement until nearer the expiry of the current contract, however, this would risk incurring increased costs as by failing to secure the better prices that will be achieved through advanced purchase.
21. The Council could opt for the green tariff for electricity supply immediately, however this might incur excessive and unaffordable costs.

## **Background papers**

22. None

## Harborough District Council

### Report to the Cabinet Meeting of 16th January 2023

<b>Report Number:</b>	2.
<b>Title:</b>	<b>Draft Budget 2023/24 &amp; the Medium-Term Financial Strategy (2024/25 to 2027/28)</b>  <b><i>"Committed to Financial Sustainability &amp; Resilience to enable Community Investment".</i></b>
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Clive Mason – Director of Resources (& s.151 officer)
<b>Portfolio Holder:</b>	Cllr James Hallam, Finance
<b>Appendices:</b>	<b>Appendix 1:</b> Detailed "Consolidated" Draft 2023/24 Budget & Medium-Term Financial Strategy (2024/25 to 2027/28) <b>Appendix 2:</b> Detailed service budget pages <b>Appendix 3:</b> Summary of service savings and income generation proposals. <b>Appendix 4:</b> "Consolidated" General Fund Reserve <b>Appendix 5:</b> Capital Programme 2023/24 to 2027/28

#### Executive Summary

This report sets out the Council's Draft 2023/24 Budget and Medium-Term Financial Strategy (2024/25 to 2027/28) (MTFS) in respect of revenue, capital, and reserves.

Over the past few months all services have been reviewing their service budgets and have generated net savings of £957k for 2023/24 (£4.5m over the MTFS period). Further, on the 19<sup>th</sup> December the government issued their provisional financial settlement which awarded the Council New Homes Bonus of £1.7m and other grants in excess of £1m. In summary the Council has a surplus revenue budget for the first two years of the MTFS (£4.2m), which will be set-aside, to contribute to meeting the forecast deficit budgets of the last three years of the MTFS (£4.5m).

The Council has addressed significant inflationary pressures, and these have been incorporated into the service budgets. Following the Council decision in December 2022 to not approve the Council's participation in a Strategic Partnership with Melton Borough

Council, this budget does not include any savings that were included in the business case. It should be noted that if the Strategic Partnership had proceeded this would have been the ideal vehicle through which the Council could have improved its financial resilience by giving it a more solid foundation to support the delivery of services to our community; unfortunately now the Council will have to address these financial risks alone.

## Recommendations

### That Cabinet

#### 1. **approves:**

#### A. The following to be included in the Draft "Revenue" 2023/24 Budget and MTFS (2024/25 to 2027/28):

- |   |              |
|---|--------------|
| • various service-related budget changes noted in paragraphs:                                 | 3.5 to 3.11  |
| • various non-service funding budget changes noted in paragraphs:                             | 3.12 to 3.17 |
| • Council Tax, Business Rates and Collection Fund related budget changes noted in paragraphs: | 3.18 to 3.23 |

*This includes an increase in Council Tax for 2023/24 of 2.99% and a notional increase of 2.99% for each year of the MTFS (2024/25 to 2027/28).*

<b>B.</b> Delegation of authority to the Director, Resources, following consultation with the Portfolio Holder for Finance & Assets, to distribute the "Final" Forecast 2022/23 Collection Fund Surplus/(Deficit) to respective Preceptors by the statutory deadline (31st January).	3.24
--	------

<b>C.</b> Draft Budget 2023/24 and MTFS (2024/25 to 2027/28) summarised at Table 4. The detailed service budgets are shown at Appendix 1 and 2.	3.25 to 3.26
---	--------------

<b>D.</b> Reserves allocations summarised at Table 5, Appendix 4.	3.27 to 3.31
---	--------------

<b>E.</b> Capital Programme for 2023/24 and for the MTFS (2024/25 to 2027/28) as shown at Appendix 5.	3.32 to 3.37
---	--------------

<b>F.</b> Delegation of authority to the Director, Resources, following consultation with the Portfolio Holder for Finance & Assets, in respect of capital projects that are impacted by inflation. The detailed wording of the delegation is shown at paragraph 3.36	3.36
---	------

<b>2. endorses</b> the continuation of the transformation programme and continuous improvement, thereby ensuring that the Council remains <b>"Committed to Financial Sustainability &amp; Resilience to enable Community Investment"</b> .	
--	--

<b>Reasons for Recommendations</b>
To provide the opportunity for consultation on the emerging budget position for 2023/24 and the MTFS, with a focus on the revenue budget, reserve allocations and proposals for the capital programme.

## **1. PURPOSE OF REPORT**

### **1.1 For Cabinet to:**

- consider the Draft Budget 2023/24 & the Medium-Term Financial Strategy (2024/25 to 2027/28) (MTFS), including potential budgetary implications of the government's provisional settlement, implications for Council Tax and consequential application of reserves.
- review and endorse inflationary implications, savings, and growth proposals, and to begin, where necessary a period of consultation.
- review capital projects proposals; including the potential revenue implications

## **2. BACKGROUND**

### **Introduction**

### **2.1** In respect of the 2022/23 budget, the Council approved the “original budget” in February 2022 ([Council approved the 2022/23 Budget and MTFS](#)); the key points to note are as follows:

- service net expenditure of £11.6m,
- budget requirement of £13.0m,
- Council Tax (Band D) of £177.97, and
- Council Tax Base of 37,389.4

As part of 2021/22 year-end, the [2021/22 Quarter 4](#) was reported to Cabinet in July and £286k in brought forwards was agreed. In addition, £175k grants were required to be brought forward. This resulted in a 2022/23 Updated Budget with a net expenditure of £12.0m.

### **2.2** Over the past couple of years the Council has been on a significant journey of both organisational and financial transformation:

- During 2020 it was established that the Council was facing a significant gap in financial resources and to overcome this it undertook a fundamental review of all its services budgets. This review generated an annual saving of £3.1m (known as Budget Challenge 2025, BC25).
- Extending through 2020 and 2021, the Council was impacted by the Coronavirus Pandemic. With the Council being at the centre of its local community, it led local governments response in respect of business



grants and developed new and innovative ways to ensure that services continued to be delivered.

- Since February 2022, the Council, like every other council in the UK has been facing further pressures due to significant increases in inflation and the impacts of the cost-of-living crisis.

2.3 In addition to the above, the Council has delivered a number of other initiatives over the past year, including:

- a new Corporate Plan,
- development of both a Young Persons and Rural Strategies,
- continued its significant ICT transformation programme,
- submitted a Round 1 Levelling Up bid,
- been successful in achieving considerable external government funding (including £2.1m in UK Shared Prosperity Fund).
- Distributed £630k in Jubilee Grants to celebrate the late HM the Queens Platinum Jubilee
- And over the past few months, along with Melton Borough Council the Council had been developing a joint business case to support a strategic partnership between the two Councils. At Decembers Full Council the decision was not to take this initiative forward. Further commentary on this is considered later in the report. It should be noted that no savings pursuant to the Strategic Partnership are included in this budget or the MTFS.

### **Reflections on the 2022/23 Forecast Outturn**

2.4 The [Financial Performance 2022/23 Quarter 2](#) report was discussed at Cabinet in December and is showing a net overspend of £810k. This overspend is due to a number of both positive and negative variances, but the main variances are due to:

- Inflationary pressures £385k
- Underachievement of savings £560k less
- Normal operational delivery (net saving) (£135k)

## **3. REVENUE BUDGET: Draft Budget 2023/24 and Medium-Term Financial Strategy 2024/25 to 2027/28**

### **Base Budget 2023/24**

3.1 When the Council approved the “original” 2022/23 budget and MTFS in February 2022; the 2022/23 “Net Direct Cost of Services” was £11.1m; following base budget changes agreed in earlier years budgets, the 2023/24 Base Budget increased by £9k; this is shown in **Table 1** below.

Reconciliation of Updated Base Budget 2023/24				Table 1
Service	2022/23 Budget as approved February 2022	Previously Approved Growth/ Savings	Service Requested Budget Changes	2023/24 Base Budget
	£000	£000	£000	£000
Finance	2,353	(293)	130	2,190
Planning, Environment & Waste	4,989	(129)	0	4,860
Wellbeing, Communities & Housing	1,302	(182)	0	1,120
Strategy (aka Planning & Regeneration)	670	52	0	722
Corporate & Regulatory Services	2,066	(3)	0	2,063
Contingency (including Pay/Services/FCC Inflation)	(316)	434	0	118
<b>Net Direct Cost of Services</b>	<b>11,064</b>	<b>(121)</b>	<b>130</b>	<b>11,073</b>

### Budget Changes 2023/24

3.2 The detailed Consolidated 2023/24 Budget and MTFS is at **Appendix 1**, with the detailed service budget pages being shown at **Appendix 2** (a summary is shown at **Table 4** later in this report). However, the 2023/24 draft budget has been based on the [Budget Setting Principles](#) report agreed by Cabinet in December and other subsequent changes; this gives the following key budgetary items in respect of 2023/24:

- Net Direct Cost of Services of £12m,
- Capital financing of £424k,
- which gives a 2023/24 Draft Budget Net Expenditure of £12.5m.

The respective movements between the 2023/24 Base Budget and 2023/24 Draft Budget Net Direct Cost of Services is shown in **Table 2** below with more detailed discussion later in this report.

Service Budget Changes - 2022/23 only	Table 2	
	£000	£000
<b>2022/23 Base Budget</b>		<b>11,073</b>
<b>Pay increases</b>		
23/24 Pay increase	186	
Consequential impact of 22/23 Pay increase of £1,925	217	
Other payroll changes, fte changes, scale point increments, reversal of 1.25% National Insurance, etc	168	571
<b>Service Growth</b>		
Inflation on fees and charges	(36)	
Energy Costs inflation	42	
Underachievement of savings	136	
Normal operational delivery (see Appendix 3 savings and income generation proposals)	(816)	(674)
<b>Waste contract - inflationary changes</b>		205
<b>Elections 23/24 cost</b> (matched by reserves contribution)		166
<b>Local Plan 23/24 cost</b> (matched by reserves contribution)		206
<b>Unplanned Pressures</b>		
<b>Income</b>		
Green waste increased charge	(120)	
Carparking income reduction	158	
Planning income reduction	103	
Shared service DM support	128	269
<b>Expenditure</b>		
Pensions reduction for 23/24	(94)	
2 Project officers	116	
External audit fee increase set by PSAA	48	
Legal & democratic improved software	28	
Local Elections Contribution to Reserves	40	
Leics Revs & Bens Partnership	32	
Netcall licence - customer services	60	230
<b>2023/24 Draft Budget - Net Direct cost of services</b>		<b>12,046</b>

### Service Review

- 3.3 For the past few years services have continually been reviewing their income and expenditure, the principal means for reviewing budgets has been firstly via the Budget Challenge 2025 (BC25) process and secondly via the annual budget setting process – this is discussed further in (i) and (ii) below.

Members should also note that officers do reflect on budget provision as part of the quarterly budget monitoring process.

- i. **Budget Challenge 2025**; the budget impacts of BC25 were incorporated into the 2022/23 Budget and MTFS (2023/24 to 2026/27) and were detailed in last year's draft budget report. As each year passes these savings become embedded within that year's base budget. This will be the last year that reference will be made to the BC25 process.
- ii. **Annual Budget Process service review**; over the summer and early autumn of 2022 service leads have been reviewing their budgets. For 2023/24, the total service savings are £957k and total £4.5m over the MTFS period; these are summarised in **Appendix 3**.

### **Budget Principles**

- 3.4 In December, Cabinet agreed a series of [Budget Setting Principles](#), the following paragraphs reflect the application of these principles into the budget setting process.

#### **➤ GENERAL SERVICE INCOME AND SAVINGS**

- 3.5 The increase in General Service Income is based on the CPI rate for the preceding October which was 10.1%; the consequent 2023/24 income increase is £36k. There are a number of exemptions to this that are discussed in the aforementioned report, further members should consider the implications of the following specific income streams:

- i. **Car Parking**, the 2022/23 Quarter 2 financial performance is forecasting a net income of £1m; some £250k (19.7%) less than budget. When the 2022/23 budget was set, the income budget had already been reduced by £216k; this further underachievement is clearly evidencing a structural decline in car usage with therefore showing that there is car-parking over-capacity within the district. The Council is undertaking a strategic review of its car parking, but the conclusions of this review are not expected until later in 2023. Considering this, the Head of Regulatory has reviewed the car-parking income budget further and ***it is recommended that revised Car Parking budgets are included, reflecting the profile below:***

	Currently Approved Budget / MTFS 2022/23 £000	New Budget / MTFS 2023/24 £000	Annual Change in Income £000	Cumulative Change in Income £000
2023/24	1,269	1,050	(219)	(219)
2024/25	1,210	1,155	(55)	(274)
2025/26	1,154	1,200	46	(228)
2026/27	1,101	1,269	168	(60)
2027/28	N/a	1,269	N/a	N/a

Key: amounts in brackets = reductions in budget

- ii. **Garden Waste;** in December 2020, Council approved an increase in the Garden Waste fee to £55.00. As noted in the Budget Principles report ([Appendix 2](#)); it is essential that as a discretionary service that cost-neutrality is maintained (i.e. no cross-subsidisation between non-participating residents and scheme participating residents). Current modelling is showing that the contractor costs for 2023/24 are higher by £120k per annum – therefore to ensure cost neutrality and no cross-subsidisation, a £6 per bin increase is required.

On an annual basis, when the Council agrees the budget it also agrees the [Fees & Charges](#) and this includes a delegation whereby the Chief Financial Officer, in consultation with the Portfolio Holder for Finance & Assets can agree in-year changes to Fees & Charges. The annual billing process for Green Waste starts the preceding December therefore, to ensure that the £6 increase is in place for April 2023, it has been necessary for the aforementioned delegation to be used.

- iii. **Interest and Investment Income;** members will recall that for 2022/23, the net Interest & Investment Income budget was £400k. With the recent increase in base rates, investment interest rates have also increased; ***it is recommended that the budget interest and investment income budgets over the MTFS period will be:***

- **2023/24; £807k**
- **2024/25; £529k**
- **2025/26; £488k**
- **2026/27; £440k**
- **2027/28; £440k**

- iv. **Development Management (Development Control) Income;** members will recall that for 2022/23, the net Development Control Income budget was £1.2m which included a potential income from a shared services opportunity with another Leicestershire District Council that is no longer being taken forward. Consequently, this income stream has been removed from the budget as the likelihood of alternative shared service options are limited in the short-term. Quarter 2 monitoring is forecasting an overall underachievement of income by £203k, as well as recognising the lost shared service income this underachievement also includes a deferment of income as a consequence of the legal proceedings in respect of the Lutterworth East and Gartree Prison developments. Further, as the country is entering recession, there is the potential for a downturn in planning income. Consequently the Head of Development has considered the medium-term impacts of these income pressures and ***it is recommended that the Development Management income budgets are reduced to reflect the expected changes in the economy:***

	Currently Approved Budget / MTFS 2022/23 £000	New Budget / MTFS 2023/24 £000	Annual Change in Income £000	Cumulative Change in Income £000
2023/24	1,290	1,187	(103)	(103)
2024/25	1,340	1,142	(198)	(301)
2025/26	1,340	1,142	(198)	(499)
2026/27	1,340	1,142	(198)	(697)
2027/28	N/a	1,142	N/a	N/a

Key: amounts in brackets = reductions in budget

- v. **TOM Service Efficiency;** members will recall that included in the 2022/23 budget was a £353k saving in respect of a new “Target Operating Model” that involved a review of corporate leadership. Of the £353k saving, £287k (81%) remains within the base budget of each year of the MTFS. The review of the senior management team was delayed due to the Councils participation in development of the Strategic Partnership with Melton Borough Council. As the Council has now decided not to follow the Strategic Partnership this saving will have to be achieved within the Councils own resources rather than being able to secure the collaborations benefits that would have accrued from improved service and financial resilience. It is possible to achieve this saving from within the Councils own resources but this brings with it

higher risks in both short- and medium-term operational delivery, higher cost and reductions in financial resilience of the Council.

➤ **EMPLOYMENT RELATED COSTS**

3.6 **Pay Inflation**; for 2022/23, the pay-award was a flat £1,925 across all spinal points; for a Grade 2 post this represents an increase of 9.6% whereas for the Chief Executive this represents 1.6%. In respect of next year and the MTFS period, ***it is recommended that the following increases are applied in respect of pay inflation:***

- ***2023/24; 4%, giving an annual cost of £375k.***
- ***2024/25; 3.5%, giving an annual cost of £341k.***
- ***2025/26 to 2027/28; 3.0%, giving an average annual cost of £312k.***

3.7 **Employers Oncosts**, as an employer the Council is required to charge oncosts for National Insurance and Pension. In respect of:

- **National Insurance**, this is set nationally and for budgeting purposes a standard rate of circa 13.8% is used. For 2023/24 and each year thereafter this has been reduced by the 1.25% “Social Care” NIC which was withdrawn as part of Septembers Fiscal Statement and confirmed in the Autumn Statement of last November. Members should note that in the financial settlement for this financial year (2022/23) the government had provided compensation funding to meet the additional “Social Care” NIC cost (it was embedded within the Services Grant allocation); this compensation has now been removed for 2023/24.
- **Pensions**, the Council is part of the Leicestershire Local Government Pension Scheme. 2023/24 will be the first year of a new triennial valuation, the equated employer’s oncost rate will be 32.12% (a base employers oncost rate of 22.8% + a strain amount of £644k). Which is an equated reduction of 2.43% (£94k) compared to 2022/23 (equated employer’s oncost rate of 34.55%).

It is ***recommended that both the National Insurance and Pension oncosts rates of 13.8% and 32.12% respectively are applied for next year and over the MTFS period***; giving a cost of £2.9m for 2023/24.

3.8 **Vacancy Factor**; a table-top exercise has been undertaken to model the gap between when vacancies occur and when posts are recruited to and the current £180k vacancy factor has been confirmed as a fair proxy. It is therefore ***recommended that the vacancy factor remains as £180k.***

➤ **General Service Inflation and Growth**

3.9 **General Service Inflation**; a rate of 0% had been applied for general service inflation for 2023/24 and for the MTFS period. However, as per the Budget Principles report, *it is recommended that the only exceptions are in respect of:*

- i. **Utility Costs**; for 2023/24 an increase of 20% will be applied (£42k), for 2024/25 a further increase of 10% (£26k) and thereafter budgets to remain at 2024/25 levels.
- ii. **FCC contract**; for 2023/24 a provisional increase of 14% (£610k), based on currently modelled inflation indices. It is possible that this increase may change during January as final inflation indices are agreed with the contractor. If there are any changes, these will be reflected in the final budget that will be presented to Cabinet in February. For 2024/25 and for each year until the end of the current contract the annual increase will be 4.9%.
- iii. **SLM (Everyone Active) contract**; it is expected that the ongoing net cost to the Council will remain as net-nil for the duration of the current contract.

3.10 Over the next few years the Council will be undertaking two significant contracts; namely:

i. **Environmental Services**

- a. **New contract**: The current contract expires at the end of 2024/25. It is expected that when the contract is relet there will be an increase in costs due to prevailing inflationary costs. However as shown in the Budget Principles report, inflationary pressures are generally expected to reduce towards the end of 2023/24. To recognise this risk, *it is recommended that the inflation rate to be applied will be the average of the inflation indices for the current contract.*
- b. **Environmental Act**: Although the government has not discussed their proposed changes for waste collection for some time it is still expected that there will be a future cost to the Council from these changes that should be reflected in the MTFS. As last year, *it is recommended that a cost escalator of 5% is added to the general costs of the current environmental services contract for the period 2025/26 onwards.*



- c. **New Depot:** As noted in last year's budget, the Council does not have its own depot. Over the past year considerable work has been undertaken to determine the costs of development more accurately; ***it is now recommended that the capital programme allocation is increased to £10m.***

## ii. Leisure Contract

- a. **New contract:** The current contract expires at the end of 2023/24. It is expected that when the contract is relet that the Council will not receive an income stream. This will be the same as the situation that the Council has followed since the start of the Covid Pandemic.
- b. **Utility costs:** the current Leisure contract requires the contractor to meet all associated utility costs. Following market testing, it is expected that any future contract will not be so favourable and the costs of utilities will have to be met by the Council; subject to a baseline whereby if this is exceeded by 10%, costs will be shared between the Contractor and Council on a 50:50 basis. The current cost of utilities is circa 80% of all premises costs, ***it is therefore recommended that from 2025/26 an annual amount of £188k is included for future leisure utility costs.***

3.11 **General Service Growth;** no "discretionary" service growth has been included that hasn't been discussed elsewhere within the report. However, as a consequence of the 2022 service reviews process, the following unplanned pressures have been included in the budget and ***it is recommended that these are included:***

- i. **Netcall**, this is our Customer Experience Management system which is used to build online services and take online payments; the licence cost being £60k per annum. This was initially considered to be capital, but a review of the contract has now concluded that this is a revenue cost.
- ii. **Iken and Modern.Gov**, it is fair to say that both services have been limping along using archaic and inefficient ICT systems for a number of years; this has been very challenging especially when it is considered that the services themselves are as lean as practicably possible. In respect of:
  - **Legal Services**, it does not have a case management system. It manages its work via a spreadsheet which is horrendously inefficient and almost impossible to manage. The Iken system will solve this issue, the licence cost is £9k per annum, with a one-off implementation cost in the first year of £8k (£17k).

- **Democratic Services**, the existing meeting and governance management system (CMIS) has been in place for in excess of 10 years and would require considerable work to deliver identified efficiency savings within the service. A move to an alternative system (Modern.Gov) is proposed. The Modern.Gov system is a major player in the local government marketplace and is used by all other district councils in Leicestershire, Leicestershire County Council, Leicester City Council and Rutland County Council. A move to Modern.Gov will bring with it some significant efficiency gain including standard report drafting, workflow management, approval prompting and allow for sharing of knowledge and experience between authorities in Leicestershire to assist in development of the system to improve customer service and satisfaction. The Modern.Gov system cost is £14k per annum, an increase of £4k over the current licence cost for CMIS. In the first year there will be an additional £7k (£11k) to meet the cost of implementation.
  - **Both the Iken and Modern.gov systems** will fully integrate with the Councils new system infrastructure and be compliant with the principles within the ICT Strategy (i.e. cloud based).
- iii. **External Audit Fee**, at the [October 2021 meeting of the Audit & Standards Committee](#), like the vast majority of Councils in England, the Council opted into the national appointing person arrangements made by [Public Sector Audit Appointments \(Ltd\)](#) (PSAA). Since October 2021 PSAA has undertaken a national procurement exercise for new auditors and the Councils new auditors from 2023/24 will be Grant Thornton. Sadly, audit fees will be increasing (an additional £48k) to reflect the additional responsibilities resulting from the new governance and value for money responsibilities and higher costs of provision.
- iv. **Leicestershire Revenue and Benefits Partnership (LRBP)**, the Councils contribution will increase due to the consequential impacts of higher pay costs and inflation (£62k).
- v. **2 x Project Management Officers** (£116k), the Council is embarking on a significant capital and revenue development programme; including a new depot, 4, Roman Way, UK Shared Prosperity Fund and Levelling-Up. To deliver this comprehensive programme along with “business as usual”, it is clearly evident that the Council needs additional resources to ensure that the programmes are delivered. It is proposed to recruit two full-time posts on 2-year Fixed Term Contracts, and for these to be funded, initially, from the Transformation Earmarked Reserve. In due course these posts may be financed from capital resources; either as part of the application of Flexible Use of Capital Receipts if the projects generate an ongoing revenue saving or directly from capital as part of the projects

development costs. If it is possible to finance from capital the use of the Transformation Earmarked Reserve will not happen.

vi. **Service Contributions to/from Reserves**

- **Local Elections Contributions to Earmarked Reserves;** each year the Council sets-aside an amount to Earmarked Reserves to meet the cost of its 4-yearly local elections. This reserves adjustment has been made at the year-end, thereby reducing any surplus or increasing any deficit. Best practice is to regularise this practice and establish a budget for this specific contribution.
- **Local Elections 2023/24 and Development of the Local Plan;** 2023/24 will see the Council hold its local elections with an estimated cost of £166k. A new budget line has been established for this expenditure but it will be financed from a direct contribution from Earmarked Reserves. In a similar way, the Council is now starting to incur annual costs relating to the preparation of the next Local Plan (£206k) and during 2023/24 it will start financing this from its Earmarked Reserve.

➤ **Non-Service Funding**

- 3.12 This section of the report addresses those items of funding or budget adjustments that are based on government funding and associated assumptions.
- 3.13 **Business Rates (NDR);** in the December Provisional Settlement the Secretary of State for Levelling-Up, Housing and Communities, has not proposed an increase in the multiplier for 2023/24. However, some modelling has been undertaken to reflect potential growth, and the estimated net business rates after adjustment for the Tax Income Guarantee (TIG) grant for 2023/24 is £4.7m and is shown in **Table 3** below.

Summary of Net Business Rates	Table 3
Council Share of Business Rates	20,124
Estimated Growth	0
less Tariff	(16,400)
<b>HDC Business Rates</b>	<b>3,724</b>
less Levy (paid to Pool)	(962)
less Growth retained in Pool	(922)
	<b>1,840</b>
S.31 Grant and TIG	3,584
100% Renewable Energy Retention	36
Bad Debt Provision	(500)
<b>Estimated Net Business Rates</b>	<b>4,960</b>
Less TIG (held in the CV19 Reserve)	(301)
<b>Estimated Net Business Rates for the Consolidated 2023/24 Budget</b>	<b>4,659</b>

These numbers will be updated for the Final 2023/24 Budget and MTFS when the 2023/24 NDR 1 return is completed in late January. ***It is recommended that £4.7m (£5m less £301k) is included in respect of business rates.***

- 3.14 **New Homes Bonus (NHB)**; in the December Provisional Settlement, a NHB allocation of £1.7m was announced for 2023/24. The government has committed to provide “stability” for the duration of this parliament but no specific commitment has been made on the continuation of NHB for 2024/25.
- 3.15 It is fair to assume that it would be relatively catastrophic for local government if the government was to completely withdraw this funding stream in 2024/25. However, it is likely that there will be some lowering of the amount allocated and this should be reflected in the MTFS. For 2022/23 the national NHB pot was £556m which reduced to £291m for 2023/24 (48%). ***It is recommended that the Cabinet should recognise for:***
- i. ***2024/25 a 35% reduction in NHB for 2024/25 (£1.1m).*** The reduction of only 35% is less than the 2023/24 national reduction in the NHB pot (48%) because it should be recognised that Harborough is a growth area and many developers wish to build here. Therefore the national impact is not likely to be fully felt by the Council.
  - ii. ***2025/26 onwards (post-general election) that no NHB allocation should be made;*** because it is likely that there will be a significant change as part of the national Fair Funding Review.

3.16 **Other Grants.** In the December Provisional Settlement, the following grants were announced. The purpose of these grants is shown below, and it is proposed that these grants are included within General Fund balances:

- i. **Rural Services Grant (£141k);** this is a long-standing grant that recognises the additional pressures associated with providing rural services. Compared to 2022/23 this has increased by £7k. For 2024/25, it is expected that the Council will receive a similar amount to that of 2023/24. ***It is recommended that that for each year of the MTFS that an allocation of £141k is recognised.***
- ii. **Services Grant (£69k);** this grant provides funding to all tiers of local government in recognition of the vital services delivered at every level of local government. Compared to 2022/23 this grant has decreased by £53k. It is not expected that the scheme will be extended for 2024/25. ***It is recommended that that for each year of the MTFS that a nil allocation is recognised.***
- iii. **3% Funding Guarantee (£819k);** this is a new grant created to ensure that every authority has an increase in Core Spending Power of at least 3%. For 2024/25 the current expectation is that there will be some form of guarantee but the HDC allocation is likely to be significantly less; current modelling is indicating £55k (a reduction of £764k compared to 2023/24). ***It is recommended that £55k is recognised for 2024/25, but nil for each year of the MTFS thereafter.***

3.17 **NDR Revaluation & the NDR Reset and Fair Funding Review;** the government has for a while been undertaking a Business Rates Revaluation and reviewing the national local government funding formula (NDR Reset and Fair Funding Review). In respect of the:

- i. **NDR Revaluation** this will take effect from the 1<sup>st</sup> April,
- ii. **NDR Reset and Fair Funding Review,** this was initially put on hold due to the Coronavirus Pandemic, but it is understood these two initiatives will continue to be on hold for at least the next couple of years whilst the government concentrates on stabilising the economy as a consequence of the current inflation and cost of living crisis. As in previous years, to try and reflect the potential negative impact of the NDR Reset and FFR, ***it is recommended that the Councils budget reflects the following risk adjustments:***

•	2023/24	£ 0
•	2024/25	£ 0
•	2025/26	£ 99k
•	2026/27	£198k
•	2027/28	£297k

➤ **Council Tax Related Issues**

3.18 The **Council Tax Base** (CTB) was approved by [Council in December 2022](#). The methodology allows for respective changes in property numbers based on current known properties and planning intelligence in respect of future development. For 2023/24, the approved CTB (Band D equivalent) is 38,251.5 (2022/23, 37,389.4); this is an increase of 862.1 (2.3%). This increase was dampened by an “irrecoverable debt” amount of 2% to reflect the ongoing impacts of the inflationary economy, cost of living crisis and the potential for a recession.

3.19 To provide an estimate for future years, ***it is recommended that the future years CTB rates reflect the planned growth rates based on the 5-Year Housing Land Supply***. The estimated growth rates are:

- 2024/25 increase over 2023/24; 2.17%
- 2025/26 increase over 2024/25; 1.71%
- 2026/27 increase over 2025/26; 1.72%
- 2027/28 increase over 2027/28; 1.69%

3.20 **Council Tax** (CT); in Decembers Provisional Settlement, it was confirmed that Councils are permitted to increase their Council Tax by the higher of 2.99% or £5 (the referendum limit being 3%). It should be noted that the government, in their funding calculations, do expect every local authority to increase their CT to the maximum allowable. ***It is recommended that the Council should increase its 2023/24 Council Tax by 2.99% and for each year of the MTFS.***

In respect of the 2.99% increase; the 2023/24 CT would increase to £183.29 (2021/22: £177.97, an increase of £5.32) and the additional Tax generated is £357k. However, the following is worth noting:

- i. If CT was increased by £5, the CT would have been £182.97 and generated £345k in additional tax, by increasing by 2.99% the tax gain is £12k.
- ii. If CT was increased by 1%, based on the 2023/24 CT Base, the additional tax equates to £222k.
- iii. If the CT increase was nil and any additional CT income was only generated by the increase in the CT Base, the net tax gain would be £153k.

More detailed commentary is shown below.

Current Year 2022/23		2023/24	2024/25	2025/26	2026/27	2027/28
<b>6,654,192</b>	<b>Council Tax Requirement</b>	<b>7,011,117</b>	<b>7,377,415</b>	<b>7,728,089</b>	<b>8,095,796</b>	<b>8,479,252</b>
37,389.4	- Council Tax Base (No. of Band D Equivalent Properties)	38,251.5	39,081.5	39,751.5	40,434.5	41,119.5
1,033.3	- Increase in Council Tax Base:	862.1	830.0	670.0	683.0	685.0
2.84%	- % Increase in Council Tax Base:	2.99%	2.99%	2.99%	2.99%	2.99%
<b>£ 5.00</b>	<b>- £ Increase per Band D:</b>	<b>£ 5.32</b>	<b>£ 5.48</b>	<b>£ 5.64</b>	<b>£ 5.81</b>	<b>£ 5.99</b>
£ 177.97	- Council Tax Per Band D:	£ 183.29	£ 188.77	£ 194.41	£ 200.22	£ 206.21
2.89%	- % Increase in Band D Council Tax:	2.99%	2.99%	2.99%	2.99%	2.99%
£ 365,677	- £ Increase in total Council Tax Debit:	£ 356,925	£ 366,298	£ 350,674	£ 367,707	£ 383,456
£ 177.97	<b>Options for Council Tax Increase</b>	£ 182.97	£ 188.29	£ 193.77	£ 199.41	£ 205.22
	- if increase at £5, CTax would be:	£ 344,685	£ 347,539	£ 325,233	£ 334,955	£ 342,748
	- if increase at £5, £ increase in total Council Tax Debit compared to last year:	-£ 0.32	-£ 0.48	-£ 0.64	-£ 0.81	-£ 0.99
	- Increase of CTax (proposed increase to £5)	-£ 12,240	-£ 18,759	-£ 25,441	-£ 32,752	-£ 40,708
£ 1.56	- Additional Value of proposed increase to £5	£ 0.32	£ 0.48	£ 0.64	£ 0.81	£ 0.99
£ 58,327	- Increase of CTax (2.99% to £5):	£ 12,240	£ 18,759	£ 25,441	£ 32,752	£ 40,708
	- Additional Value of "higher of 2.99% or £5"					
62,885	<b>Council Tax key comparator information</b>	£ 66,541	£ 70,112	£ 73,774	£ 77,281	£ 80,958
243,402	- a 1% increase in Council Tax, based on 2022/23 Base equates to:	£ 221,504	£ 223,764	£ 201,515	£ 211,391	£ 219,480
180,517	- a 1% increase in Council Tax, based on new 2023/24 Base equates to:	£ 154,963	£ 153,652	£ 127,741	£ 134,110	£ 138,522
	<b>Council Tax at Nil Increase, only reflecting increase in new years Base</b>	£ 153,427	£ 152,131	£ 126,476	£ 132,782	£ 137,150
	- additional Council Tax based on proposed increase and a Nil increase in base:	£ 203,498	£ 214,167	£ 224,198	£ 234,925	£ 246,306

**3.21 Collection Fund Surplus/(Deficit) (CFSD);** the Collection Fund is the statutory account through which CT and NDR income is held and from which payments to preceptors of their respective shares are accounted for. For budget setting purposes, the Council is required to estimate a projected surplus or deficit for both CT and NDR for the forthcoming year end and to share this with preceptors; this:

- enables the preceptors to bring their share of any surplus or deficit into their budget setting process,
- must be shared by the end of January.

**3.22** As with the past couple of years, the forecast outturns for CT and NDR have been particularly unpredictable because of the varying industry impacts of the CV19 crisis continuing to come through the collection fund. Consequently, for the Draft 2023/24 Budget and MTFS; "provisional" estimates are included.

***It is recommended that Cabinet approves the "provisional" estimate for the Collection Fund Surplus/(Deficit) for the Draft 2023/24 Budget and MTFS (2024/25 to 2027/28). In this respect, the summarised amounts to be included for Collection Fund (Surplus)/Deficit amounts to be included in the Draft 2023/24 Budget and MTFS are shown below, with more detailed explanation in 3.28:***

- ***2023/24, a net surplus of £0.7m [3.2.3 (i) and (ii)].***
- ***2024/25 and thereafter, a net deficit position of £213k (this being based on the deficits faced by the Council in the 4-years prior to the CV19 pandemic).***

3.23 Detailed explanations in respect of the above are shown below:

- i. **Council Tax**; currently, there is a forecast “CT” surplus of £4.1m, of which the Councils share is **£475k**. This is because when the Council set its CT Base for 2022/23, it took a very prudent position in anticipation of the impact of CV19. However, the district has actually seen considerable housing growth, so this “pent-up” benefit is now recognised in the surplus position.
- ii. **Non-Domestic Rates**; for 2022/23 the Council is forecasting a net NDR surplus of £572k, of which the council’s share is **£229k**. This is a vastly improved position, being circa £2m better than originally anticipated as a consequence of the council being able to release some of its provision for appeals that was prudently held in anticipation of potential Pandemic business revaluations that have not occurred.
- iii. To add to the complexities for this year's budget setting, the 2020/21 collection fund deficit was allowed, as part of the CV19 government support, to be spread over a three-year period, with the 2020/21 NDR collection fund deficit being recovered in 2021/22, 2022/23 and 2023/24. The figure for 2022/23 relating to this is £804k. This is partly funded from the TIG that was accrued for in 2020/21 and is being released from reserves in 2023/24 (**£301k**).

3.24 As noted at 3.22 the Draft 2023/24 Budget and MTFS will include “provisional” Collection Fund forecasts. During January, the Final Projected 2022/23 Surplus/(Deficit) will be evaluated which will be based on the latest CT and NDR collection information available; this will be:

- i. reported to Cabinet in February as part of the Final 2023/24 Budget and MTFS, and
- ii. as this must be shared with Preceptors by the statutory deadline of the end of January;

***It is recommended that Cabinet delegates authority to the Director of Resources, following consultation with the Portfolio Holder for Finance & Assets, to distribute the “Final” Forecast 2022/23 Collection Fund Surplus/(Deficit) to respective Preceptors by the statutory deadline.***

#### **DRAFT BUDGET 2023/24 AND MEDIUM-TERM FINANCIAL STRATEGY 2024/25 TO 2027/28**

3.25 The Councils Consolidated Draft Budget 2023/24 and MTFS (2024/25 to 2027/28) is summarised in **Table 4** below with the detailed budget and MTFS being shown at **Appendix 1** and the detailed service budgets being shown at



**Appendix 2.** After reflecting the various budget changes in paragraphs 3.3 to 3.24 there is no forecast negative budget gap for 2023/24 or 2024/25. However, a £1.1m gap appears in 2025/26 and increases to £1.7m by 2027/28. The main reasons for this gap are a combination of future years pay award, consequences of the current high inflationary environment, significant changes in customer and resident demand, additional costs relating to the Waste/Environment contract and the expectation of a future deficit on the collection fund.

Summary Consolidated Budget 2023/24 & MTFS (2024/25 to 2027/28) (Final Budget & MTFS to be approved February 2021)							Table 4	
	2022/23			2023/24	2024/25	2025/26	2026/27	2027/28
	Original Budget £000	In-Year Changes £000	Updated Budget £000	£000	£000		£000	£000
<b>Net Cost of Services</b>	11,064	460	11,524	12,046	12,463	13,372	14,217	14,539
Capital Financing	506	0	506	424	437	509	539	564
<b>Net Expenditure</b>	11,570	460	12,030	12,470	12,900	13,881	14,756	15,103
Reserves Contributions to Support Services	0	0	0	3,383	852	(1,098)	(1,674)	(1,705)
Other Net Reserves Contributions	1,428	(460)	968	(790)	(322)	(206)	(206)	(206)
Total Reserve Contributions	1,428	(460)	968	2,593	530	(1,304)	(1,880)	(1,911)
<b>Budget Requirement</b>	12,998	0	12,998	15,063	13,430	12,577	12,876	13,192
Total Grant	(6,344)	0	(6,344)	(8,052)	(6,052)	(4,849)	(4,781)	(4,712)
<b>Council Tax Requirement</b>	6,654	0	6,654	7,011	7,378	7,728	8,095	8,480

3.26 ***It is recommended that Cabinet approves the Draft Budget 2023/24 and MTFS (2024/25 to 2027/28) shown at Table 4 (Appendix 1) and the detailed service budgets at Appendix 2.***

Members should note that:

- **Appendix 2** provides budget information to “cost centre” level, and
- this is the most granular information that can be provided to ensure that personal and commercial sensitivity is maintained.

## RESERVES

3.27 In December 2022, Cabinet approved an updated version of the Reserves Strategy as part of the Budget Principles report; the Strategy includes:

- A General Fund (Unallocated) Reserve; which has a minimum level of reserves set at 20% of net expenditure (Service Expenditure & Minimum Revenue Provision).
- The establishment of a series of earmarked reserves based on strategic groupings. The current strategic reserve groupings support:
  - financial sustainability; a Budget Surplus Reserve that demonstrates throughout the year whether the Council needs more or less reserve allocations.
  - the delivery of services by managing known risks and commitments. These reserves include a CV19 Internal Recovery

Reserve; Projects, Risks & Smoothing Reserve; Capital & Contract Reserve; Transformation Reserve and a Strategic Collaboration Reserve.

- the delivery of community ambition and community investment. These reserves include a Community, Economic & Infrastructure Reserve and a Commercial Investment Reserve.

3.28 These reserves allocations will be considered formally by Council in February when the Final 2023/24 Budget and MTFS (2024/25 to 2027/28) is approved. However, at this time is it opportune to consider the Reserves impact of the Draft 2023/24 Budget and MTFS and **Table 5** summaries the estimated impact on the Councils General Fund and Earmarked Reserves over the life of the MTFS (a detailed analysis of Reserves is shown at **Appendix 4**). For the Draft 2023/24 Budget, the current 2022/23 Q2 forecast overspend has been reflected in the net brought forward balances.

3.29 ***It is recommended that the reserves allocations noted within Table 5 are accepted.***

Summary General Fund + Budget Surplus/Other Earmarked Reserves (Final Budget & MTFS to be approved February 2023)					Table 5		
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		Forecast Outturn Q2 2021/22 0	£000	£000	£000	£000	£000
General Fund (Unallocated Reserve)	b/f	2,361	2,568	2,494	2,580	2,776	2,951
	Cont from/(to) Services	(810)	3,383	852	(1,098)	(1,674)	(1,705)
	Cont from/(to) Budget Surplus Reserve	1,017	(3,457)	(766)	1,295	1,849	1,774
	c/f	2,568	2,494	2,580	2,777	2,951	3,020
Reserve > 20% Minimum Level of Reserves Threshold		Balanced	Balanced	Balanced	Balanced	Balanced	Balanced
Earmarked Reserves							
Budget Surplus Reserve	b/f	0	0	0	0	0	0
	Cont from/(to) Services	0	0	0	0	0	0
	Cont from/(to) General Fund	(1,017)	3,457	766	(1,295)	(1,849)	(1,774)
	Cont from/(to) Specific Earmarked Reserves	1,017	(3,457)	(766)	1,295	1,849	1,774
	c/f	0	0	0	0	0	0
Reserve: Balanced/Unbalanced		Balanced	Balanced	Balanced	Balanced	Balanced	Balanced
Specific Earmarked Reserves							
CV19 Internal Recovery	b/f	4,171	301	0	0	0	0
	Cont from/(to) Services	(4,935)	0	0	0	0	0
	Cont from/(to) Funding etc	(733)	(301)	0	0	0	0
	Cont from/(to) Community, Economic & Infrastructure	1,798	0	0	0	0	0
	c/f	301	0	0	0	0	0
Projects, Risk & Smoothing	b/f	1,051	2,686	2,631	2,742	2,853	2,964
	Cont from/(to) Services	300	(55)	111	111	111	111
	Cont from/(to) Funding etc	2,278	0	0	0	0	0
	Cont from/(to) Budget Surplus Reserve	(1,017)	0	0	0	0	0
	Cont from/(to) Specific Earmarked Reserves	75	0	0	0	0	0
c/f	2,687	2,631	2,742	2,853	2,964	3,075	
Capital & Contract	b/f	1,888	1,427	2,427	2,427	2,427	2,427
	Cont from/(to) Services	(461)	0	0	0	0	0
	Cont from/(to) Specific Earmarked Reserves	0	1,000	0	0	0	0
	c/f	1,427	2,427	2,427	2,427	2,427	2,427
Transformation	b/f	1,837	837	1,000	1,000	1,000	1,000
	Cont from/(to) Services	0	(116)	(116)	0	0	0
	Cont from/(to) Specific Earmarked Reserves	(1,000)	279	116	0	0	0
	c/f	837	1,000	1,000	1,000	1,000	1,000
Financial Sustainability	b/f	0	0	3,457	4,223	2,929	1,080
	Cont from/(to) Budget Surplus Reserve	0	3,457	766	(1,295)	(1,849)	(1,080)
	c/f	0	3,457	4,223	2,928	1,080	0
Community, Economic & infrastructure	b/f	1,447	1,000	1,000	1,000	1,000	1,000
	Cont from/(to) Specific Earmarked Reserves	(447)	0	0	0	0	(347)
	c/f	1,000	1,000	1,000	1,000	1,000	653
Commercial investment	b/f	2,934	2,508	1,229	1,113	1,113	1,113
	Cont from/(to) Specific Earmarked Reserves	(426)	(1,279)	(116)	0	0	(347)
	c/f	2,508	1,229	1,113	1,113	1,113	766
Total Reserves	b/f	15,689	11,327	14,238	15,085	14,098	12,535
	In-year movements	(4,361)	3,027	963	(987)	(1,563)	(1,594)
	c/f	11,328	14,238	15,085	14,098	12,535	10,941

## Reflections on the “Revenue” Draft 2023/24 Budget and MTFS and its impact on Reserves

3.30 In respect of:

- i. the **General Fund**; for 2023/24 and each year of the MTFS the Council maintains a minimum level of “unallocated” General Fund reserves at 20% of Net Expenditure. This demonstrates financial resilience over the medium-term in that the Council considers it has sufficient “emergency” funding to support its community. However, it should be noted that to the maintain services over the MTFS period, it is required to set-aside surplus funds in the first two years (£4.2m) to be drawn-down against to contribute to the unfunded gap in the last three years (which totals £4.5m). If the Council wished to use these surplus funds to fund capital projects; this would mean that the Council would have to cut services,

generate more income (likely to be well above inflation increases) or delivering services via alternative means (sharing services with others).

- ii. the **Budget Surplus Reserve**; members will note that for 2023/24 and each year of the MTFS, a positive balance is maintained which demonstrates that the Council is effectively managing its reserves and maintains a positive reserves position.

However, to maintain this positive reserve position, it is necessary for the Budget Surplus Reserve to be supported by £616k of contributions from the Community, Economic & Infrastructure and Commercial Investments Earmarked Reserves.

- iii. **Earmarked Reserves**; the Council maintains significant reserves to meet its operational risks, provide funds to support community investment and meet its future funding gap.

3.31 What must not be forgotten however is that this proposed MTFS maintains services at current levels and contains only limited investment. To maintain this “stand-still budget”, it is essential that:

- services achieve the previously approved and new savings proposals.
- current inflationary pressures are only a short-term economic issue. If they become a more sustained economic driver, then this will erode the Councils spending power and consequently the delivery capacity of the Council.
- agreed service transformation is delivered i.e. savings related to the TOM, ICT and Customer Services Transformation.

If the ambition of the Council is to “invest” in its services, it is essential that it explores and delivers alternative and innovative ways to deliver; including collaborative working. If the macro and micro economic climate does not improve, it will be very challenging for the Council to investment in its local community.

### **Capital Programme**

3.32 The Draft Capital Programme for the period 2023/24 to 2027/28 totals £26.3m and is shown at **Appendix 5**; these tables show the:

- Draft Capital Programme for 2023/24 through to 2027/28, and
- How the Capital Programme is to be financed.

3.33 The 2023/24 Capital Programme is summarised into two categories:

- Existing Schemes, which total £18m.
- Proposed Schemes, which total £8.3m,
  - non-invest to save, which total £8.1m.
  - invest to save, which total £254k.

3.34 The capital programme is quite broad and reaches across most Council services; it includes items in respect of Elections, Democracy, The Symington Building (TSB), Housing and Amenities. However, it also includes provisional amounts in respect of:

- **New Depot;** last year Council approved a capital allocation of £5m. Over the past year the Council has worked with partners who have recently undertaken similar projects and it is now considered that a new depot will be closer to £10m; so for the 2023/24 capital programme a further £5m allocation has been included.
- **Housing;** improvement works are needed at the existing Ploughman's Yard flats in respect of damp (estimated at £50k). Further, with the significant increases in inflation, the costs of Roman Way are estimated to have increased by 20% (£136k); considering the revenue saving that will be generated from the project it is considered that it should still go ahead but the Council should accept that the payback will be extended.
- **Various Mechanical and Electrical Works;** provision needs to be made for the replacement of obsolescent equipment at both the TSB and the Harborough Innovation Centre (£350k). For both, the main works will take place towards the end of the MTFS period.
- **TSB;** in addition to the Mechanical and Electrical Works; significant works are needed in respect of efficiency of the TSB's "Crittall" windows. Because of the buildings protected status, the Council needs to consider a scheme of secondary glazing and the £150k allocation is a start of that programme. Further, the TSB has a generator in respect of Business Continuity. However, the current generators capacity is to maintain services for a few hours; a replacement generator is needed to ensure that the Council can operate for an extended period of a few days (£95k).
- **Market Hall Redevelopment;** as part of the Councils Levelling Up Bid (LUF) it included a significant investment in the Market Hall. This project has been included in the capital programme in case the Councils LUF Bid is successful, and it can mobilise quickly. If the bid is not successful these works will not take place.

3.35 All capital proposals have been subject to internal officer scrutiny.

3.36 As noted elsewhere within this report, the Council is facing considerable inflationary pressure, and this is particularly true in respect of the capital programme. In these challenging times it is possible that increases in costs could cause unnecessary delay in the development of capital projects due to required increases in budgetary provision. To avoid this and to keep capital projects on their timeline, the following delegation is proposed:

“Where it is apparent that a capital project will exceed its capital programme allocation due to inflationary pressures; the Director, Resources, following consultation with the Portfolio Holder for Finance & Assets is authorised to exceed the capital programme allocation providing:

- a. It can be clearly demonstrated that the increase in cost is due to project inflationary pressures.
- b. It can be clearly demonstrated that value engineering has been undertaken to establish the minimisation of costs.
- c. Where cost increases cannot be avoided, approval is given to an increase in the project cost providing the additional capital cost can be financed from:
  - i) unallocated capital receipts, or
  - ii) where other capital projects have not started (slippage) and can have their financing diverted to fund the potential overspend.

The use of this delegation will be reported in the next Quarterly monitoring report.”

- 3.37 ***It is recommended that Cabinet approves the capital programme and sources of finance noted in Appendix 5, and the proposed delegation at 3.36.***

## **BUDGET CONCLUSION**

- 3.38 In conclusion, for the Council to

- meet its financial commitments and risks,
- ensure it can undertake the service transformation needed to deliver financial sustainability and resilience, including where possible collaboration with partners, and
- deliver sound economic and community investment opportunities that will provide long-term secure income;

it is necessary that the Council continues its programme of transformation and continuous improvement.

## **4. Implications of Decisions**

### **4.1. Corporate Priorities**

The contents of this report supports the Council in the delivery of the Corporate Plan and its agreed priorities.

### **4.2. Financial**

The 2023/24 budget and MTFS is balanced for the next two years and then requires funding thereafter; this will be achieved by setting-aside surpluses

from 2023/24 ad 2024/25 into a new Financial Sustainability Earmarked Reserve.

The Capital Programme is duly financed in its entirety and includes a number of proposals that will seek to minimize medium term risks relating to asset obsolesce and revenue service risks.

It should be noted that the budget does include a £280k saving in respect of the TOM efficiency programme. Council has chosen to not proceed with the Strategic Partnership with Melton Borough Council; this would have been the best means of addressing this pressure. For the time being this “unachieved saving” will be met from reserves; however, it is expected that this pressure will be closed over 2023/24 to ensure that future Council Tax payers do not continue to carry-burden.

4.3. **Legal**

This report supports the Chief Financial Officer in meeting his statutory responsibilities in respect of the proper administration of the Councils financial affairs [s.151 of the Local Government Act 1972].

4.4. **Policy**

No policy issues arise directly from this report other than this budget and MTFS seeks to allocate resources to meet policy objectives and expected outcomes.

4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

There are no direct environment implications arising from this report.

4.6. **Risk Management**

Main implications: The budget proposals are subject to a risk assessment in their formulation and subsequent delivery. An overall assessment of the risks in the budget proposals will be undertaken by the S151 Officer and will form part of the report to Cabinet on in February 2023 and Council later in February 2023

4.7 **Equalities Impact**

The equality implications arising from this budget, including savings programmes, have been addressed through each of those individual reviews.

4.8 **Data Protection**

There are no direct data protection implications arising from this report.

5. **Summary of Consultation and Outcome**

Consultation has been undertaken with Cabinet and in due course with the Scrutiny Panel (Performance). Further, the statutory consultation in respect of Business Rates will take place between the January and February Cabinet meetings.

6. **Alternative Options Considered**  
Not applicable.
7. **Background papers**  
DHLUC Provisional Settlement.  
Services budget working papers.



Consolidated Final Budget 2023/24 & MTFs (2024/25 to 2027/28)										
Current Year				Key		2023/24	2024/25	2025/26	2026/27	2027/28
Approved Budget	Budget Changes (Prior Year Changes, In-Year Virements etc )	Updated Budget	Forecast Outturn Q2 2022/23			Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget
£	£	£	£	CV19 = Covid 19 ER = Earmarked Reserve CIR = Commercial Investment Reserve PR&S = Projects, Risk & Smoothing CE&I = Community, Economic & Infrastructure NDR = Non-Domestic Rates		£	£	£	£	£
2,352,596	136,800	2,489,396	2,331,358	Finance		1,905,967	2,053,109	2,040,758	2,088,758	2,088,758
4,989,221	65,000	5,054,221	5,149,575	Planning, Environment & Waste		5,176,165	5,145,165	5,145,165	5,145,165	5,145,165
1,302,237	(9,010)	1,293,227	1,218,488	Wellbeing, Communities & Housing		1,019,032	979,032	979,032	979,032	979,032
670,423	156,568	826,991	740,516	Strategy (aka Planning & Regeneration)		647,344	635,063	675,063	675,063	675,063
2,065,622	111,310	2,176,932	2,896,281	Corporate & Regulatory Services		2,651,511	2,405,440	2,300,597	2,284,936	2,284,936
(316,273)	0	(316,273)	81,727	Contingency (including Pay/Services/FCC Inflation)		645,511	1,245,107	2,231,742	3,044,205	3,365,578
<b>11,063,826</b>	<b>460,668</b>	<b>11,524,494</b>	<b>12,417,945</b>	<b>Net Direct Cost of Services</b>		<b>12,045,530</b>	<b>12,462,916</b>	<b>13,372,357</b>	<b>14,217,159</b>	<b>14,538,532</b>
505,963	0	505,963	422,765	Capital Financing		424,187	436,740	509,345	539,363	563,711
<b>11,569,789</b>	<b>460,668</b>	<b>12,030,457</b>	<b>12,840,710</b>	<b>Net Expenditure</b>		<b>12,469,717</b>	<b>12,899,656</b>	<b>13,881,702</b>	<b>14,756,522</b>	<b>15,102,243</b>
				<b>Cont to/(from) Reserves (amts in squ brackets=reason for movement)</b>						
0	0	0	0	General Reserves	- General Fund Balance "Planned" contributions to	0	0	0	0	0
0	0	0	0		- General Fund Balance "Planned" contributions (from)	0	0	0	0	0
0	0	0	(810,253)		- General Fund Balance "Unplanned" contributions (from)	<b>3,383,067</b>	<b>852,133</b>	<b>(1,098,121)</b>	<b>(1,674,111)</b>	<b>(1,705,072)</b>
0	0	0	0		- General Fund Balance "Unplanned" contributions to	0	0	0	0	0
0	0	0	0		- General Fund Balance "Unplanned" contributions (from)	0	0	0	0	0
0	(460,668)	(460,668)	(460,668)	Earmarked Reserves	- Earmarked Reserve: C&CR from (revenue and grant carry forwards)	0	0	0	0	0
2,278,047	0	2,278,047	2,278,047		- Earmarked Reserve: PRC(to) [NHB+s.31 surplus] - to Collection Fund Equalisation Reserve	0	0	0	0	0
0	0	0	0		- Earmarked Reserve: PRS (from) - Conds for Local Elections, Local Plan	(372,000)	(206,000)	(206,000)	(206,000)	(206,000)
0	0	0	0		- Earmarked Reserve: CV19 (from) - 3rd Year TIG	(301,437)	0	0	0	0
0	0	0	0		- Earmarked Reserve: Transformation Reserve	(116,110)	(116,110)	0	0	0
(117,000)	0	(117,000)	(117,000)		- Earmarked Reserve: CV19 (from) (cont towards Interest & Investment Income)	0	0	0	0	0
(733,000)	0	(733,000)	(733,000)		- Earmarked Reserve: CV19 Support (to) [CF Surplus]	0	0	0	0	0
0	0	0	0		- Earmarked Reserve: CE&I (to) [CR Surplus]	0	0	0	0	0
<b>12,997,836</b>	<b>0</b>	<b>12,997,836</b>	<b>12,997,836</b>		<b>Budget Requirement</b>	<b>15,063,237</b>	<b>13,429,678</b>	<b>12,577,581</b>	<b>12,876,411</b>	<b>13,191,171</b>
(9,226,535)	0	(9,226,535)	(9,226,535)	NDR		(4,659,413)	(4,990,615)	(5,020,559)	(5,050,682)	(5,080,986)
0	0	0	0	Revenue Support Grant		0	0	0	0	0
(134,301)	0	(134,301)	(134,301)	Other General Fund Grants		(140,933)	(140,933)	(140,933)	(140,933)	(140,933)
0	0	0	0	Fair Funding Review Adj		0	0	99,000	198,000	297,000
(1,775,697)	0	(1,775,697)	(1,775,697)	New Homes Bonus - 2022/23		0	0	0	0	0
(556,656)	0	(556,656)	(556,656)	New Homes Bonus - 2022/23 [Legacy]		0	0	0	0	0
0	0	0	0	New Homes Bonus - 23.24		(1,659,562)	0	0	0	0
0	0	0	0	New Homes Bonus - 24.25		0	(1,078,715)	0	0	0
(122,059)	0	(122,059)	(122,059)	Services Grant (New Grant) -> to base		(68,778)	0	0	0	0
0	0	0	0	3% Funding Guarantee		(819,182)	(55,000)	0	0	0
(79,423)	0	(79,423)	(79,423)	Lower Tier Services Grant 2022.23 -> to base		0	0	0	0	0
5,551,027	0	5,551,027	5,551,027	Collection Fund (Surplus)/Deficit		(704,252)	213,000	213,000	213,000	213,000
<b>(6,343,644)</b>	<b>0</b>	<b>(6,343,644)</b>	<b>(6,343,644)</b>	<b>Total Grant</b>		<b>(8,052,120)</b>	<b>(6,052,263)</b>	<b>(4,849,492)</b>	<b>(4,780,615)</b>	<b>(4,711,919)</b>
<b>6,654,192</b>	<b>0</b>	<b>6,654,192</b>	<b>6,654,192</b>	<b>Council Tax Requirement</b>		<b>7,011,117</b>	<b>7,377,415</b>	<b>7,728,089</b>	<b>8,095,796</b>	<b>8,479,252</b>



## Appendix 2

DETAILED BUDGET PAPERS 2022/23 - Finance																		
				NEW BUDGET: 2023/24														
			BC 25 (Tranche)	Previous Years Growth/ Savings			Base Budget	Growth/Savings etc								Budget for Year	Variance to Budget	
Cost Centre	Cost Centre Description	Service		2021/22 Budget Setting	2022/23 Budget Setting	Service Requested Budget Changes		Underachievement of savings	Normal operational delivery	Unplanned pressures	TOM	Permanent virements	Other payroll changes, fte etc	1.25% National insurance reversal	2023/24 Scale point increment			2022/23 payroll award of £1925 per fte
				£	£	£	£	£	£	£	£	£	£	£	£	£	£	
10025	Accountancy Services	Finance	3	0	10,000	0	450,361	0	0	0	13,480		(9,250)	(4,126)	5,665	13,861	469,991	19,630
10029	Payroll	Finance	3	0	0	0	22,500	0	0	0	0	0	0	0	0	0	22,500	0
10030	Insurance	Finance	3	0	0	0	216,800	0	0	0	0	0	0	0	0	0	216,800	0
10048	Treasury Management	Finance	3	0	0	0	9,500	0	0	0	0	0	0	0	0	0	9,500	0
10050	Interest & Investment Income	Finance	3	(20,000)	0	0	(420,000)	0	(387,000)	0	0	0	0	0	0	0	(807,000)	(387,000)
10052	Non Distributed Costs	Finance	3	0	0	0	58,000	0	0	0	0	0	0	0	0	0	58,000	0
10053	Corporate Managmnt (Resources)	Finance	3	0	0	0	52,000	0	0	0	0	0	0	0	0	0	52,000	0
10301	The Symington Building	Facilities Mgmt - Public Realm	3	0	0	0	12,993	0	(7,000)	0	0	0	8,436	(384)	0	3,368	17,413	4,420
10524	Pension Scheme	Finance	3	0	0	0	72,500	0	0	0	0	0	0	0	0	0	72,500	0
10027	Internal Audit	CO (151), Assets, Internal Audit, GoS	2	0	0	0	63,200	0	0	0	0	0	0	0	0	0	63,200	0
10202	Doddridge Road Offices	CO (151), Assets, Internal Audit, GoS	2	0	0	0	(6,700)	0	0	0	0	0	0	0	0	0	(6,700)	0
10235	Corporate Asset Management	CO (151), Assets, Internal Audit, GoS	3	0	(50,000)	0	192,305	50,000	0	0	0	0	14,837	(2,503)	1,886	8,856	265,381	73,076
10307	Grow On Space	CO (151), Assets, Internal Audit, GoS	2	0	(121,100)	129,740	105,000	(58,571)	67,000	0	0	0	(4,284)			0	109,145	4,145
10031	It Services	ICT	2	0	(62,000)	0	553,530	0	(33,900)	0	12,005		5,692	(3,388)	5,052	15,404	554,395	865
10036	Telephony	ICT	2	0	0	0	25,800	0	0	0	0	0	0	0	0	0	25,800	0
10040	Revenues & Benefits	Revs & Bens	3	0	0	0	1,131,832	0	0	31,568	0	30,800	0	0	0	0	1,194,200	62,368
10042	Non Domestic Rates	Revs & Bens	3	0	0	0	(165,900)	0	0	0	0	(10,100)	0	0	0	0	(176,000)	(10,100)
10044	Council Tax Collection Costs	Revs & Bens	3	0	0	0	(105,000)	0	0	0	0	(13,900)	4,763	(1,729)	508	10,358	(105,000)	0
10046	Benefits	Revs & Bens	3	0	0	0	30	0	0	0	0	(16,120)	4,261	(2,058)	1,135	12,842	90	60
10187	Housing Benefits	Revs & Bens	3	0	0	0	(109,300)	0	0	0	0	10,100	0	0	0	0	(99,200)	10,100
10263	Discretionary Discount Scheme	Revs & Bens	3	0	0	0	20,000	0	0	0	0	0	0	0	0	0	20,000	0
10264	Council Tax Support Scheme	Revs & Bens	3	0	0	0	(52,000)	0	0	0	0	0	0	0	0	0	(52,000)	0
10308	Revenue And Benefits Support	Revs & Bens	3	0	0	0	10	0	0	0	0	(600)	(15,281)	(2,793)	4,528	14,266	130	120
10169	Energy Management	Facilities Mgmt - Public Realm	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10196	Garages	Facilities Mgmt - Public Realm	2	0	0	0	500	0	0	0	0	0	0	0	0	0	500	0
10203	Off-Site Storage (Incl Decant)	Facilities Mgmt - Public Realm	2	0	0	0	3,200	0	0	0	0	0	0	0	0	0	3,200	0
10229	Commissioning Services	CCTV, Control Centre	3	0	0	0	86,340	0	0	0	(35,729)	0	1,439	0	0	0	52,050	(34,290)
10248	Harborough Innovation Cntr Hdc	HIC	2	0	(50,090)	0	(28,355)	0	(36,000)	0	0	0	2,317	(1,527)	631	8,006	(54,928)	(26,573)
10280	Hdcs Trading Account	Chief Executives	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total			(20,000)	(273,190)	129,740	2,189,146	(8,571)	(396,900)	31,568	(10,244)	180	12,930	(18,508)	19,405	86,961	1,905,967	(283,179)

DETAILED BUDGET PAPERS 2022/23 - Finance																															
Cost Centre			Cost Centre Description	Service	BC 25 (Tranche)	MTFS YEAR 1: 2024/25					MTFS YEAR 2: 2025/26					MTFS YEAR 3: 2026/27					MTFS YEAR 4: 2027/28										
						Previous Years Growth/ Savings			Base Budget	vth/Saving Normal operation al delivery	Budget for Year	Variance to Budget	Previous Years Growth/ Savings		Base Budget	vth/Saving Normal operatio nal delivery	Budget for Year	Variance to Budget	Previous Years Growth/ Savings	2021/22 Budget Setting	2022/23 Budget Setting	Base Budget	vth/Saving Normal operation al delivery	Budget for Year	Variance to Budget	Previous Years Growth/ Savings	2021/22 Budget Setting	2022/23 Budget Setting	Base Budget	Budget for Year	Variance to Budget
						2021/22 Budget Setting	2022/23 Budget Setting	Service Requested Budget Changes					2021/22 Budget Setting	2022/23 Budget Setting																	
▼	▼	▼	▼	▼	▼	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		
10025	Accountancy Services	Finance	3	0	0	0	469,991	0	469,991	0	0	0	469,991	0	469,991	0	0	0	469,991	0	469,991	0	0	0	469,991	0	469,991	469,991	0	0	
10029	Payroll	Finance	3	0	0	0	22,500	0	22,500	0	0	0	22,500	0	22,500	0	0	0	22,500	0	22,500	0	0	0	22,500	0	22,500	22,500	0	0	
10030	Insurance	Finance	3	0	0	0	216,800	0	216,800	0	0	0	216,800	0	216,800	0	0	0	216,800	0	216,800	0	0	0	216,800	0	216,800	216,800	0	0	
10048	Treasury Management	Finance	3	0	0	0	9,500	0	9,500	0	0	0	9,500	0	9,500	0	0	0	9,500	0	9,500	0	0	0	9,500	0	9,500	9,500	0	0	
10050	Interest & Investment Income	Finance	3	(21,000)	0	0	(828,000)	299,000	(529,000)	299,000	0	0	(529,000)	41,000	(488,000)	41,000	0	0	(488,000)	48,000	(440,000)	48,000	0	0	(440,000)	(440,000)	0	0	0		
10052	Non Distributed Costs	Finance	3	0	0	0	58,000	0	58,000	0	0	0	58,000	0	58,000	0	0	0	58,000	0	58,000	0	0	0	58,000	0	58,000	58,000	0	0	
10053	Corporate Managmnt (Resources)	Finance	3	0	0	0	52,000	(25,000)	27,000	(25,000)	0	0	27,000	0	27,000	0	0	0	27,000	0	27,000	0	0	0	27,000	0	27,000	27,000	0	0	
10301	The Symington Building	Facilities Mgmt - Public Realm	3	0	0	0	17,413	0	17,413	0	0	0	17,413	0	17,413	0	0	0	17,413	0	17,413	0	0	0	17,413	0	17,413	17,413	0	0	
10524	Pension Scheme	Finance	3	0	0	0	72,500	0	72,500	0	0	0	72,500	0	72,500	0	0	0	72,500	0	72,500	0	0	0	72,500	0	72,500	72,500	0	0	
10027	Internal Audit	CO (151), Assets, Internal Audit, GoS	2	0	0	0	63,200	0	63,200	0	0	0	63,200	0	63,200	0	0	0	63,200	0	63,200	0	0	0	63,200	0	63,200	63,200	0	0	
10202	Doddridge Road Offices	CO (151), Assets, Internal Audit, GoS	2	0	0	0	(6,700)	0	(6,700)	0	0	0	(6,700)	0	(6,700)	0	0	0	(6,700)	0	(6,700)	0	0	0	(6,700)	0	(6,700)	(6,700)	0	0	
10235	Corporate Asset Management	CO (151), Assets, Internal Audit, GoS	3	0	0	0	265,381	0	265,381	0	0	0	265,381	0	265,381	0	0	0	265,381	0	265,381	0	0	0	265,381	0	265,381	265,381	0	0	
10307	Grow On Space	CO (151), Assets, Internal Audit, GoS	2	0	(73,971)	73,971	109,145	(62,934)	46,211	(62,934)	0	0	46,211	(38,996)	7,215	(38,996)	0	0	7,215	0	7,215	0	0	0	7,215	0	7,215	7,215	0	0	
10031	It Services	ICT	2	0	0	0	554,395	0	554,395	0	0	0	554,395	0	554,395	0	0	0	554,395	0	554,395	0	0	0	554,395	0	554,395	554,395	0	0	
10036	Telephony	ICT	2	0	0	0	25,800	0	25,800	0	0	0	25,800	0	25,800	0	0	0	25,800	0	25,800	0	0	0	25,800	0	25,800	25,800	0	0	
10040	Revenues & Benefits	Revs & Bens	3	0	0	0	1,194,200	0	1,194,200	0	0	0	1,194,200	0	1,194,200	0	0	0	1,194,200	0	1,194,200	0	0	0	1,194,200	0	1,194,200	1,194,200	0	0	
10042	Non Domestic Rates	Revs & Bens	3	0	0	0	(176,000)	0	(176,000)	0	0	0	(176,000)	0	(176,000)	0	0	0	(176,000)	0	(176,000)	0	0	0	(176,000)	0	(176,000)	(176,000)	0	0	
10044	Council Tax Collection Costs	Revs & Bens	3	0	0	0	(105,000)	0	(105,000)	0	0	0	(105,000)	0	(105,000)	0	0	0	(105,000)	0	(105,000)	0	0	0	(105,000)	0	(105,000)	(105,000)	0	0	
10046	Benefits	Revs & Bens	3	0	0	0	90	0	90	0	0	0	90	0	90	0	0	0	90	0	90	0	0	0	90	0	90	90	0	0	
10187	Housing Benefits	Revs & Bens	3	0	0	0	(99,200)	0	(99,200)	0	0	0	(99,200)	0	(99,200)	0	0	0	(99,200)	0	(99,200)	0	0	0	(99,200)	0	(99,200)	(99,200)	0	0	
10263	Discretionary Discount Scheme	Revs & Bens	3	0	0	0	20,000	0	20,000	0	0	0	20,000	0	20,000	0	0	0	20,000	0	20,000	0	0	0	20,000	0	20,000	20,000	0	0	
10264	Council Tax Support Scheme	Revs & Bens	3	0	0	0	(52,000)	0	(52,000)	0	0	0	(52,000)	0	(52,000)	0	0	0	(52,000)	0	(52,000)	0	0	0	(52,000)	0	(52,000)	(52,000)	0	0	
10308	Revenue And Benefits Support	Revs & Bens	3	0	0	0	130	0	130	0	0	0	130	0	130	0	0	0	130	0	130	0	0	0	130	0	130	130	0	0	
10169	Energy Management	Facilities Mgmt - Public Realm	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10196	Garages	Facilities Mgmt - Public Realm	2	0	0	0	500	0	500	0	0	0	500	0	500	0	0	0	500	0	500	0	0	0	500	0	500	500	0	0	
10203	Off-Site Storage (Ind Decant)	Facilities Mgmt - Public Realm	2	0	0	0	3,200	0	3,200	0	0	0	3,200	0	3,200	0	0	0	3,200	0	3,200	0	0	0	3,200	0	3,200	3,200	0	0	
10229	Commissioning Services	CCTV, Control Centre	3	0	0	0	52,050	0	52,050	0	0	0	52,050	0	52,050	0	0	0	52,050	0	52,050	0	0	0	52,050	0	52,050	52,050	0	0	
10248	Harborough Innovation Cntr Hdc	HIC	2	0	(83,762)	83,762	(54,928)	(42,924)	(97,852)	(42,924)	0	0	(97,852)	(14,355)	(112,207)	(14,355)	0	0	(112,207)	0	(112,207)	0	0	0	(112,207)	0	(112,207)	(112,207)	0	0	
10280	Hdcs Trading Account	Chief Executives	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total				(21,000)	(157,733)	157,733	1,884,967	168,142	2,053,109	168,142	0	0	2,053,109	(12,351)	2,040,758	(12,351)	0		2,040,758	48,000	2,088,758	48,000	0		2,088,758	2,088,758				

DETAILED BUDGET PAPERS 2022/23 - Planning, Environment & Waste

				Responsible Director	NEW BUDGET: 2023/24														
Cost Centre	Cost Centre Description	Service	Previous Years Growth/		Base Budget	Growth/Savings etc										Budget for Year	Variance to Budget		
			2021/22 Budget Setting			2022/23 Budget Setting	Inflation	Underachievement of savings	Normal operational delivery	Unplanned pressures	Strategic Partnership	TOM	Permanent virements	Other payroll changes, fte etc	1.25% National insurance reversal			2023/24 Scale point increment	2022/23 payroll award of £1925 per
			£			£	£	£	£	£	£	£	£	£	£			£	£
10026	Health & Safety	Operational Services	V JESSOP	0	0	26,985	0	0	0	0	0	0	0	726	(328)	0	962	28,345	1,360
10088	Street Cleaning	Operational Services	V JESSOP	0	0	941,533	0	0	0	0	0	0	0	0	0	0	0	941,533	0
10125	Open Spaces & Amenity Areas	Operational Services	V JESSOP	0	0	183,351	0	0	(8,900)	0	0	0	0	0	0	0	0	174,451	(8,900)
10140	S.E. Allotments	Operational Services	V JESSOP	0	0	(1,034)	0	0	0	0	0	0	0	0	0	0	0	(1,034)	0
10147	S.E. Market Harborough Recn	Operational Services	V JESSOP	0	0	264,603	0	0	0	0	0	0	0	0	0	0	0	264,603	0
10148	S.E. Lutterworth Recn / Park	Operational Services	V JESSOP	0	0	39,084	0	0	0	0	0	0	0	0	0	0	0	39,084	0
10159	Trade Refuse	Operational Services	V JESSOP	0	0	(241,167)	0	0	0	0	0	0	0	0	0	0	0	(241,167)	0
10160	Waste Management	Operational Services	V JESSOP	0	0	397,722	0	0	0	0	0	12,005	0	4,071	(2,928)	0	16,367	427,237	29,515
10161	Residual Waste Collections	Operational Services	V JESSOP	(80,000)	0	1,237,380	0	0	(59,500)	0	0	0	0	0	0	0	0	1,177,880	(59,500)
10162	Recycling Collections	Operational Services	V JESSOP	0	0	1,106,798	0	0	(9,100)	(120,000)	0	0	0	1	0	0	0	977,699	(129,099)
10197	External Grounds Maintenance	Operational Services	V JESSOP	0	0	(58,619)	0	0	0	0	0	0	0	0	0	0	0	(58,619)	0
10242	S.E. Fleckney	Operational Services	V JESSOP	0	0	316	0	0	0	0	0	0	0	0	0	0	0	316	0
10243	S.E. Great Glen	Operational Services	V JESSOP	0	0	2,515	0	0	0	0	0	0	0	0	0	0	0	2,515	0
10244	S.E. Scraptoft	Operational Services	V JESSOP	0	0	5,589	0	0	0	0	0	0	0	0	0	0	0	5,589	0
10246	S.E. Broughton Astley	Operational Services	V JESSOP	0	0	12,145	0	0	0	0	0	0	0	0	0	0	0	12,145	0
10272	Flytipping	Operational Services	V JESSOP	0	0	20,000	0	0	(10,000)	0	0	0	0	0	0	0	0	10,000	(10,000)
10010	Development Control	Development Control, Enforcement	D ATKINSON	(50,000)	0	(532,811)	0	0	102,880	0	0	0	0	22,541	(7,771)	688	27,109	(387,364)	145,447
10016	Archaeological & Ecolog Advice	Development Control, Enforcement	D ATKINSON	0	0	44,775	0	0	(11,000)	0	0	0	0	0	0	0	0	33,775	(11,000)
10019	Footpath/Bridleway Orders	Development Control, Enforcement	D ATKINSON	0	0	(1,100)	0	0	0	0	0	0	0	0	0	0	0	(1,100)	0
10084	Enforcement	Development Control, Enforcement	D ATKINSON	0	0	933	0	0	0	0	0	0	(933)	0	0	0	0	0	(933)
10151	Planning Enforcement	Development Control, Enforcement	D ATKINSON	0	0	138,997	0	0	0	0	0	0	933	17,552	(1,725)	0	5,006	160,763	21,766
10081	Quick Response Team	Facilities Mgmt - Public Realm	C MASON	0	0	(70,200)	0	72,430	0	0	0	0	0	0	0	0	0	2,230	72,430
10082	Abandoned Vehicles	Facilities Mgmt - Public Realm	C MASON	0	0	2,200	0	0	0	0	0	0	0	0	0	0	0	2,200	0
10086	District-Wide Bus Shelters	Facilities Mgmt - Public Realm	C MASON	0	0	3,400	0	0	0	0	0	0	0	0	0	0	0	3,400	0
10089	Street Furniture Etc	Facilities Mgmt - Public Realm	C MASON	0	0	13,107	0	0	(8,807)	0	0	0	0	0	0	0	0	4,300	(8,807)
10115	S.E. Public Conveniences	Facilities Mgmt - Public Realm	C MASON	0	0	27,754	0	0	0	0	0	0	0	0	0	0	0	27,754	0
10145	S.E. Thurnby	Facilities Mgmt - Public Realm	C MASON	0	0	31,454	0	0	0	0	0	0	0	0	0	0	0	31,454	0
10170	Flood Prevent & Land Drainage	Facilities Mgmt - Public Realm	C MASON	0	0	17,000	0	0	(4,200)	0	0	0	0	0	0	0	0	12,800	(4,200)
10245	S.E.War Memorial/Public Realm	Facilities Mgmt - Public Realm	C MASON	0	0	16,060	0	0	0	0	0	0	0	0	0	0	0	16,060	0
10009	Section 106 Agreements	Strategic Planning/Policy	D ATKINSON	0	0	6,220	0	0	0	0	0	0	0	4,493	(407)	0	1,924	12,230	6,010
10013	Env Enhancemnts/Conservtn	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10112	Planning Policy	Strategic Planning/Policy	D ATKINSON	0	0	250,820	0	0	0	0	0	0	0	4,520	(2,049)	0	8,469	261,760	10,940
10207	Local Plan Cont to Reserves	Strategic Planning/Policy	D ATKINSON	0	0	277,300	0	0	0	0	0	0	0	0	0	0	0	277,300	0
10207A	Local Plan Cont from Reserves	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	206,000	0	0	0	0	0	0	0	206,000	206,000
10208	Local Plan General	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10011	Building Control	Building Control	D ATKINSON	0	1,000	65,861	0	0	0	0	0	0	0	0	0	0	0	65,861	0
10150	Environmental Health	Car Parking, Lightbulb etc	V JESSOP	0	0	550,340	0	0	0	0	0	12,005	0	22,135	(4,811)	3,358	19,828	602,855	52,515
10175	Pest/Dog Services	Car Parking, Lightbulb etc	V JESSOP	0	0	25,700	0	0	0	0	0	0	0	0	0	0	0	25,700	0
10219	Head Of Planning	CO (Planning), Eco Strategy (Talent)	D ATKINSON	0	0	115,210	0	0	0	0	0	0	0	1,444	(970)	0	1,926	117,610	2,400
10205	Neighbourhood Plan	Strategic Planning/Policy	D ATKINSON	0	0	(60,000)	0	0	0	0	0	0	0	0	0	0	0	(60,000)	0
	Total			(130,000)	1,000	4,860,221	0	72,430	(111,507)	188,880	0	24,010	0	77,483	(20,989)	4,046	81,591	5,176,165	315,944

DETAILED BUDGET PAPERS 2022/23 - Planning, Environment & Waste

Cost Centre			Responsible Director	MTFS YEAR 1: 2024/25						MTFS YEAR 2: 2025/26					MTFS YEAR 3: 2026/27					MTFS YEAR 4: 2027/28				
				Previous Years Growth/		Base Budget	Income reduction	Budget for Year	Variance to Budget	Previous Years Growth/ Savings		Base Budget	Budget for Year	Variance to Budget	Previous Years Growth/		Base Budget	Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget
				2021/22 Budget Setting	2022/23 Budget Setting					2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting			
				£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
10026	Health & Safety	Operational Services	V JESSOP	0	0	28,345	0	28,345	0	0	0	28,345	28,345	0	0	0	28,345	28,345	0	0	0	28,345	28,345	0
10088	Street Cleaning	Operational Services	V JESSOP	0	0	941,533	0	941,533	0	0	0	941,533	941,533	0	0	0	941,533	941,533	0	0	0	941,533	941,533	0
10125	Open Spaces & Amenity Areas	Operational Services	V JESSOP	0	0	174,451	0	174,451	0	0	0	174,451	174,451	0	0	0	174,451	174,451	0	0	0	174,451	174,451	0
10140	S.E. Allotments	Operational Services	V JESSOP	0	0	(1,034)	0	(1,034)	0	0	0	(1,034)	(1,034)	0	0	0	(1,034)	(1,034)	0	0	0	(1,034)	(1,034)	0
10147	S.E. Market Harborough Recn	Operational Services	V JESSOP	0	0	264,603	0	264,603	0	0	0	264,603	264,603	0	0	0	264,603	264,603	0	0	0	264,603	264,603	0
10148	S.E. Lutterworth Recn / Park	Operational Services	V JESSOP	0	0	39,084	0	39,084	0	0	0	39,084	39,084	0	0	0	39,084	39,084	0	0	0	39,084	39,084	0
10159	Trade Refuse	Operational Services	V JESSOP	0	0	(241,167)	0	(241,167)	0	0	0	(241,167)	(241,167)	0	0	0	(241,167)	(241,167)	0	0	0	(241,167)	(241,167)	0
10160	Waste Management	Operational Services	V JESSOP	0	0	427,237	0	427,237	0	0	0	427,237	427,237	0	0	0	427,237	427,237	0	0	0	427,237	427,237	0
10161	Residual Waste Collections	Operational Services	V JESSOP	0	0	1,177,880	0	1,177,880	0	0	0	1,177,880	1,177,880	0	0	0	1,177,880	1,177,880	0	0	0	1,177,880	1,177,880	0
10162	Recycling Collections	Operational Services	V JESSOP	0	0	977,699	0	977,699	0	0	0	977,699	977,699	0	0	0	977,699	977,699	0	0	0	977,699	977,699	0
10197	External Grounds Maintenance	Operational Services	V JESSOP	0	0	(58,619)	0	(58,619)	0	0	0	(58,619)	(58,619)	0	0	0	(58,619)	(58,619)	0	0	0	(58,619)	(58,619)	0
10242	S.E. Fleckney	Operational Services	V JESSOP	0	0	316	0	316	0	0	0	316	316	0	0	0	316	316	0	0	0	316	316	0
10243	S.E. Great Glen	Operational Services	V JESSOP	0	0	2,515	0	2,515	0	0	0	2,515	2,515	0	0	0	2,515	2,515	0	0	0	2,515	2,515	0
10244	S.E. Scraptoft	Operational Services	V JESSOP	0	0	5,589	0	5,589	0	0	0	5,589	5,589	0	0	0	5,589	5,589	0	0	0	5,589	5,589	0
10246	S.E. Broughton Astley	Operational Services	V JESSOP	0	0	12,145	0	12,145	0	0	0	12,145	12,145	0	0	0	12,145	12,145	0	0	0	12,145	12,145	0
10272	Flytipping	Operational Services	V JESSOP	0	0	10,000	0	10,000	0	0	0	10,000	10,000	0	0	0	10,000	10,000	0	0	0	10,000	10,000	0
10010	Development Control	Development Control, Enforcement	D ATKINSON	(50,000)	0	(437,364)	45,000	(392,364)	45,000	0	0	(392,364)	(392,364)	0	0	0	(392,364)	(392,364)	0	0	0	(392,364)	(392,364)	0
10016	Archaeological & Ecolog Advice	Development Control, Enforcement	D ATKINSON	0	0	33,775	0	33,775	0	0	0	33,775	33,775	0	0	0	33,775	33,775	0	0	0	33,775	33,775	0
10019	Footpath/Bridleway Orders	Development Control, Enforcement	D ATKINSON	0	0	(1,100)	0	(1,100)	0	0	0	(1,100)	(1,100)	0	0	0	(1,100)	(1,100)	0	0	0	(1,100)	(1,100)	0
10084	Enforcement	Development Control, Enforcement	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10151	Planning Enforcement	Development Control, Enforcement	D ATKINSON	0	0	160,763	0	160,763	0	0	0	160,763	160,763	0	0	0	160,763	160,763	0	0	0	160,763	160,763	0
10081	Quick Response Team	Facilities Mgmt - Public Realm	C MASON	0	0	2,230	0	2,230	0	0	0	2,230	2,230	0	0	0	2,230	2,230	0	0	0	2,230	2,230	0
10082	Abandoned Vehicles	Facilities Mgmt - Public Realm	C MASON	0	0	2,200	0	2,200	0	0	0	2,200	2,200	0	0	0	2,200	2,200	0	0	0	2,200	2,200	0
10086	District-Wide Bus Shelters	Facilities Mgmt - Public Realm	C MASON	0	0	3,400	0	3,400	0	0	0	3,400	3,400	0	0	0	3,400	3,400	0	0	0	3,400	3,400	0
10089	Street Furniture Etc	Facilities Mgmt - Public Realm	C MASON	0	0	4,300	0	4,300	0	0	0	4,300	4,300	0	0	0	4,300	4,300	0	0	0	4,300	4,300	0
10115	S.E. Public Conveniences	Facilities Mgmt - Public Realm	C MASON	0	0	27,754	0	27,754	0	0	0	27,754	27,754	0	0	0	27,754	27,754	0	0	0	27,754	27,754	0
10145	S.E. Thurnby	Facilities Mgmt - Public Realm	C MASON	0	0	31,454	0	31,454	0	0	0	31,454	31,454	0	0	0	31,454	31,454	0	0	0	31,454	31,454	0
10170	Flood Prevent & Land Drainage	Facilities Mgmt - Public Realm	C MASON	0	0	12,800	0	12,800	0	0	0	12,800	12,800	0	0	0	12,800	12,800	0	0	0	12,800	12,800	0
10245	S.E. War Memorial/Public Realm	Facilities Mgmt - Public Realm	C MASON	0	0	16,060	0	16,060	0	0	0	16,060	16,060	0	0	0	16,060	16,060	0	0	0	16,060	16,060	0
10009	Section 106 Agreements	Strategic Planning/Policy	D ATKINSON	0	0	12,230	0	12,230	0	0	0	12,230	12,230	0	0	0	12,230	12,230	0	0	0	12,230	12,230	0
10013	Env Enhancemnts/Conservtn	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10112	Planning Policy	Strategic Planning/Policy	D ATKINSON	0	0	261,760	0	261,760	0	0	0	261,760	261,760	0	0	0	261,760	261,760	0	0	0	261,760	261,760	0
10207	Local Plan Cont to Reserves	Strategic Planning/Policy	D ATKINSON	0	0	277,300	0	277,300	0	0	0	277,300	277,300	0	0	0	277,300	277,300	0	0	0	277,300	277,300	0
10207A	Local Plan Cont from Reserves	Strategic Planning/Policy	D ATKINSON	0	0	206,000	0	206,000	0	0	0	206,000	206,000	0	0	0	206,000	206,000	0	0	0	206,000	206,000	0
10208	Local Plan General	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10011	Building Control	Building Control	D ATKINSON	0	(26,000)	39,861	0	39,861	0	0	0	39,861	39,861	0	0	0	39,861	39,861	0	0	0	39,861	39,861	0
10150	Environmental Health	Car Parking, Lightbulb etc	V JESSOP	0	0	602,855	0	602,855	0	0	0	602,855	602,855	0	0	0	602,855	602,855	0	0	0	602,855	602,855	0
10175	Pest/Dog Services	Car Parking, Lightbulb etc	V JESSOP	0	0	25,700	0	25,700	0	0	0	25,700	25,700	0	0	0	25,700	25,700	0	0	0	25,700	25,700	0
10219	Head Of Planning	CO (Planning), Eco Strategy (Talent)	D ATKINSON	0	0	117,610	0	117,610	0	0	0	117,610	117,610	0	0	0	117,610	117,610	0	0	0	117,610	117,610	0
10205	Neighbourhood Plan	Strategic Planning/Policy	D ATKINSON	0	0	(60,000)	0	(60,000)	0	0	0	(60,000)	(60,000)	0	0	0	(60,000)	(60,000)	0	0	0	(60,000)	(60,000)	0
Total				(50,000)	(26,000)	5,100,165	45,000	5,145,165	45,000	0	0	5,145,165	5,145,165	0	0	0	5,145,165	5,145,165	0	0	0	5,145,165	5,145,165	0



DETAILED BUDGET PAPERS 2022/23 - Wellbeing, Communities & Housing

				Responsible Director	NEW BUDGET: 2023/24										
Cost Centre	Cost Centre Description	Service	BC 25 (Tranche)		Previous Years Growth/		Base Budget	Growth/Savings etc						Budget for Year	Variance to Budget
					2021/22 Budget Setting	2022/23 Budget Setting		Normal operational delivery	TOM	Other payroll changes, fte etc	1.25% National insurance reversal	2023/24 Scale point increment	2022/23 payroll award of £1925 per £		
					£	£	£	£	£	£	£	£	£	£	
10122	Physical Activity	Recreation	3	V JESSOP	0	0	84,871	0	0	(4,163)	(1,007)	1,896	4,994	86,591	1,720
10124	Recreation Development	Recreation	3	V JESSOP	0	(100,000)	76,720	0	0	(2)	(661)	1,319	5,774	83,150	6,430
10136	Youth Awareness Initiatives	Corporate Support	3	V JESSOP	0	0	0	0	0	0	0	0	0	0	0
10155	Health Services	Car Parking, Lightbulb etc	3	V JESSOP	0	0	(4,090)	(2,600)	0	0	0	0	0	(6,690)	(2,600)
10239	Lightbulb Social Care	Car Parking, Lightbulb etc	3	V JESSOP	0	0	33,000	(13,300)	0	0	0	0	0	19,700	(13,300)
10260	Head Of Communities	CO, Communities	1	V JESSOP	0	0	112,030	0	0	(2,225)	(955)	1,464	1,926	112,240	210
10241	Anniversary Events	CO, Communities	1	V JESSOP	0	0	2,000	0	0	0	0	0	0	2,000	0
10179	HDC Temporary Accomodation	Housing & Homelessness	1	V JESSOP	(30,000)	0	(53,800)	0	0	0	0	0	0	(53,800)	0
10188	Homelessness	Housing & Homelessness	1	V JESSOP	0	0	85,276	0	0	0	0	0	0	85,276	0
10201	Housing Services	Housing & Homelessness	1	V JESSOP	(29,000)	0	455,340	(41,100)	0	32,160	(3,819)	0	18,289	460,870	5,530
10076	Grants To External Bodies	Grants, Parishes & Community Safety	1	V JESSOP	(20,000)	0	122,250	(15,000)	0	732	(186)	0	1,194	108,990	(13,260)
10077	Advice To Parishes	Grants, Parishes & Community Safety	1	V JESSOP	0	0	46,120	0	0	2,929	(387)	903	1,925	51,490	5,370
10121	Safer Communities Laa Fund	Grants, Parishes & Community Safety	1	V JESSOP	0	0	(5,000)	0	0	0	0	0	0	(5,000)	0
10168	Community Safety	Grants, Parishes & Community Safety	1	V JESSOP	0	0	90,880	(23,100)	0	3,825	(681)	1,824	5,006	77,754	(13,126)
10270	Local Lottery	Grants, Parishes & Community Safety	1	V JESSOP	(3,000)	0	(13,000)	0	0	0	0	0	0	(13,000)	0
10017	S.E. Harborough In Bloom	Community Partnerships	1	V JESSOP	0	0	7,000	0	0	0	0	0	0	7,000	0
10265	Community Partnerships	Community Partnerships	1	V JESSOP	0	0	80,640	0	(80,729)	1,307	(684)	0	1,927	2,461	(78,179)
10269	Refugee Resettlement	Community Partnerships	1	V JESSOP				0	0	0	0	0	0	0	
	Total				(82,000)	(100,000)	1,120,237	(95,100)	(80,729)	34,563	(8,380)	7,406	41,035	1,019,032	(101,205)

DETAILED BUDGET PAPERS 2022/23 - Wellbeing, Communities & Housing

				Responsible Director	MTFS YEAR 1: 2024/25					MTFS YEAR 2: 2025/26					MTFS YEAR 3: 2026/27					MTFS YEAR 4: 2027/28				
					Previous Years Growth/		Base Budget	Budget for Year	Variance to Budget	Previous Years Growth/		Base Budget	Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget
					2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting			
Cost Centre	Cost Centre Description	Service	BC 25 (Tranche)		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
10122	Physical Activity	Recreation	3	V JESSOP	0	0	86,591	86,591	0	0	0	86,591	86,591	0	0	0	86,591	86,591	0	0	0	86,591	86,591	0
10124	Recreation Development	Recreation	3	V JESSOP	0	(40,000)	43,150	43,150	0	0	0	43,150	43,150	0	0	0	43,150	43,150	0	0	0	43,150	43,150	0
10136	Youth Awareness Initiatives	Corporate Support	3	V JESSOP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10155	Health Services	Car Parking, Lightbulb etc	3	V JESSOP	0	0	(6,690)	(6,690)	0	0	0	(6,690)	(6,690)	0	0	0	(6,690)	(6,690)	0	0	0	(6,690)	(6,690)	0
10239	Lightbulb Social Care	Car Parking, Lightbulb etc	3	V JESSOP	0	0	19,700	19,700	0	0	0	19,700	19,700	0	0	0	19,700	19,700	0	0	0	19,700	19,700	0
10260	Head Of Communities	CO, Communities	1	V JESSOP	0	0	112,240	112,240	0	0	0	112,240	112,240	0	0	0	112,240	112,240	0	0	0	112,240	112,240	0
10241	Anniversary Events	CO, Communities	1	V JESSOP	0	0	2,000	2,000	0	0	0	2,000	2,000	0	0	0	2,000	2,000	0	0	0	2,000	2,000	0
10179	HDC Temporary Accomodation	Housing & Homelessness	1	V JESSOP	0	0	(53,800)	(53,800)	0	0	0	(53,800)	(53,800)	0	0	0	(53,800)	(53,800)	0	0	0	(53,800)	(53,800)	0
10188	Homelessness	Housing & Homelessness	1	V JESSOP	0	0	85,276	85,276	0	0	0	85,276	85,276	0	0	0	85,276	85,276	0	0	0	85,276	85,276	0
10201	Housing Services	Housing & Homelessness	1	V JESSOP	0	0	460,870	460,870	0	0	0	460,870	460,870	0	0	0	460,870	460,870	0	0	0	460,870	460,870	0
10076	Grants To External Bodies	Grants, Parishes & Community Safety	1	V JESSOP	0	0	108,990	108,990	0	0	0	108,990	108,990	0	0	0	108,990	108,990	0	0	0	108,990	108,990	0
10077	Advice To Parishes	Grants, Parishes & Community Safety	1	V JESSOP	0	0	51,490	51,490	0	0	0	51,490	51,490	0	0	0	51,490	51,490	0	0	0	51,490	51,490	0
10121	Safer Communities Laa Fund	Grants, Parishes & Community Safety	1	V JESSOP	0	0	(5,000)	(5,000)	0	0	0	(5,000)	(5,000)	0	0	0	(5,000)	(5,000)	0	0	0	(5,000)	(5,000)	0
10168	Community Safety	Grants, Parishes & Community Safety	1	V JESSOP	0	0	77,754	77,754	0	0	0	77,754	77,754	0	0	0	77,754	77,754	0	0	0	77,754	77,754	0
10270	Local Lottery	Grants, Parishes & Community Safety	1	V JESSOP	0	0	(13,000)	(13,000)	0	0	0	(13,000)	(13,000)	0	0	0	(13,000)	(13,000)	0	0	0	(13,000)	(13,000)	0
10017	S.E. Harborough In Bloom	Community Partnerships	1	V JESSOP	0	0	7,000	7,000	0	0	0	7,000	7,000	0	0	0	7,000	7,000	0	0	0	7,000	7,000	0
10265	Community Partnerships	Community Partnerships	1	V JESSOP	0	0	2,461	2,461	0	0	0	2,461	2,461	0	0	0	2,461	2,461	0	0	0	2,461	2,461	0
10269	Refugee Resettlement	Community Partnerships	1	V JESSOP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total				0	(40,000)	979,032	979,032	0	0	0	979,032	979,032	0	0	0	979,032	979,032	0	0	0	979,032	979,032	0



DETAILED BUDGET PAPERS 2021/22 - Strategy

			Responsible Director	NEW BUDGET: 2023/24										
Cost Centre	Cost Centre Description	Service		Previous Years Growth/		Base Budget	Growth/Savings etc						Budget for Year	Variance to Base Budget
				2021/22 Budget Setting	2022/23 Budget Setting		Inflation	Normal operational delivery	Other payroll changes, fte etc	1.25% National insurance reversal	2023/24 Scale point increment	2022/23 payroll award of £1925 per fte		
				£	£	£	£	£	£	£	£	£	£	£
10012	Strategic Planning & Housing	Strategic Planning/Policy	D ATKINSON	0	0	155,810	0	(9,500)	11,160	(1,313)	0	4,813	160,970	5,160
10262	Market Harb Town Team Project	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0
10210	Joint Strategic Planning	Strategic Planning/Policy	D ATKINSON	0	13,511	44,811	0	0	0	0	0	0	44,811	0
10015	Ed Strat - Potential	Economic Strategy/Development	V JESSOP	0	0	35,900	0	(20,000)	0	0	0	0	15,900	(20,000)
10043	S.E. Town Centre Support	Economic Strategy/Development	V JESSOP	0	0	41,240	0	0	0	0	0	0	41,240	0
10055	Market Hall	Economic Strategy/Development	V JESSOP	0	0	(64,804)	(27,500)	(7,000)	3,543	(1,089)	417	6,699	(89,734)	(24,930)
10065	The Square	Economic Strategy/Development	V JESSOP	0	0	(17,560)	(2,900)	(1,800)		0	0	0	(22,260)	(4,700)
10206	Ed Strat - Location	Economic Strategy/Development	V JESSOP	0	0	249,200	0	(15,000)	(1,003)	(2,048)	0	7,701	238,850	(10,350)
10069	Communication	Communication	V JESSOP	0	0	196,050	0	(11,500)	14,028	(1,267)	1,356	7,363	206,030	9,980
10233	Ed Strat - Talent	CO (Planning), Eco Strategy (Tale	V JESSOP	0	38,000	25,000	0	(5,000)	0	0	0	0	20,000	(5,000)
10211	Strategic Growth Team	Planning - Growth	D ATKINSON	0	0	56,287	0	(10,500)	(14,250)	0	0	0	31,537	(24,750)
	Total			0	51,511	721,934	(30,400)	(80,300)	13,478	(5,717)	1,773	26,576	647,344	(74,590)

DETAILED BUDGET PAPERS 2021/22 - Strategy

			Responsible Director	MTFS YEAR 1: 2024/25					MTFS YEAR 2: 2025/26					MTFS YEAR 3: 2026/27					MTFS YEAR 4: 2027/28					
				Previous Years Growth/		Base Budget	Budget for Year	Variance to Base Budget	Previous Years Growth/		Base Budget	rowth/Savings et	Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget
				2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting					2021/22 Budget Setting	2022/23 Budget Setting				2021/22 Budget Setting	2022/23 Budget Setting			
Cost Centre	Cost Centre Description	Service		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
10012	Strategic Planning & Housing	Strategic Planning/Policy	D ATKINSON	0	0	160,970	160,970	0	0	0	160,970	0	160,970	0	0	0	160,970	160,970	0	0	0	160,970	160,970	0
10262	Market Harb Town Team Project	Strategic Planning/Policy	D ATKINSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10210	Joint Strategic Planning	Strategic Planning/Policy	D ATKINSON	0	(5,281)	39,530	39,530	0	0	0	39,530	0	39,530	0	0	0	39,530	39,530	0	0	0	39,530	39,530	0
10015	Ed Strat - Potential	Economic Strategy/Development	V JESSOP	0	0	15,900	15,900	0	0	0	15,900	40,000	55,900	40,000	0	0	55,900	55,900	0	0	0	55,900	55,900	0
10043	S.E. Town Centre Support	Economic Strategy/Development	V JESSOP	0	0	41,240	41,240	0	0	0	41,240	0	41,240	0	0	0	41,240	41,240	0	0	0	41,240	41,240	0
10055	Market Hall	Economic Strategy/Development	V JESSOP	0	0	(89,734)	(89,734)	0	0	0	(89,734)	0	(89,734)	0	0	0	(89,734)	(89,734)	0	0	0	(89,734)	(89,734)	0
10065	The Square	Economic Strategy/Development	V JESSOP	0	0	(22,260)	(22,260)	0	0	0	(22,260)	0	(22,260)	0	0	0	(22,260)	(22,260)	0	0	0	(22,260)	(22,260)	0
10206	Ed Strat - Location	Economic Strategy/Development	V JESSOP	0	0	238,850	238,850	0	0	0	238,850	0	238,850	0	0	0	238,850	238,850	0	0	0	238,850	238,850	0
10069	Communication	Communication	V JESSOP	0	0	206,030	206,030	0	0	0	206,030	0	206,030	0	0	0	206,030	206,030	0	0	0	206,030	206,030	0
10233	Ed Strat - Talent	CO (Planning), Eco Strategy (Tale	V JESSOP	0	(7,000)	13,000	13,000	0	0	0	13,000	0	13,000	0	0	0	13,000	13,000	0	0	0	13,000	13,000	0
10211	Strategic Growth Team	Planning - Growth	D ATKINSON	0	0	31,537	31,537	0	0	0	31,537	0	31,537	0	0	0	31,537	31,537	0	0	0	31,537	31,537	0
	Total			0	(12,281)	635,063	635,063	0	0	0	635,063	40,000	675,063	40,000	0	0	675,063	675,063	0	0	0	675,063	675,063	0

DETAILED BUDGET PAPERS 2021/22 - Corporate & Regulatory Services

			Responsible Director	Budget Holder	NEW BUDGET: 2023/24															Budget for Year	Variance to Budget
Cost Centre	Cost Centre Description	Service			Previous Years Growth/		Base Budget	Growth/Savings etc													
					2021/22 Budget Setting	2022/23 Budget Setting		Inflation	Underachievement of savings	Normal operational delivery	Unplanned pressures	Strategic Partnership	TOM	Permanent virements	Other payroll changes, fte etc	1.25% National insurance reversal	2023/24 Scale point increment	2022/23 payroll award of £1925 per fte			
					£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
10003	Corporate Administration	Corporate Support	C MASON	R ELLIS	0	0	597,921	0		(58,300)			7,203		9,421	(6,100)	1,762	29,076	580,983	(16,938)	
10032	Postages	Corporate Support	C MASON	R ELLIS	0	0	40,400	0								0	0	0	40,400	0	
10037	Corporate Printing	Corporate Support	C MASON	R ELLIS	0	(5,000)	12,000	0								0	0	0	12,000	0	
10051	Land Charges	Corporate Support	C MASON	R ELLIS	0	0	(118,200)	0								0	0	0	(118,200)	0	
10066	Performance/Change Mana	Corporate Support	C MASON	R ELLIS	0	0	2,868	0								0	0	0	2,868	0	
10165	Public Burials	Corporate Support	C MASON	R ELLIS	0	0	2,500	0								0	0	0	2,500	0	
10231	Central Stationery Store	Corporate Support	C MASON	R ELLIS	0	0	13,100	0								0	0	0	13,100	0	
10022	Legal Services	Legal & Democratic Support	C MASON	S PATEL	0	0	246,500	0			17,000		1,475		5,567	(2,195)	2,258	6,160	276,765	30,265	
10072	Members Allowances & Exp	Legal & Democratic Support	C MASON	S PATEL	0	0	320,950	0						(2,300)		0	0	0	318,650	(2,300)	
10073	Committee Servicing	Legal & Democratic Support	C MASON	S PATEL	0	0	161,560	0		(22,000)	10,665			2,300	4,691	(1,529)	1,066	5,562	162,315	755	
10213	Programme Management	Legal & Democratic Support	C MASON	L ELLIOT	0	0	61,390	0			116,110				1,237	(533)	0	1,926	180,130	118,740	
10023	Human Resources	HR & Training	C MASON	R JENNER	0	(17,000)	263,790	0							6,666	(2,248)	1,526	9,226	278,960	15,170	
10024	Corporate & Mangmnt Train	HR & Training	C MASON	R JENNER	0	0	43,300	0		(8,000)						0	0	0	35,300	(8,000)	
10060	Elections	Elections	C MASON	S MORTIER	0	0	16,600	0			0					0	0	0	16,600	0	
10060A	Elections - Cont from Reserves	Elections	C MASON								166,000								166,000	166,000	
10060B	Elections - Cont to Reserve	Elections	C MASON	S MORTIER	0	0	0	0			40,000								40,000	40,000	
10061	Registration Of Electors	Register of Electors	C MASON	S MORTIER	0	0	54,100	0		(11,000)						0	0	0	43,100	(11,000)	
10078	Emergency Plan/ Bus Conti	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	29,800	0								0	0	0	29,800	0	
10096	Car Park Services	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	137,372	(857,937)	0		(3,800)	158,232					0	0	0	(703,505)	154,432	
10101	Hackney Carriage Licencing	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(31,800)	0								0	0	0	(31,800)	0	
10117	On Street C.P.E	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(47,066)	0							219,200	(4,158)	2,727	29,011	199,714	246,780	
10118	Car Parks Administration	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	52,580	0							4,411	(455)	0	1,924	58,460	5,880	
10119	Off Street C.P.E.	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	40,523	0							(211,000)	0	0	0	(170,477)	(211,000)	
10154	Licences	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(79,600)	0								0	0	0	(79,600)	0	
10163	S.E.Cemeteries & Burial Gro	Facilities Mgmt - Public Res	C MASON	CAVERILL	0	0	15,925	(5,500)								0	0	0	10,425	(5,500)	
10164	Closed Churchyards	Facilities Mgmt - Public Res	C MASON	CAVERILL	0	0	40,140	0								0	0	0	40,140	0	
10167	Cctv	CCTV, Control Centre	C MASON	J WARD LAN	0	0	0	0								0	0	0	0	0	
10193	Control Centre	CCTV, Control Centre	C MASON	J WARD LAN	0	(6,000)	70,390	0		(14,500)					38,252	(3,150)	3,103	20,895	114,990	44,600	
10173	Licensing Team	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	117,620	0							2,578	(983)	0	5,005	124,220	6,600	
10232	Section 151 Officer	CO (151), Assets, Internal A	C MASON	C MASON	0	0	118,070	0					1,990		1,409	(935)	0	1,926	122,460	4,390	
10237	Corporate In Year Savings	CO (151), Assets, Internal A	C MASON	C MASON	0	0	(16,000)	0								0	0	(164,000)	(180,000)	(164,000)	
10230	Head Of Legal & Democrati	CO Legal & Democratic	C MASON	V WENHAM	0	0	111,330	0					(20,912)		(764)	(952)	0	1,926	90,628	(20,702)	
10305	External Audit	Finance	C MASON	C BLAND	0	0	40,000	0			48,000					0	0	0	88,000	48,000	
10238	Apprentice Levy Costs	Finance	C MASON	C BLAND	0	0	13,600	0								0	0	0	13,600	0	
10035	Customer Services	Customer Services	V JESSOP	R FELTS	0	0	351,730	0		(14,700)	60,280		12,005		173,117	(2,663)	5,275	26,951	611,995	260,265	
10104	Consultation	Customer Services	V JESSOP	R FELTS	0	0	0	0								0	0	0	0	0	
10302	Customer Services (2) CC	Customer Services	V JESSOP	R FELTS	(110,000)	0	191,660	0							(191,660)	0	0	0	0	(191,660)	
10236	Equalities & Safeguarding	Customer Services	V JESSOP	R FELTS	0	0	33,670	0							765	(289)	0	1,154	35,300	1,630	
10021	Chief Executives Group	Joint Chief Execitives	L ELLIOTT	N PROUDFO	0	0	3,500	0								0	0	0	3,500	0	
10054	Lga Subscriptions	Joint Chief Execitives	L ELLIOTT	N PROUDFO	0	0	20,200	0								0	0	0	20,200	0	
10071	Corporate Activities	Joint Chief Execitives	L ELLIOTT	N PROUDFO	0	0	0	0								0	0	0	0	0	
10222	Old cost centre	Joint Chief Execitives	L ELLIOTT	OLD	0	0	0	0								0	0	0	0	0	
10226	Chief Executive	Joint Chief Execitives	L ELLIOTT	N PROUDFO	0	0	166,490	0				0			(799)	(1,592)	2,223	1,928	168,250	1,760	
10215	Deputy Chief Executive	Joint Chief Execitives	L ELLIOTT	L ELLIOT	0	0	128,390	0				0			1,502	(1,081)	0	1,929	130,740	2,350	
?????	Enforcement Cross-Cutting		V JESSOP		0	0	(147,000)	0		72,000						0	0	0	(75,000)	72,000	
?????	HR Cross-Cutting		C MASON		0	(2,000)	(22,000)	0								0	0	0	(22,000)	0	
	Total				(110,000)	107,372	2,062,994	(5,500)	72,000	(132,300)	616,287	0	1,761	0	64,593	(28,863)	19,940	(19,401)	2,651,511	588,517	

DETAILED BUDGET PAPERS 2021/22 - Corporate & Regulatory Services

			Responsible Director	Budget Holder	MTFS YEAR 1: 2024/25										MTFS YEAR 2: 2025/26										MTFS YEAR 3: 2026/27										MTFS YEAR 4: 2027/28				
Cost Centre	Cost Centre Description	Service			Previous Years Growth/		Base Budget	Growth/Savings etc			Budget for Year	Variance to Budget	Previous Years		Base Budget	Growth/Savings etc			Budget for Year	Variance to Budget	Previous Years		Base Budget	Growth/Savings etc			Budget for Year	Variance to Budget	Previous Years		Base Budget	Budget for Year	Variance to Budget						
					2021/22 Budget Setting	2022/23 Budget Setting		savings	Other re car parking income	Unplanned Pressures			2021/22 Budget Setting	2022/23 Budget Setting		savings	Other re car parking income	Unplanned Pressures			2021/22 Budget Setting	2022/23 Budget Setting		savings	Other re car parking income	Unplanned Pressures			2021/22 Budget Setting	2022/23 Budget Setting				savings	Other re car parking income	Unplanned Pressures			
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£						
10003	Corporate Administration	Corporate Support	C MASON	R ELLIS	0	0	580,983	0	0	0	580,983	0	0	0	580,983	0	0	0	580,983	0	0	0	580,983	0	0	0	580,983	0	0	0	580,983	580,983	0	0	580,983	580,983	0		
10032	Postages	Corporate Support	C MASON	R ELLIS	0	0	40,400	0	0	0	40,400	0	0	0	40,400	0	0	0	40,400	0	0	0	40,400	0	0	0	40,400	0	0	0	40,400	40,400	0	0	40,400	40,400	0		
10037	Corporate Printing	Corporate Support	C MASON	R ELLIS	0	0	12,000	0	0	0	12,000	0	0	0	12,000	0	0	0	12,000	0	0	0	12,000	0	0	0	12,000	0	0	0	12,000	12,000	0	0	12,000	12,000	0		
10051	Land Charges	Corporate Support	C MASON	R ELLIS	0	0	(118,200)	0	0	0	(118,200)	0	0	0	(118,200)	0	0	0	(118,200)	0	0	0	(118,200)	0	0	0	(118,200)	0	0	0	(118,200)	(118,200)	0	0	(118,200)	(118,200)	0		
10066	Performance/Change Mana	Corporate Support	C MASON	R ELLIS	0	0	2,868	0	0	0	2,868	0	0	0	2,868	0	0	0	2,868	0	0	0	2,868	0	0	0	2,868	0	0	0	2,868	2,868	0	0	2,868	2,868	0		
10165	Public Burials	Corporate Support	C MASON	R ELLIS	0	0	2,500	0	0	0	2,500	0	0	0	2,500	0	0	0	2,500	0	0	0	2,500	0	0	0	2,500	0	0	0	2,500	2,500	0	0	2,500	2,500	0		
10231	Central Stationery Store	Corporate Support	C MASON	R ELLIS	0	0	13,100	0	0	0	13,100	0	0	0	13,100	0	0	0	13,100	0	0	0	13,100	0	0	0	13,100	0	0	0	13,100	13,100	0	0	13,100	13,100	0		
10022	Legal Services	Legal & Democratic Support	C MASON	S PATEL	0	0	276,765	(8,000)	0	0	268,765	(8,000)	0	0	268,765	0	0	0	268,765	0	0	0	268,765	0	0	0	268,765	0	0	0	268,765	268,765	0	0	268,765	268,765	0		
10072	Members Allowances & Exp	Legal & Democratic Support	C MASON	S PATEL	0	0	318,650	0	0	0	318,650	0	0	0	318,650	0	0	0	318,650	0	0	0	318,650	0	0	0	318,650	0	0	0	318,650	318,650	0	0	318,650	318,650	0		
10073	Committee Servicing	Legal & Democratic Support	C MASON	S PATEL	0	0	162,315	0	0	0	162,315	0	0	0	162,315	0	0	0	162,315	0	0	0	162,315	0	0	0	162,315	0	0	0	162,315	162,315	0	0	162,315	162,315	0		
10213	Programme Management	Legal & Democratic Support	C MASON	LELIOTT	0	0	180,130	0	0	0	180,130	0	0	0	180,130	0	(116,110)	0	64,020	(116,110)	0	0	64,020	0	0	0	64,020	0	0	0	64,020	64,020	0	0	64,020	64,020	0		
10023	Human Resources	HR & Training	C MASON	R JENNER	0	(15,000)	263,960	0	0	0	263,960	0	0	0	263,960	0	0	0	263,960	0	0	0	263,960	0	0	0	263,960	0	0	0	263,960	263,960	0	0	263,960	263,960	0		
10024	Corporate & Mangmnt Train	HR & Training	C MASON	R JENNER	0	0	35,300	0	0	0	35,300	0	0	0	35,300	0	0	0	35,300	0	0	0	35,300	0	0	0	35,300	0	0	0	35,300	35,300	0	0	35,300	35,300	0		
10060	Elections	Elections	C MASON	S MORTIER	0	0	16,600	0	0	0	16,600	0	0	0	16,600	0	0	0	16,600	0	0	0	16,600	0	0	0	16,600	0	0	0	16,600	16,600	0	0	16,600	16,600	0		
10060A	Elections - Cont from Reserves	Elections	C MASON		0	0	166,000	0	0	(166,000)	0	(166,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
10060B	Elections - Cont to Reserve	Elections	C MASON	S MORTIER	0	0	40,000	0	0	0	40,000	0	0	0	40,000	0	0	0	40,000	0	0	0	40,000	0	0	0	40,000	0	0	0	40,000	40,000	0	0	40,000	40,000	0		
10061	Registration Of Electors	Register of Electors	C MASON	S MORTIER	0	0	43,100	0	0	0	43,100	0	0	0	43,100	0	0	0	43,100	0	0	0	43,100	0	0	0	43,100	0	0	0	43,100	43,100	0	0	43,100	43,100	0		
10078	Emergency Plan/ Bus Conti	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	29,800	0	0	0	29,800	0	0	0	29,800	0	0	0	29,800	0	0	0	29,800	0	0	0	29,800	0	0	0	29,800	29,800	0	0	29,800	29,800	0		
10096	Car Park Services	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	58,929	(644,576)	0	(105,000)	0	(749,576)	(105,000)	0	56,267	(693,309)	(45,000)	0	(738,309)	(45,000)	0	53,339	(684,970)	(69,000)	(753,970)	(69,000)	0	0	0	0	(753,970)	(753,970)	0	0	(753,970)	(753,970)	0			
10101	Hackney Carriage Licencing	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(31,800)	0	0	0	(31,800)	0	0	0	(31,800)	0	0	0	(31,800)	0	0	0	(31,800)	0	0	0	(31,800)	0	0	0	(31,800)	(31,800)	0	0	(31,800)	(31,800)	0		
10117	On Street C.P.E	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	199,714	0	0	0	199,714	0	0	0	199,714	0	0	0	199,714	0	0	0	199,714	0	0	0	199,714	0	0	0	199,714	199,714	0	0	199,714	199,714	0		
10118	Car Parks Administration	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	58,460	0	0	0	58,460	0	0	0	58,460	0	0	0	58,460	0	0	0	58,460	0	0	0	58,460	0	0	0	58,460	58,460	0	0	58,460	58,460	0		
10119	Off Street C.P.E	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(170,477)	0	0	0	(170,477)	0	0	0	(170,477)	0	0	0	(170,477)	0	0	0	(170,477)	0	0	0	(170,477)	0	0	0	(170,477)	(170,477)	0	0	(170,477)	(170,477)	0		
10154	Licences	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	(79,600)	0	0	0	(79,600)	0	0	0	(79,600)	0	0	0	(79,600)	0	0	0	(79,600)	0	0	0	(79,600)	0	0	0	(79,600)	(79,600)	0	0	(79,600)	(79,600)	0		
10163	S.E.Cemeteries & Burial Gr	Facilities Mgmt - Public Res	C MASON	C AVERILL	0	0	10,425	0	0	0	10,425	0	0	0	10,425	0	0	0	10,425	0	0	0	10,425	0	0	0	10,425	0	0	0	10,425	10,425	0	0	10,425	10,425	0		
10164	Closed Churchyards	Facilities Mgmt - Public Res	C MASON	C AVERILL	0	0	40,140	0	0	0	40,140	0	0	0	40,140	0	0	0	40,140	0	0	0	40,140	0	0	0	40,140	0	0	0	40,140	40,140	0	0	40,140	40,140	0		
10167	Cctv	CCTV, Control Centre	C MASON	J WARD LAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
10193	Control Centre	CCTV, Control Centre	C MASON	J WARD LAN	0	(11,000)	103,990	0	0	0	103,990	0	0	0	103,990	0	0	0	103,990	0	0	0	103,990	0	0	0	103,990	0	0	0	103,990	103,990	0	0	103,990	103,990	0		
10173	Licensing Team	Car Parking, Lightbulb etc	V JESSOP	E BIRD	0	0	124,220	0	0	0	124,220	0	0	0	124,220	0	0	0	124,220	0	0	0	124,220	0	0	0	124,220	0	0	0	124,220	124,220	0	0	124,220	124,220	0		
10232	Section 151 Officer	CO (151), Assets, Internal A	C MASON	C MASON	0	0	122,460	0	0	0	122,460	0	0	0	122,460	0	0	0	122,460	0	0	0	122,460	0	0	0	122,460	0	0	0	122,460	122,460	0	0	122,460	122,460	0		
10237	Corporate In Year Savings	CO (151), Assets, Internal A	C MASON	C MASON	0	0	(180,000)	0	0	0	(180,000)	0	0	0	(180,000)	0	0	0	(180,000)	0	0	0	(180,000)	0	0	0	(180,000)	0	0	0	(180,000)	(180,000)	0	0	(180,000)	(180,000)	0		
10230	Head Of Legal & Democratic	CO Legal & Democratic	C MASON	V WENHAM	0	0	90,628	0	0	0	90,628	0	0	0	90,628	0	0	0	90,628	0	0	0	90,628	0	0	0	90,628	0	0	0	90,628	90,628	0	0	90,628	90,628	0		
10305	External Audit	Finance	C MASON	C BLAND	0	0	88,000	0	0	0	88,000	0	0	0	88,000	0	0	0	88,000	0	0	0	88,000	0	0	0	88,000	0	0	0	88,000	88,000	0	0	88,000	88,000	0		
10238	Apprentice Levy Costs	Finance	C MASON	C BLAND	0	0	13,600	0	0	0	13,600	0	0	0	13,600	0	0	0	13,600	0	0	0	1																

DETAILED BUDGET PAPERS 2021/22 - Contingency & Inflationary Provisions

			Responsible Director	NEW BUDGET: 2023/24										
Cost Centre	Cost Centre Description	Service		Previous Years Growth/		Base Budget	Growth/Savings etc						Budget for Year	Variance to Base Budget
				2021/22 Budget Setting	2022/23 Budget Setting		FCC contract changes	Inflation - Pay - Services	Inflation - Pay to Capital Financing	Inflation - Employer Oncosts	TOM	Other		
				£	£	£	£	£	£	£	£	£	£	
10509	Central Items - Contingency	Finance	C MASON	0		0	0	0	0	0	0	0	0	
Nominal	Inflation - Pay - Services 2 NCS	Corporate - Finance	C MASON	139,452	50,010	189,462	0	185,771	0	0	0	375,233	185,771	
Nominal	Inflation - Pay to Capital Fin	Corporate - Finance	C MASON	10,950		10,950	0	0	(10,950)	0	0	0	(10,950)	
Nominal	Inflation - Services	Corporate - Finance	C MASON	0		0	0	0	0	0	0	0	0	
Nominal	Inflation - Employer Oncosts	Corporate - Finance	CMASON	0		0	0	0	(94,000)	0	0	(94,000)	(94,000)	
Nominal	Inflation - FCC	Operational Services	V JESSOP	0	273,946	404,673	205,210	0	0	0	0	609,883	205,210	
Nominal	Inflation - Energy costs	Operational Services	V JESSOP	0	0	0	0	0	0	0	42,253	42,253	42,253	
Nominal	FCC 5% Escalator for Potential Govt Changes to Waste	Operational Services	V JESSOP	0		0	0	0	0	0	0	0	0	
Nominal	Target Operating Model Service Efficiency	Operational Services	L ELLIOTT	0	(7,060)	(360,060)	0	0	0	0	65,202	7,000	(287,858)	
Nominal	Shared Service; DM Support	Operational Services	D ATKINSON	0	(33,500)	(127,500)	0	0	0	0	127,500	0	127,500	
	Total			150,402	283,396	117,525	205,210	185,771	(10,950)	(94,000)	65,202	176,753	645,511	
									</					

DETAILED BUDGET PAPERS 2021/22 - Contingency & Inflationary Provisions

			Responsible Director	MTFS YEAR 1: 2024/25								MTFS YEAR 2: 2025/26							
Cost Centre	Cost Centre Description	Service		Previous Years Growth/		Base Budget	Growth/Savings etc			Budget for Year	Variance to Base Budget	Previous Years Growth/		Base Budget	Growth/Savings etc			Budget for Year	Variance to Budget
				2021/22 Budget Setting	2022/23 Budget Setting		Inflation - Pay - Services	Inflation - Employer Oncosts	Other			2021/22 Budget Setting	2022/23 Budget Setting		Inflation - Pay - Services	Inflation energy costs - Leisure contract	Inflation - Employer Oncosts		
				£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
10509	Central Items - Contingency	Finance	C MASON	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Nominal	Inflation - Pay - Services 2 NCS	Corporate - Finance	C MASON	188,726	0	563,959	152,736	0		716,695	152,736	0	251,299	967,994	51,626	0	0	1,019,620	51,626
Nominal	Inflation - Pay to Capital Fin	Corporate - Finance	C MASON	14,819	0	14,819	0	0		14,819	0	0	0	14,819	0	0	0	14,819	0
Nominal	Inflation - Services	Corporate - Finance	C MASON	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Nominal	Inflation - Employer Oncosts	Corporate - Finance	CMASON	0	0	(94,000)	0	21,000		(73,000)	21,000	0	0	(73,000)	0	0	1,000	(72,000)	1,000
Nominal	Inflation - FCC	Operational Services	V JESSOP	0	222,315	832,198	0	0		832,198	0	0	236,931	1,069,129	0	0	0	1,069,129	0
Nominal	Inflation - Energy costs	Operational Services	V JESSOP	0	0	42,253	0	0	25,352	42,253	0	0	0	42,253	0	188,000	0	230,253	188,000
Nominal	FCC 5% Escalor for Potential Govt Changes to Waste	Operational Services	V JESSOP	0	0	0	0	0		0	0	0	269,969	269,969	0	0	0	269,969	0
Nominal	Target Operating Model Service Efficiency	Operational Services	L ELLIOTT	0	0	(287,858)	0	0		(287,858)	0	0	(9,002)	(296,860)	0	0	0	(296,860)	0
Nominal	Shared Service; DM Support	Operational Services	D ATKINSON	0	0	0	0	0		0	0	0	(3,188)	(3,188)	0	0	0	(3,188)	0
	Total			203,545	222,315	1,071,371	152,736	21,000	25,352	1,245,107	173,736	0	746,009	1,991,116	51,626	188,000	1,000	2,231,742	240,626



DETAILED BUDGET PAPERS 2021/22 - Contingency & Inflationary Provisions

Cost Centre			Responsible Director	MTFS YEAR 3: 2026/27							MTFS YEAR 4: 2027/28						
				Previous Years Growth/		Base Budget	Growth/Savings etc		Budget for Year	Variance to Budget	Previous Years		Base Budget	Growth/Savings etc		Budget for Year	Variance to Budget
				2021/22 Budget Setting	2022/23 Budget Setting		Inflation - Pay - Services	Inflation Employer Oncosts			2021/22 Budget Setting	2022/23 Budget Setting		BC25-T2/3 "More Work Needed Savings"	XXXX		
				£	£	£	£	£	£	£	£	£	£	£	£	£	£
10509	Central Items - Contingency	Finance	C MASON	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nominal	Inflation - Pay - Services 2 NCS	Corporate - Finance	C MASON	0	257,582	1,277,202	54,431	0	1,331,633	54,431	0	0	1,331,633	321,373	0	1,653,006	321,373
Nominal	Inflation - Pay to Capital Fin	Corporate - Finance	C MASON	0	0	14,819	0	0	14,819	0	0	0	14,819	0	0	14,819	0
Nominal	Inflation - Services	Corporate - Finance	C MASON	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nominal	Inflation - Employer Oncosts	Corporate - Finance	CMASON	0	0	(72,000)	0	0	(72,000)	0	0	0	(72,000)	0	0	(72,000)	0
Nominal	Inflation - FCC	Operational Services	V JESSOP	0	233,767	1,302,896	0	0	1,302,896	0	0	0	1,302,896	0	0	1,302,896	0
Nominal	Inflation - Energy costs	Operational Services	V JESSOP	0	0	230,253	0	0	230,253	0	0	0	230,253	0	0	230,253	0
Nominal	FCC 5% Escalator for Potential Govt Changes to Waste	Operational Services	V JESSOP	0	279,177	549,146	0	0	549,146	0	0	0	549,146	0	0	549,146	0
Nominal	Target Operating Model Service Efficiency	Operational Services	L ELLIOTT	0	(9,227)	(306,087)	0	0	(306,087)	0	0	0	(306,087)	0	0	(306,087)	0
Nominal	Shared Service; DM Support	Operational Services	D ATKINSON	0	(3,267)	(6,455)	0	0	(6,455)	0	0	0	(6,455)	0	0	(6,455)	0
Total				0	758,032	2,989,774	54,431	0	3,044,205	54,431	0	0	3,044,205	321,373	0	3,365,578	321,373





# Service Savings and Income Generation Proposals

# Appendix 3

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
<b>Economic &amp; Business Services</b>	General ED Budgets	Utilisation of UKSP to support ED delivery.	10.0	40.0	40.0	0.0	0.0	0.0	90.0	80.0
	HIC	Growth in Tenancy income - Remodelled Business Case	0.0	36.0	(5.0)	9.0	9.0	9.0	58.0	58.0
	GOC	Growth in Tenancy income - Remodelled Business Case	0.0	(67.0)	(78.0)	(39.0)	(39.0)	(39.0)	(262.0)	(262.0)
	Indoor Market	Marginal increase in income	0.0	7.0	5.6	6.0	0.0	0.0	18.6	18.6
	Events in the Square	Marginal increase in income	0.0	1.8	1.8	1.8	0.0	0.0	5.4	5.4
	<b>Total Service Savings</b>		<b>10.0</b>	<b>17.8</b>	<b>(35.6)</b>	<b>(22.2)</b>	<b>(30.0)</b>	<b>(30.0)</b>	<b>(90.0)</b>	<b>(100.0)</b>

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
<b>Assets</b>	Street Naming & Numbering	Removal of surplus budget	8.8	8.8	8.8	8.8	8.8	8.8	52.8	44.0
	Flood prevention: Drainage	Removal of surplus budget	3.1	3.1	3.1	3.1	3.1	3.1	18.6	15.5
	Flood prevention: Water Course/Sand Bag	Reduction in budget	1.1	1.1	1.1	1.1	1.1	1.1	6.6	5.5
	Cleaning contract	Deletion of vacant post	7.0	7.0	7.0	7.0	7.0	7.0	42.0	35.0
	<b>Total Service Savings</b>		<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>120.0</b>	<b>100.0</b>

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Corporate Services	Electoral Registration:	Print & post, reduction in budget	0.0	11.0	11.0	11.0	11.0	11.0	55.0	55.0
	Elections	Reduction in establishment (hours worked)	22.0	41.0	41.0	41.0	41.0	41.0	227.0	205.0
	Information Team	Reduction in establishment (hours worked)	8.0	15.0	15.0	15.0	15.0	15.0	83.0	75.0
	Street Naming & Numbering	Marginal fee increase	0.0	2.3	2.3	2.3	2.3	2.3	11.5	11.5
	Total Service Savings		30.0	69.3	69.3	69.3	69.3	69.3	376.5	346.5

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
ICT	Staffing	Reduction in establishment (deletion of vacant post)	33.9	33.9	33.9	33.9	33.9	33.9	203.4	169.5
	Total Service Savings		33.9	33.9	33.9	33.9	33.9	33.9	203.4	169.5

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Democratic Services	Staffing	Reduction in establishment (reduction in hours)	13.0	13.0	13.0	13.0	13.0	13.0	78.0	65.0
	Staffing	Reduction in pay oncost budget.	9.0	9.0	9.0	9.0	9.0	9.0	54.0	45.0
	Total Service Savings		22.0	22.0	22.0	22.0	22.0	22.0	132.0	110.0

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Human Resources	Learning & Development	Reduction in budget; reflecting current ITNA.	0.0	8.0	8.0	8.0	8.0	8.0	40.0	40.0
	Total Service Savings		0.0	8.0	8.0	8.0	8.0	8.0	40.0	40.0

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Lifeline/CCTV/ Procurement	Income	Increase in income	0.0	4.1	3.9	3.9	3.9	3.9	19.7	19.7
	Costs	Reduction in costs	0.0	10.4	10.4	10.4	10.4	10.4	52.0	52.0
	Total Service Savings		0.0	14.5	14.3	14.3	14.3	14.3	71.7	71.7

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Finance	Investment Income	New Item, remodelled income generation	300.0	387.0	109.0	68.0	20.0	20.0	904.0	604.0
	Merchant Fees	New Item, review of transaction costs	0.0	0.0	24.7	24.7	24.7	24.7	98.8	98.8
	Total Service Savings		300.0	387.0	133.7	92.7	44.7	44.7	1,002.8	702.8

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Regulatory	Car Parking Income	Pilot: Removal of cash machines and Pay-by-Phone only.	0.0	0.0	3.8	3.8	3.8	3.8	15.2	15.2
	Car Parking Maintenance	Re-let of Gritting Contract	0.0	3.8	3.8	3.8	3.8	3.8	19.0	19.0
	Env Health & Licences	Marginal licence income increase	0.0	1.7	1.7	1.7	1.7	1.7	8.5	8.5
	Env Health: Mandatory HMO	New charge	0.0	0.9	0.9	0.9	0.9	0.9	4.5	4.5
	Lightbulb	capitalisation (over & above BC25)	13.3	13.3	13.3	13.3	13.3	13.3	79.8	66.5
	Total Service Savings		13.3	19.7	23.5	23.5	23.5	23.5	127.0	113.7

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Customer Services	Systems Administration	Efficiency from Consolidation of Sys Admin roles (estimated at 5% of pay budget)	0.0	4.9	4.9	4.9	4.9	4.9	24.5	24.5
	Customer Services	Reduction in establishment (hours worked)	0.0	9.8	9.8	9.8	9.8	9.8	49.0	49.0
	Housing	Reduction in establishment (deletion of post following retirement)	10.3	41.1	41.1	41.1	41.1	41.1	215.8	205.5
	Community Safety	Reduction in establishment (deletion of vacant post)	7.5	18.0	18.0	18.0	18.0	18.0	97.5	90.0
		Reduction in establishment (change in roles, possible redundancy)	0.0	5.1	5.1	5.1	5.1	5.1	25.5	25.5
		Young Persons Strategy; budget no longer needed	0.0	15.0	15.0	15.0	15.0	15.0	75.0	75.0
	Total Service Savings		17.8	93.9	93.9	93.9	93.9	93.9	487.3	469.5

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Environmental/ Waste	Fly Tipping	Service reduction, due to success of proactive fly tipping actions.	0.0	10.0	10.0	10.0	10.0	10.0	50.0	50.0
	Land Rentals	Charging for land used by contractors.	0.0	8.9	8.9	8.9	8.9	8.9	44.5	44.5
	s106, Charging Developers for Wheel Bins	Charging developers for the supply of wheel bins (potential capitalisation in due course).	0.0	59.5	59.5	59.5	59.5	59.5	297.5	297.5
	Cease 1-off Christmas Tree Collection	Service reduction	0.0	9.1	9.1	9.1	9.1	9.1	45.5	45.5
	Green Waste Income	Marginal income increase; fuller evaluation being undertaken to demonstrate break-even.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<b>Total Service Savings</b>		<b>0.0</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>87.5</b>	<b>437.5</b>	<b>437.5</b>



Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Communications	Outsource communications.	Budget not needed, deletion.	11.5	11.5	11.5	11.5	11.5	11.5	69.0	57.5
	Total Service Savings		11.5	11.5	11.5	11.5	11.5	11.5	69.0	57.5

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Development Management	Archaeology & Ecology Unit	Reduction in budget	0.0	11.0	11.0	11.0	11.0	11.0	55.0	55.0
	Growth Team	Reduction in budget	0.0	10.5	10.5	10.5	10.5	10.5	52.5	52.5
	Total Service Savings		0.0	21.5	21.5	21.5	21.5	21.5	107.5	107.5

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	All Years £000	2023/24 to 2027/28 £000
Strategic Planning	Site promotion meetings	New charge to support developers in site development.	0.7	2.5	2.5	2.5	2.5	2.5	13.2	12.5
	Planning performance meetings	New charge to support delivery of planning decisions.	0.0	7.0	7.0	7.0	7.0	7.0	35.0	35.0
	Total Service Savings		0.7	9.5	9.5	9.5	9.5	9.5	48.2	47.5

Total "Net Direct Cost of Services" Savings & Income Generation			459.2	816.1	513.0	485.4	429.6	429.6	3,132.9	2,673.7
---	--	--	-------	-------	-------	-------	-------	-------	---------	---------



Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	£000	All Years £000
Finance	MRP Review	Reduction in capital financing due to application of capital receipts	58.0	116.0	304.0	310.0	368.0	564.0	1,720.0	1,662.0
	Total Service Savings		58.0	116.0	304.0	310.0	368.0	564.0	1,720.0	1,662.0
Total "Net Expenditure" Savings & Income Generation			517.2	932.1	817.0	795.4	797.6	993.6	4,852.9	4,335.7

#### Indirect savings

Service	Saving	Why	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total Savings	
			£000	£000	£000	£000	£000	£000	£000	All Years £000
ICT	Staffing	Capitalisation of ICT staff time during transformation.	25.2	25.2	25.2	25.2	25.2	25.2	151.2	126.0
	Total Service Savings - indirect costs		25.2	25.2	25.2	25.2	25.2	25.2	151.2	126.0
Total "All" Services Savings & Income Generation			542.4	957.3	842.2	820.6	822.8	1,018.8	5,004.1	4,461.7



# Appendix 4

Current Year				Consolidated General Fund Reserve					
Approved Budget £	Budget Changes	Updated Budget £	Forecast Outturn Q2 2021/22 £		2023/24 Draft Budget £	2024/25 Draft Budget £	2025/26 Draft Budget £	2026/27 Draft Budget £	2027/28 Draft Budget £
				General Fund (Unallocated) Reserve					
2,741,108	(380,108)	2,361,000	2,361,000	b/f	2,568,142	2,493,943	2,579,931	2,776,340	2,951,304
0	0	0	(810,253)	Cont from/(to) Services	3,383,067	852,133	(1,098,121)	(1,674,111)	(1,705,073)
(450,550)	380,108	(70,442)	1,017,395	Cont from/(to) Budget Surplus Reserve	(3,457,266)	(766,145)	1,294,530	1,849,075	1,774,217
2,290,558	0	2,290,558	2,568,142	c/f	2,493,943	2,579,931	2,776,340	2,951,304	3,020,449
11,569,789	0	11,569,789	12,840,710	Net Expenditure	12,469,717	12,899,656	13,881,702	14,756,522	15,102,243
(117,000)	0	(117,000)	0	- CV19 adjustment 1 - Earmarked Res CV19	0	0	0	0	0
0	0	0	0	- CV19 adjustment 2 - CV19 Grant	0	0	0	0	0
11,452,789	0	11,452,789	12,840,710		12,469,717	12,899,656	13,881,702	14,756,522	15,102,243
2,290,558	0	2,290,558	2,568,142	Minimum Level of Reserves @ 20.0%	2,493,943	2,579,931	2,776,340	2,951,304	3,020,449
0	0	0	0	Variance of GFR to Minimum Level of Reserves 20.0%	0	0	0	0	0
				Budget Surplus Reserve					
1	0	1	1	b/f	1	1	1	1	1
450,550	(380,108)	70,442	(1,017,395)	Cont from/(to) General Fund	3,457,266	766,145	(1,294,530)	(1,849,075)	(1,774,217)
0	0	0	0	Cont from/(to) CV19 Internal Recovery Reserve	0	0	0	0	0
(450,550)	380,108	(70,442)	1,017,395	Cont from/(to) ER: Projects & Risk	0	0	0	0	0
0	0	0	0	Cont from/(to) ER: Capital & Contract	0	0	0	0	0
0	0	0	0	Cont from/(to) ER: Transformation	0	0	0	0	0
0	0	0	0	Cont from/(to) ER: Financial Sustainability	(3,457,266)	(766,145)	1,294,530	1,849,075	1,079,806
0	0	0	0	Cont from/(to) ER: Community, Economic & Infrastructure	0	0	0	0	347,205
1	0	1	1	Cont from/(to) CIS Reserve	0	0	0	0	347,206
Ok	0	Ok	Ok	c/f	Ok	Ok	Ok	Ok	Ok
				Earmarked Reserve: CV19 Internal Recovery Reserves					
7,825,170	(3,653,898)	4,171,272	4,171,272	b/f	301,437	0	0	0	0
(4,818,027)	0	(4,818,027)	(4,818,027)	Cont (to) Services	0	0	0	0	0
(117,000)	0	(117,000)	(117,000)	Cont from/(to) Services (cont towards Interest & Investment Income)	0	0	0	0	0
(733,000)	0	(733,000)	(733,000)	Cont from/(to) Funding Statement: Collection Fund (Surplus)/Deficit	0	0	0	0	0
0	0	0	0	Cont from/(to) Funding Statement: Year 3 TIG	(301,437)	0	0	0	0
0	872,381	872,381	872,381	Cont from/(to) ER: Community, Economic & Infrastructure	0	0	0	0	0
0	2,424,015	2,424,015	925,811	Cont from/(to) ER: CIR	0	0	0	0	0
2,157,143	(357,502)	1,799,641	301,437	c/f	0	0	0	0	0
				Earmarked Reserve: Projects, Risk & Smoothing					
691,095	359,405	1,050,500	1,050,500	b/f	2,685,652	2,630,652	2,741,652	2,852,652	2,963,652
(38,500)	0	(38,500)	(38,500)	Cont (to) Services	(372,000)	(206,000)	(206,000)	(206,000)	(206,000)
338,000	0	338,000	338,000	Cont from Services	317,000	317,000	317,000	317,000	317,000
2,278,047	0	2,278,047	2,278,047	Cont from/(to) Funding Statement: NHB+s.31 Surplus (Collection Fund Equalisation Reserve)	0	0	0	0	0
450,550	(380,108)	70,442	(1,017,395)	Cont from/(to) BS Reserve	0	0	0	0	0
75,000	0	75,000	75,000	Cont from/(to) ER: Community, Economic & Infrastructure	0	0	0	0	0
3,794,192	(20,703)	3,773,489	2,685,652	c/f	2,630,652	2,741,652	2,852,652	2,963,652	3,074,652
				Earmarked Reserve: Capital & Contract					
748,250	1,139,614	1,887,864	1,887,864	b/f	1,427,196	2,427,196	2,427,196	2,427,196	2,427,196
0	(460,668)	(460,668)	(460,668)	Cont to services (carry forwards)	0	0	0	0	0
0	0	0	0	Cont from/(to) ER: CIR (to support capital programme)	1,000,000	0	0	0	0
748,250	678,946	1,427,196	1,427,196	c/f	2,427,196	2,427,196	2,427,196	2,427,196	2,427,196
				Earmarked Reserve: Transformation					
2,066,855	(229,820)	1,837,035	1,837,035	b/f	837,035	1,000,000	1,000,000	1,000,000	1,000,000
0	0	0	0	Cont (to) Services	(116,110)	(116,110)	0	0	0
(500,000)	0	(500,000)	(500,000)	Cont from/(to) ER: CIR	279,075	116,110	0	0	0
1,066,855	(229,820)	837,035	837,035	c/f	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
				Earmarked Reserve: Financial Sustainability					
0	0	0	0	b/f	0	3,457,266	4,223,411	2,928,881	1,079,806
0	0	0	0	Cont from Services	0	0	0	0	0
0	0	0	0	Cont from/(to) BS Reserve	3,457,266	766,145	(1,294,530)	(1,849,075)	(1,079,806)
0	0	0	0	c/f	3,457,266	4,223,411	2,928,881	1,079,806	0
				Earmarked Reserve: Community, Economic & Infrastructure					
1,447,301	80	1,447,381	1,447,381	b/f	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
0	0	0	0	Cont from/(to) BS Reserve	0	0	0	0	(347,205)
0	(872,381)	(872,381)	(872,381)	Cont from/(to) ER: CV19 Internal Recovery Reserve	0	0	0	0	0
(75,000)	0	(75,000)	(75,000)	Cont from/(to) ER: Projects, Risk & Smoothing	0	0	0	0	0
500,000	0	500,000	500,000	Cont from/(to) ER: Transformation	0	0	0	0	0
1,872,301	(872,301)	1,000,000	1,000,000	c/f	1,000,000	1,000,000	1,000,000	1,000,000	652,795
				Earmarked Reserve: Commercial Investment Reserve					
2,356,792	577,105	2,933,897	2,933,897	b/f	2,508,086	1,229,011	1,112,901	1,112,901	1,112,901
0	0	0	0	Cont from/(to) BS Reserve	0	0	0	0	(347,206)
0	(2,424,015)	(2,424,015)	(925,811)	Cont from/(to) ER: CV19 Internal Recovery Reserve	0	0	0	0	0
0	0	0	0	Cont from/(to) ER: Capital & Contracts	(1,000,000)	0	0	0	0
500,000	0	500,000	500,000	Cont from/(to) ER: Transformation	(279,075)	(116,110)	0	0	0
2,856,792	(1,846,910)	1,009,882	2,508,086	c/f	1,229,011	1,112,901	1,112,901	1,112,901	765,695
				Forecast "End-of-Year" Reserves Balances (c/f)					
2,290,558	0	2,290,558	2,568,142	Total General Fund (Unallocated) Reserve	2,493,943	2,579,931	2,776,340	2,951,304	3,020,449
12,495,534	(2,648,290)	9,847,244	8,759,407	Total Earmarked Reserves	11,744,126	12,505,161	11,321,631	9,583,556	7,920,339
14,786,092	(2,648,290)	12,137,802	11,327,545	Total General Fund Reserves	14,238,069	15,085,092	14,097,971	12,534,860	10,940,788



Project	Budget			Funding	UEL (years)	Comments
	2023/24 £	2024/25 - 2027/28 £	Total £			
<b>EXISTING SCHEMES - 2023/24 onwards</b>	<b>5,300,000</b>	<b>12,730,000</b>	<b>18,030,000</b>	Various	Various	N/a
<b>PROPOSED SCHEMES - Non Invest to Save</b>						
Depot - Additional Funds	2,500,000	2,500,000	<b>5,000,000</b>	Borrowing	40	Additional £5m to bring total scheme to £10m
Welland Park Works	150,000	0	<b>150,000</b>	S106	10	Various improvement works
Elections scanners	20,000	0	<b>20,000</b>	Cap Receipts	5	Replace obsolete scanners at the end of their lives.
New AV equipment Council Chamber	20,000	0	<b>20,000</b>	Cap Receipts	5	£40k approved for 22/23 - additional costs.
The Symington Building - Generator	90,000	0	<b>90,000</b>	Cap Receipts	10	Back up generator to proved "a few days" operations.
The Symington Building - M&E works	15,000	180,000	<b>195,000</b>	Capital Receipts/ Borrowing	10	Various M&E equipment at the end of its economic life.
Plowmans Yard Damp	50,000	0	<b>50,000</b>	Cap Receipts	25	Essential maintenance and protecting value of asset
Roman Way - 20% uplift for costs	136,000	0	<b>136,000</b>	Cap Receipts	40	Due to inflationary pressures
Cemetery Footpath and boundary works	57,000	15,000	<b>72,000</b>	Direct Revenue Financing	25	Funded via special expenses
Welland Park and Lutterworth New CCTV cameras (existing scheme but delayed - additional costs)	25,000	0	<b>25,000</b>	Cap Receipts	7	Scheme already approved, uplift in costs
HIC M&E	0	155,000	<b>155,000</b>	Borrowing	10	Various M&E equipment at the end of its economic life.
Play Areas - reduced funding required 23/24-25/26	(80,000)	(140,000)	<b>(220,000)</b>	Borrowing	15	Reduction in budget as programme of renewal complete. Capital Funding need to replace/maintain equipment. Original approved budget was £100kpa (total £400k). Now require £180k (£20k pa plus £100k in 26/27).
On-going Net call developments and enhancements	(55,000)	80,000	<b>25,000</b>	Cap Receipts	10	Annual investment in channel shift developments of Netcall
The Symington Building - Secondary Glazing	0	150,000	<b>150,000</b>	Cap Receipts	20	Non-essential work but will lead to better efficiency of building and utility cost savings
Cemetery Extension works (s106)	50,000	0	<b>50,000</b>	S106	40	Northampton Road
Market Hall (dependent on LUF funding)	197,000	1,944,000	<b>2,141,000</b>	Cap Receipts	40	Scheme will only go ahead if LUF funding is granted
<b>Total Proposed Schemes - No Invest to Save</b>	<b>3,175,000</b>	<b>4,884,000</b>	<b>8,059,000</b>			
<b>PROPOSED SCHEMES - Invest to Save</b>						
Replacement and new EV points	117,000	0	117,000	Grant/ Direct Revenue Financing	7	Charging points, based on cost-effective model and to generate income.
The Symington Building - Concierge	60,000	0	60,000	Direct Revenue Financing	25	Revenue savings.
HIC Solar panels £77k (DRF)	77,000	0	77,000	Direct Revenue Financing	25	Savings from utility bills
<b>Total Proposed Scheme - Invest to Save</b>	<b>254,000</b>	<b>0</b>	<b>254,000</b>			
<b>TOTAL PROPOSED SCHEMES</b>	<b>3,429,000</b>	<b>4,884,000</b>	<b>8,313,000</b>			
<b>TOTAL CAPITAL PROGRAMME</b>	<b>8,729,000</b>	<b>17,614,000</b>	<b>26,343,000</b>			

**FINANCING**

<b>Existing Schemes</b>			
Better Care Fund	420,000	1,260,000	1,680,000
External Funding	1,140,000	2,800,000	3,940,000
S106	300,000	1,258,000	1,558,000
Capital Receipts / FUCR	3,334,000	550,000	3,884,000
Service Charge	6,000	18,000	24,000
Direct Revenue Funding	100,000	0	100,000
Borrowing (Internal/MRP)	0	6,844,000	6,844,000
<b>Total</b>	<b>5,300,000</b>	<b>12,730,000</b>	<b>18,030,000</b>
<b>Proposed Schemes</b>			
Capital Receipts	288,000	134,000	422,000
LUF Funding	177,000	1,750,000	1,927,000
EV Charge Points Grant	42,000	0	42,000
COMF Grant	10,000	0	10,000
S106	200,000	380,000	580,000
Direct Revenue Funding	212,000	0	212,000
Borrowing	2,500,000	2,620,000	5,120,000
<b>TOTAL NEW SCHEMES FUNDING</b>	<b>3,429,000</b>	<b>4,884,000</b>	<b>8,313,000</b>
<b>TOTAL FINANCING</b>	<b>8,729,000</b>	<b>17,614,000</b>	<b>26,343,000</b>



# Harborough District Council



## Report 3 to the Cabinet

16 January 2023

<b>Title:</b>	Mid-Year Treasury Management Report 2022/23 and Prudential Indicators
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Carolyn Bland, Finance Service Manager
<b>Portfolio Holder:</b>	Councillor James Hallam, Finance
<b>Appendices:</b>	<b>Appendix 1: Economic Background</b> <b>Appendix 2: Interest Rate Forecasts</b> <b>Appendix 3: Investments</b> <b>Appendix 4: Borrowing</b> <b>Appendix 5: Treasury and Prudential Indicators</b>

## Executive Summary

- i. Treasury Management is an integral part of the Council's finances relating to cash flow management and financing of capital schemes and therefore underpins all of the Council's aims. The mid-year treasury report is a requirement of the Council's reporting procedures and covers the treasury management activity for the first six months of 2022/23. The report also covers the actual Prudential Indicators for this period in accordance with the requirements of the Prudential Code.

## Recommendations

- a. **To note the Mid-Year Treasury Management Report for 2022/23 and treasury activity;**
- b. **To note the Prudential Indicators**

## Reasons for Recommendations

- ii. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities.

## Purpose of Report

1. In accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, the Council is required to receive, as a minimum, three main treasury reports each year – the annual Treasury Management Strategy Statement, a Mid-year Review Report (this report) and an Annual Report. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

## Background

2. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
  - a. Economics update for the first half of the 2022/23 financial year;
  - b. Interest rate forecasts;
  - c. Annual Investment Strategy;
  - d. Borrowing;
  - e. Debt rescheduling;
  - f. Compliance with Treasury and Prudential Limits.

## Details

### Economic update

3. The Council appointed Link Group as its treasury advisor following a competitive process and their detailed economic background is provided in **Appendix 1**.

### Interest rate forecasts

4. Part of the Link Group service is to assist the Council to formulate a view on interest rates.
5. Developed economies have been open for some months now post-pandemic, but the degree to which inflation has taken root in those economies has demanded central banks tighten monetary policy dramatically compared to the ultra-low interest rates of the past decade. For the UK, fiscal policy tightening is also underway following the Autumn Statement announcements of 17 November 2022.
6. On the monetary policy front matters are complex, with the October 2022 UK CPI (Consumer Prices Index) reading now standing at 11.1%, and expected to fall only slowly through 2023 and 2024. Financial markets were unsettled by the Government's proposed unfunded tax cuts in September 2022 but are now calmer against the backdrop of public expenditure cuts and fiscal tightening.
7. The Bank of England's Monetary Policy Committee made clear at its November 2022 meeting that further rate increases are in the pipeline. Financial markets expect the Bank of England interest rate (Bank Rate) to peak at 4.5%-4.75% in 2023. Investing in 2023/24 is therefore likely to be conducted initially in a rising interest rate environment, with a potentially falling interest rate environment at the back-end of the financial year, depending on how quickly inflation falls back and how growth performs.



8. The detailed forecasts are attached at Appendix 2.

### **Annual Investment Strategy**

9. The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by Council on 21 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:
- a. Security of capital;
  - b. Liquidity;
  - c. Yield.
10. The Council aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short-term to cover cashflow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.
11. As shown by the interest rate forecasts in Appendix 2, rates have improved dramatically during the first half of 2022/23 and are expected to improve further as the Bank Rate continues to increase over the next few months.
12. Despite the above, the fundamentals of investing remain unchanged. Internal circumstances should still drive decisions, while diligent monitoring of counterparty creditworthiness remains to the fore and, where funds are utilised, ongoing scrutiny should be maintained.

#### **Creditworthiness.**

13. Significant levels of downgrades to short and long term credit ratings for investment vehicles have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited. However, as economies have reopened, there have been some instances of previous lowering of ratings have been reversed.
14. More recently, Standard & Poors have placed the UK sovereign credit rating on a negative outlook. Any implications of this move will need to be monitored closely as time progresses.

#### **Investment Counterparty criteria**

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

#### **Investment performance year to date as at 30 September 2022**

16. The average level of funds available for investment purposes during the quarter was £30m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £22m core cash balances for investment purposes (i.e. funds available for more than one year).
17. The Council's budgeted investment return for 2022/23 is £290k, and performance for the year is forecast to be £300k above budget because of the increase in interest rates detailed above. The Council achieved an average rate of return of 1.29% for the six months outperforming the benchmark of the 7-day compounded SONIA (Sterling Overnight Index Average) average for the period of 1.19% **Appendix 3.**

## **Property Fund investments**

18. The Council continued to hold shares in the Churches Charities and Local Authorities Investment Management Ltd (CCLA) Local Authority Property Fund which earned a return of 3.71% during the period. The Council takes advantage of the temporary override of the International Financial Reporting Standard 9 (IFRS 9, this standard determines how organisations account for financial instruments) provided by the Ministry of Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities - DLUHC) in 2018. This means that any adverse movements in this pooled fund do not impact on the Council's General Fund. The override is effective for 5 years to 31 March 2023. The DLUHC is considering the available options after it ends. It held a consultation ending in October which stated these are to:

- allow the existing statutory override to expire;
- extend it for an additional period;
- make it permanent.

A final decision has not been announced. Because of this the Council has not made the additional investment in property funds budgeted for, but the position has been kept under review by the Interim Deputy Chief Executive.

## **Approved limits**

19. The approved limits set out within the Annual Investment Strategy were not breached during the six months ending 30 September 2022.
20. A full list of investments held by the Council at 30 September 2022 is shown in **Appendix 3**.

## **Borrowing**

21. No borrowing was undertaken during the half year ended 30 September 2022. It is anticipated that there will be no borrowing undertaken during this financial year.

## **PWLB maturity certainty rates**

22. Gilt yields and PWLB (Public Works Loans Board) rates rose between 1 April 2022 and 30 September 2022.
23. The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% before increasing to 4.80% in September, as set out at **Appendix 4**.

## **Debt Rescheduling**

24. There is no value to be had by rescheduling or repaying a part of the debt portfolio due to the early repayment premiums that would be due, thus none has been undertaken. However, this situation will be reviewed annually to see if there is any advantage to early repayment.

## **Compliance with Treasury and Prudential Limits**

25. The prudential and treasury Indicators are shown in **Appendix 5**.
26. It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. During the half year ended 30 September 2022, the Council operated

within the treasury and prudential indicators set out in the Council's TMSS for 2022/23. No difficulties are envisaged for the current or future years in complying with these indicators.

27. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices that was approved in February 2022.

## **Implications of Decisions**

### **Corporate Priorities**

28. The Council relies upon sound financial management to ensure it has the financial stability to deliver its corporate priorities. This report evidences how the Council monitors issues that may affect the delivery of its Corporate Priorities.

### **Financial**

29. These are covered in detail within the report. The report satisfied the statutory requirements on the Council to account for its financial management arrangements.

### **Legal**

30. This report ensures that the statutory obligations upon the Council to report on matters relating to capital financing and treasury management, as set out in the Local Government Act 2003 and subsequent Regulations.

### **Policy**

31. This report does not conflict with or undermine the Council's budget and policy framework.

### **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

32. No environmental issues arise directly from this report.

### **Risk Management**

33. Management of the Council's financial resources is key to achieving targets set out in the budget. Security of the Council's money in the current banking market is paramount. Accordingly, regular monitoring and reporting of performance forms part of the mitigation of risk posed by financial turbulence.

### **Equalities Impact**

34. No equalities issues arise directly from this report.

### **Data Protection**

35. This report does not contain personal data.

## **Summary of Consultation and Outcome**

36. The Portfolio Holder for Finance is regularly appraised of issues relating to the financial performance of the Council and has been briefed on the content of this report. Consultation has been undertaken with the Portfolio Holder.

## **Alternative Options Considered**

37. The Council is required to report the matters contained within this report and retains independent financial experts to provide that advice therefore no alternative options

## **Background papers**

Various Treasury and Capital related reports approved by Council in February 2022 as part of the 2022/23 Budget and MTFS.





### Economic Background

As provided by our treasury advisors – Link Group

The second quarter of 2022/23 saw:

- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy had avoided recession for the time being.
- Signs of economic activity losing momentum as production fell due to rising energy prices.
- CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term.
- The unemployment rate fell to a 48-year low of 3.6% due to a large shortfall in labour supply.
- Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come.
- Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.

The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.

There were signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.

The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy was leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward

momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

CPI inflation eased from 10.1% in July to 9.9% in August, and back to 10.1% in September. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.

However, utility price inflation was expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increased to, typically, £2,500 per household (prior to any benefit payments). As the government has since frozen utility prices until April 2023 and the cap potentially rising to £3,000 per household, there is a possibility that inflation will spike higher again before dropping back slowly through 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister in September. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank’s central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process,



although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

## Appendix 2

### Interest Rate Forecasts

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

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

Link Group Interest Rate View 08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Link's central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

Further down the road, they anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).

Link view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

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

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- The Bank of England acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- The Government acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.

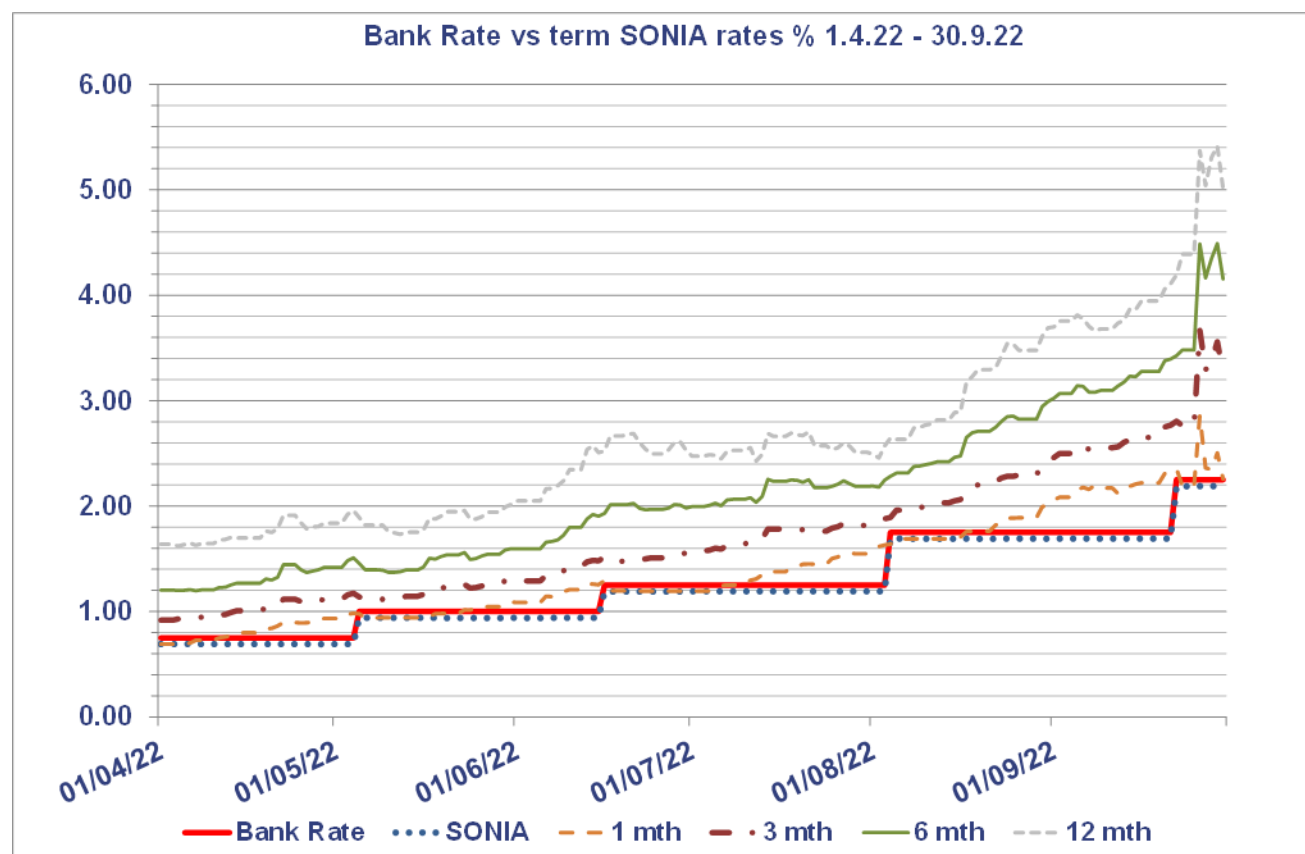
- The pound weakens because of the UK's growing borrowing requirement resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term US treasury yields continue to rise strongly and pull gilt yields up even higher than currently forecast.

## Appendix 3

### List of investments held at 30<sup>th</sup> September 2022

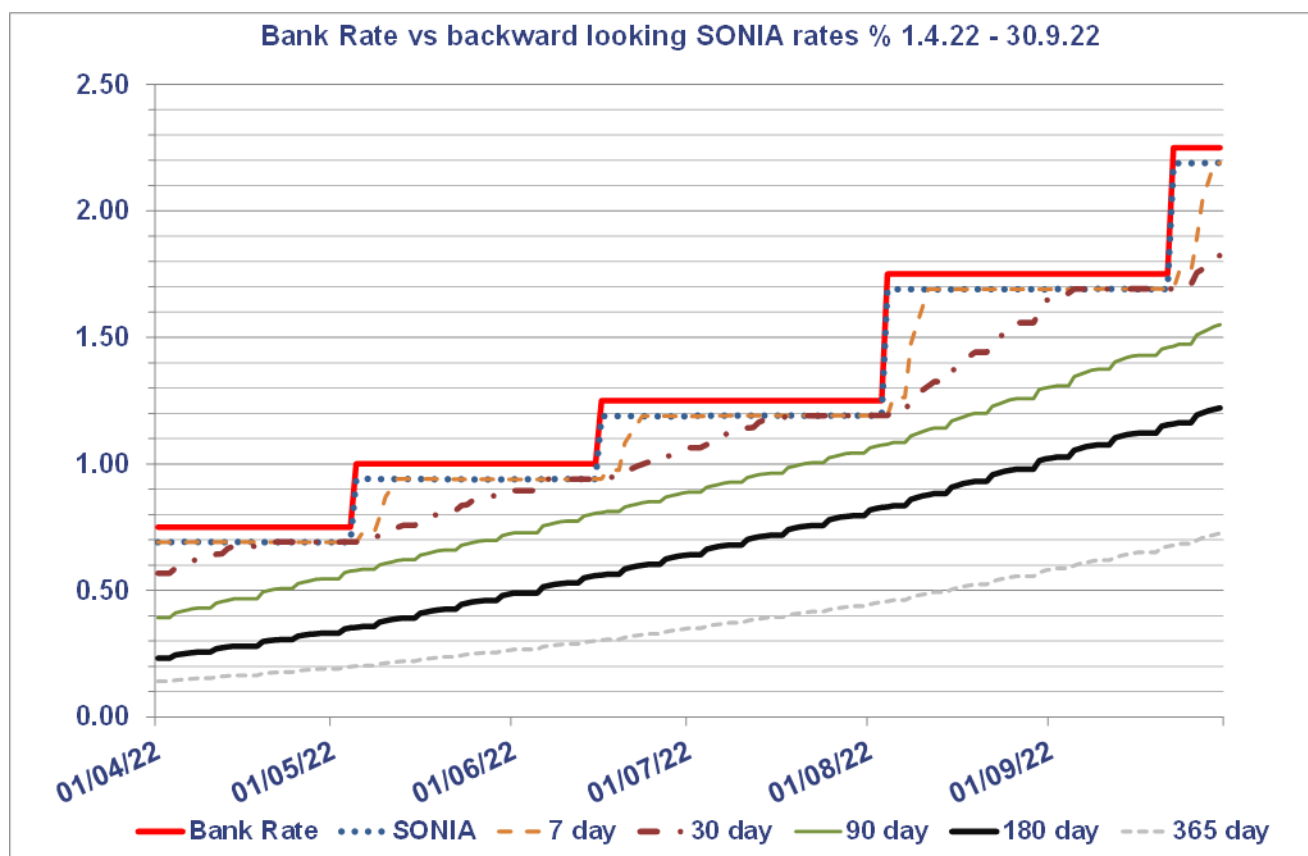
Institution	Amount	Investment Period		Terms	Interest Rate %
		Invest date	Repay date		
<b><u>Money Market / Direct Dealing</u></b>					
SMBC	4,000,000	20/06/2022	19/10/2022	Fixed	1.73%
Nationwide Building Society	4,000,000	30/06/2022	19/10/2022	Fixed	1.42%
Nationwide Building Society	2,000,000	05/07/2022	19/10/2022	Fixed	1.46%
Leeds Building Society	2,000,000	05/07/2022	05/10/2022	Fixed	1.25%
Coventry Building Society	2,000,000	19/07/2022	18/10/2022	Fixed	1.46%
SMBC	2,000,000	29/07/2022	18/11/2022	Fixed	2.00%
Nationwide Building Society	2,000,000	29/07/2022	18/11/2022	Fixed	1.70%
Coventry Building Society	4,000,000	01/08/2022	19/10/2022	Fixed	1.47%
Santander UK plc	2,000,000	09/08/2022	18/11/2022	Fixed	2.02%
Principality Building Society	2,000,000	22/08/2022	21/11/2022	Fixed	1.89%
Leeds Building Society	2,000,000	22/08/2022	21/11/2022	Fixed	1.75%
Yorkshire Building Society	4,000,000	01/09/2022	05/12/2022	Fixed	2.08%
National Counties Building Society	1,000,000	01/09/2022	18/11/2022	Fixed	1.90%
Yorkshire Building Society	3,000,000	09/09/2022	16/12/2022	Fixed	2.24%
Santander UK plc	4,000,000	14/09/2022	04/01/2023	Fixed	2.60%
National Counties Building Society	2,000,000	20/09/2022	19/12/2022	Fixed	2.25%
<b><u>HSBC Money Market</u></b>	3,080,000			Fixed	0.01%
<b><u>Money Market Funds</u></b> - CCLA Public Sector Deposit Fund	4,500,000				Dividend
<b><u>CCLA Local Authority Property Fund</u></b>	1,500,000				Dividend
	<b>£51,080,000</b>				

### Bank Rate



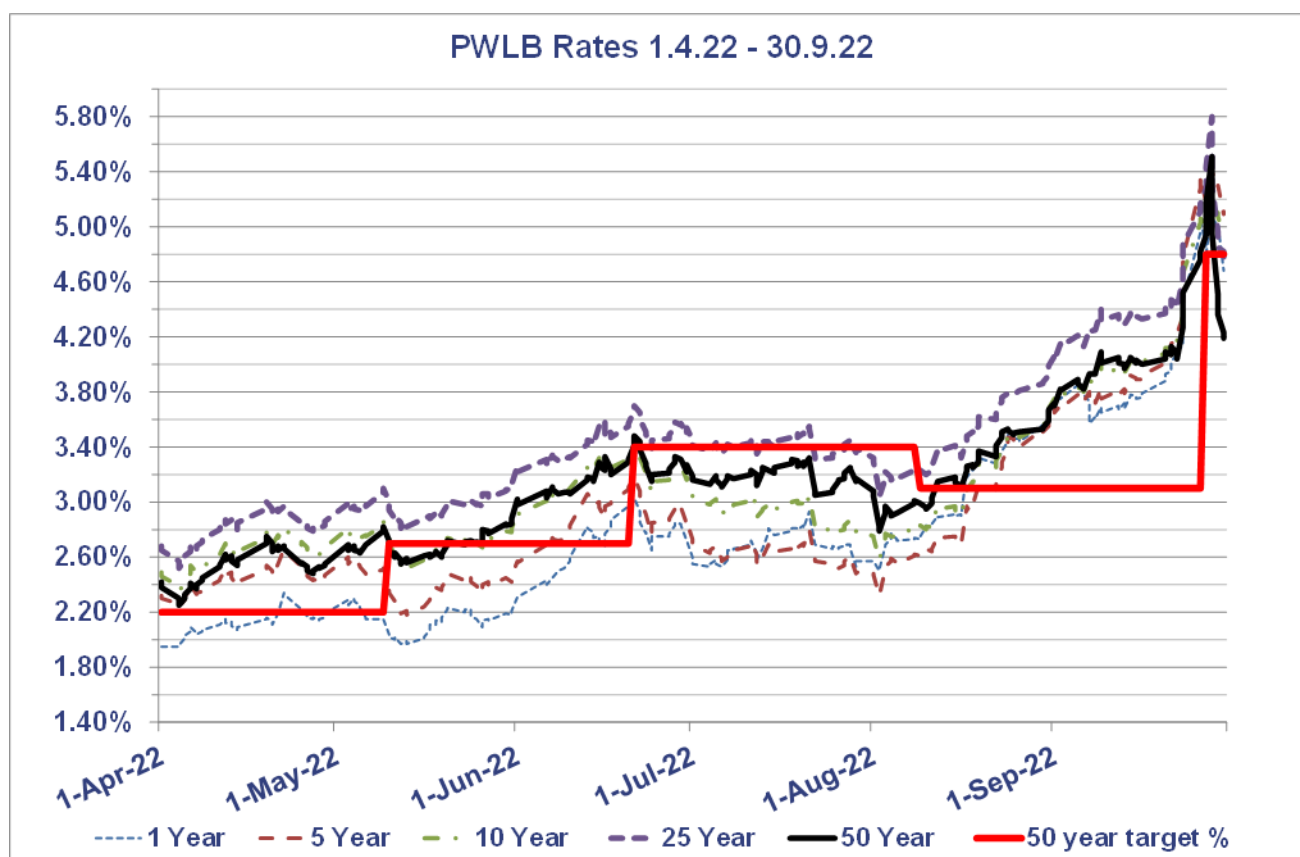
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	2.25	2.19	2.86	3.67	4.49	5.41
High Date	22/09/2022	30/09/2022	26/09/2022	26/09/2022	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	1.28	1.22	1.39	1.70	2.12	2.62
Spread	1.50	1.50	2.17	2.75	3.29	3.79

The publication of official LIBOR figures ceased at the close of 2021 and was replaced by a new benchmark, SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.



	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	2.25	2.19	2.19	1.82	1.55	1.22	0.73
High Date	22/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	1.28	1.22	1.19	1.11	0.91	0.67	0.37
Spread	1.50	1.50	1.50	1.26	1.16	0.99	0.58

## Borrowing – PWLB rates



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

## Treasury and Prudential Indicators

Treasury Indicators	2022/23 Budget £'000	30/09/2022 Actual £'000
Authorised limit for external debt	18,000	18,000
Operational boundary for external debt	12,500	12,500
Gross external debt	2,975	1,490
Investments	47,635	51,080
Net borrowing	(44,660)	(49,590)
Maturity structure of fixed rate borrowing - upper limits		
Under 12 months	10%	0%
12 months to 2 years	10%	1.5%
2 years to 5 years	20%	0%
5 years to 10 years	30%	0%
Over 10 years	100%	98.5%
Upper limit for principal sums invested for over 365 days	10,000	1,500

Prudential Indicators	2022/23 Budget £'000	30/09/2022 Actual £'000
Capital expenditure	6,763	9,377
Capital Financing Requirement (CFR)	11,110	15,056
Annual change in CFR	69	4,214
In year borrowing requirement	575	57
Ratio of financing costs to net revenue stream	1.16%	-2.72%



## Harborough District Council

### Report 4 to the Cabinet Meeting 16 January 2023



<b>Title:</b>	Annual Treasury Management Report 2021/22 and Prudential Indicators
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Clive Mason Interim Deputy Chief Executive
<b>Portfolio Holder:</b>	Councillor James Hallam, Finance
<b>Appendices:</b>	<b>Appendix 1: Treasury position - 31 March 2022</b> <b>Appendix 2: Investment interest rates</b> <b>Appendix 3: Borrowing interest rates</b> <b>Appendix 4: Balance Sheet resources</b> <b>Appendix 5: Economic background</b>

### Executive Summary

- i. Treasury Management is an integral part of the Council's finances relating to cash flow management and financing of capital schemes and therefore underpins all of the Council's aims. The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury management activity for 2021/22. The report also covers the actual Prudential Indicators for 2021/22 in accordance with the requirements of the Prudential Code.

### Recommendations

- a. To note the Annual Treasury Management Report for 2021/22  
b. To note the Prudential Indicators for 2021/22

### Reasons for Recommendations

- ii. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities.

## Purpose of Report

1. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the

CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

2. During 2021/22 the minimum reporting requirements were that the full Council should receive the following reports:
  - a. an annual treasury strategy in advance of the year;
  - b. a mid-year treasury update report;
  - c. an annual review following the end of the year describing the activity compared to the strategy (this report).
3. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

## Background

4. During 2021/22, the Council complied with its legislative and regulatory requirements. The financial year 2021/22 continued the challenging investment environment of previous years, namely low investment returns.
5. The report summarises the following:
  - a. The actual prudential and treasury indicators (included throughout the report);
  - b. Capital Activity during the year;
  - c. Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
  - d. Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on the investment balances;
  - e. Summary of interest rate movements in the year;
  - f. Detailed debt activity;
  - g. Detailed investment activity;

## Details

### Capital Expenditure and Financing

6. The Council undertakes capital expenditure on long-term assets. These activities may either be:
  - a. Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
  - b. If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
7. The actual capital expenditure forms one of the required prudential indicators. Table 1 below shows the actual capital expenditure and how this was financed. As at 31 March 2022 a mixture of external funding, capital receipts and direct revenue funding were used to reduce the need for unsupported borrowing.

**Table 1: Capital Expenditure**

	31-Mar-21 Actual £000	2021/22 Budget £000	31-Mar-22 Actual £000
Capital expenditure	2,132	3,421	2,336
Financed in year	1,292	2,698	2,336
Unfinanced capital expenditure	840	723	0

**The Capital Financing Requirement**

8. The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
9. **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22. Table 2 below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator. The Council revised its CFR position during 2021/22 due to the restatement of the opening CFR at 01 April 2020 to include the amount invested in its subsidiary, Harborough District Commercial Services Limited.

**Table 2: Capital Financing Requirement**

	31-Mar-21 Actual £000	2021/22 Budget £000	31-Mar-22 Actual £000
Capital Financing Requirement	10,508	10,934	14,113
Gross borrowing position	1,490	3,673	1,490
Under /(over) funding of CFR	9,018	7,361	12,623

10. **The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. Table 3 below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.
11. **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
12. **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream. This has reduced because of the change in MRP policy (Minimum Revenue Provision), explained as part of the mid-

year treasury report 2021/22 that was considered by Cabinet on 29 November 2021, reducing the necessary provision and thus the actual financing costs.

**Table 3: Borrowing**

	2021/22 £000
Authorised limit	23,000
Maximum gross borrowing position during the year	1,490
Operational boundary	12,500
Average gross borrowing position	1,490
Financing costs as a proportion of net revenue stream	2.98%

### **Treasury Position at 31 March 2022**

13. The Council's treasury management debt and investment position is organised in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

14. The Council's treasury position at the end of 2021/22 is shown in Appendix 1.

### **Investment Strategy and Control of Interest Rate Risk**

15. Investment returns remained close to zero for much of 2021/22. Most local authority lending (including this authority) managed to avoid negative rates. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated - this is illustrated in Appendix 2.

16. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

17. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown in Appendices 2 & 3. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

### **Borrowing Strategy and Control of Interest Rate Risk**

18. During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used

as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

19. A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
20. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
21. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. Interest rates in financial markets were monitored and a pragmatic strategy adopted based upon the following principles to manage interest rate risks:
  - a. if it had been felt that there was a significant risk of a sharp fall in long and short-term rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
  - b. if it had been felt that there was a significant risk of a much sharper rise in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised.

Interest rate forecasts are shown in **Appendix 3**.

### **Borrowing Outturn**

22. No new borrowing was undertaken during the year.

### **Borrowing in advance of need**

23. The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

### **Rescheduling**

24. No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

### **Investment Outturn**

25. **Investment Policy** – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 22 February 2021. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).
26. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. The Council's resources are shown in **Appendix 4**.

## **Investments held by the Council**

### **27. The Council:**

- a. maintained an average balance of £34m of internally managed funds;
- b. earned an average rate of return of 0.10% on the internally managed funds;

The comparable performance indicator was set as the average 7-day LIBID rate, which was -0.01% at its cessation at the end of 2021. The new indicator is the 7-day compounded SONIA (Sterling Overnight Index Average) which was 0.53% as at 31.03.22 (0.39% as at 28.02.22, 0.19% as at 31.01.22 and 0.10% before that, see graph in **Appendix 2**).

28. The Council's total investment income was £33k compared to a budget of £57k.

## **Investments held by fund managers**

29. The Council maintained a balance of £1.5m with the Churches Charities and Local Authorities Investment Management Ltd (CCLA) Local Authorities' Property Fund throughout the year, which earned investment income of £51k against a budget of £75k, giving a rate of return of 3.41%.

30. The Council also invested in a Money Market Fund with the CCLA – The Public Sector Deposit Fund, holding an average balance of £4.5m during the year, which earned investment income of £5k, giving a rate of return of 0.11%. The budget for this is included in the investment income budget of £57k above.

## **IFRS 9 Fair Value of Investments**

31. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government [MHCLG], (now renamed the Department of Levelling Up, Housing and Communities [DLUHC]) on International Financial Reporting Standard (IFRS 9, this standard determines how organisations account for financial instruments) the Government introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency. The override is due to end as of 31 March 2023 and a new consultation has been launched by DLUHC, the options are to allow the existing override to expire; extend for an additional period of time; or make it permanent.

## **Implications of Decisions**

### **Corporate Priorities**

The contents of this report are evidence of how the Council monitors issues that may affect the delivery of its Corporate Priorities.

### **Financial**

These are covered in detail within the report. When it is time to report the 2022/23 Annual Treasury Management Report, this will be reported at the same time as the Quarter 4 Financial Outturn.

### **Legal**

This report covers the requirement for capital financing and treasury management as set out in the Local Government Act 2003 and subsequent Regulations.

### **Policy**

No policy issues arise directly from this report.

### **1.1 Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

No environmental issues arise directly from this report.

### **1.2 Risk Management**

Management of the Council's financial resources is key to achieving targets set out in the budget. Security of the Council's money in the current banking market is paramount.

### **1.3 Equalities Impact**

No equalities issues arise directly from this report.

### **1.4 Data Protection**

No equalities issues arise directly from this report.

## **Summary of Consultation and Outcome**

Consultation has been undertaken with the Portfolio Holder.

## **Alternative Options Considered**

Not applicable.

## **Background papers**

Various Treasury and Capital related reports approved by Council in February 2021 as part of the 2021/22 Budget and MTFS, as well as the Mid-Year Treasury Report reported during the year.





## Appendix 1

### Treasury Position - 31 March 2022

The Council's treasury position was as follows:

DEBT PORTFOLIO	31-Mar-21 Principal £000	Average Rate/ Return	Average Life	31-Mar-22 Principal £000	Average Rate/ Return	Average Life
Fixed rate funding:						
PWLB	1,490	5.01%	30.6 years	1,490	5.01%	29.6 years
Total debt	1,490			1,490		
CFR	14,490			14,113		
Under/(over) borrowing	13,000			12,623		
Total investments	24,835	0.32%	84 days	42,110	0.22%	93 days
Net investment/(debt)	23,345			40,620		

The maturity structure of the debt portfolio was as follows:

	31-Mar-21 actual £000	2021/22 original limits %	31-Mar-22 actual £000
Under 12 months	0	10%	0
12 months to 2 years	0	10%	22
2 years and within 5 years	22	20%	0
5 years and within 10 years	0	30%	0
10 years and within 20 years	0	100%	0
20 years and within 30 years	0	100%	0
30 years and within 40 years	1,468	100%	1,468

<b>INVESTMENT PORTFOLIO</b>	<b>Actual 31-Mar-21 £000</b>	<b>Actual 31-Mar-21 %</b>	<b>Actual 31-Mar-22 £000</b>	<b>Actual 31-Mar-22 %</b>
<b>Treasury investments</b>				
Banks	7,835	32%	16,110	38%
Building Societies - rated	8,000	32%	17,000	40%
Building Societies – unrated	3,000	12%	3,000	7%
<b>Total managed in house</b>	<b>18,835</b>	<b>76%</b>	<b>36,110</b>	<b>86%</b>
Money Market funds	4,500	18%	4,500	11%
Property funds	1,500	6%	1,500	4%
<b>Total managed externally</b>	<b>6,000</b>	<b>24%</b>	<b>6,000</b>	<b>14%</b>
<b>TOTAL TREASURY INVESTMENTS</b>	<b>24,835</b>	<b>100%</b>	<b>42,110</b>	<b>100%</b>

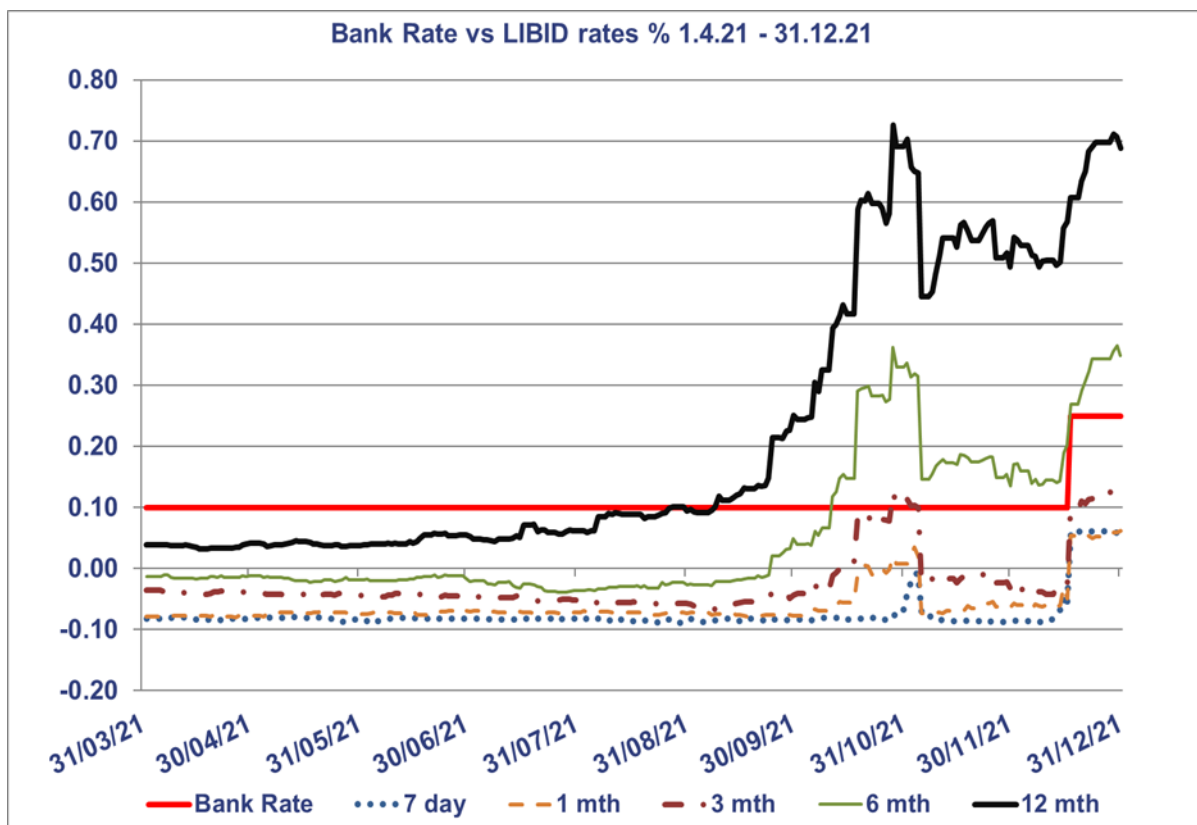
<b>Non-Treasury investments</b>				
Third party loans	1,832	46%	1,832	46%
Subsidiaries	2,150	54%	2,150	54%
<b>TOTAL NON-TREASURY INVESTMENTS</b>	<b>3,982</b>	<b>100%</b>	<b>3,982</b>	<b>100%</b>

The maturity structure of the investment portfolio was as follows:

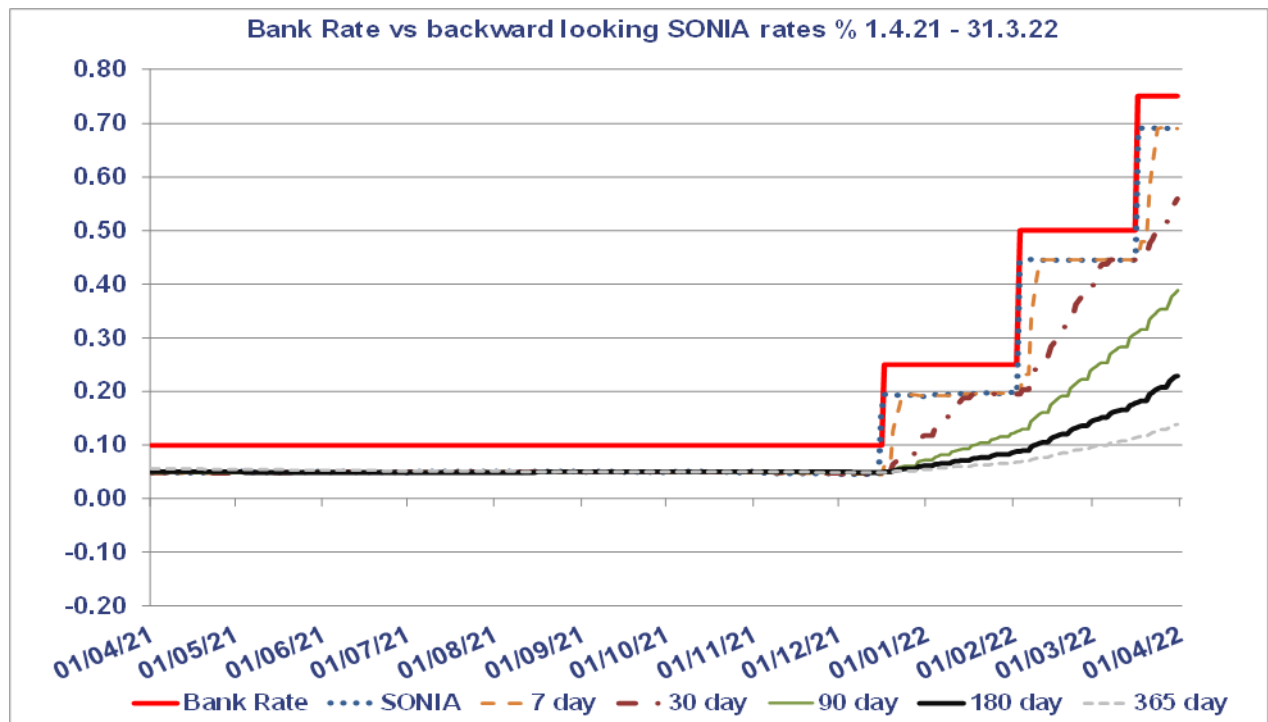
	<b>31-Mar-21 Actual £000</b>	<b>31-Mar-22 Actual £000</b>
Investments		
Longer than 1 year	1,500	1,500
Up to 1 year	23,335	40,610
<b>Total</b>	<b>24,835</b>	<b>42,110</b>

## Investment Interest Rates

The Bank of England and the Government maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI reached a 40 year high of 10.1% in July 2022).



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
<b>High</b>	0.25	0.06	0.06	0.14	0.36	0.73
<b>High Date</b>	17/12/2021	29/12/2021	31/12/2021	31/12/2021	30/12/2021	28/10/2021
<b>Low</b>	0.10	-0.09	-0.08	-0.07	-0.04	0.04
<b>Low Date</b>	01/07/2021	27/08/2021	17/09/2021	08/09/2021	27/07/2021	08/07/2021
<b>Average</b>	0.11	-0.07	-0.05	-0.01	0.09	0.31
<b>Spread</b>	0.15	0.15	0.14	0.20	0.40	0.68



	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
<b>High</b>	0.75	0.69	0.69	0.56	0.39	0.23	0.14
<b>High Date</b>	17/03/2022	18/03/2022	25/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022
<b>Low</b>	0.10	0.05	0.05	0.05	0.05	0.05	0.05
<b>Low Date</b>	01/04/2021	15/12/2021	16/12/2021	16/12/2021	16/12/2021	07/06/2021	13/12/2021
<b>Average</b>	0.19	0.14	0.13	0.12	0.09	0.07	0.06
<b>Spread</b>	0.65	0.65	0.65	0.51	0.34	0.18	0.09

## Appendix 3

### Borrowing Interest Rates

Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

Forecasts at the time of approval of the treasury management strategy report for 2021/22 were as follows: -

Link Group InterestRate View 8.2.21													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00

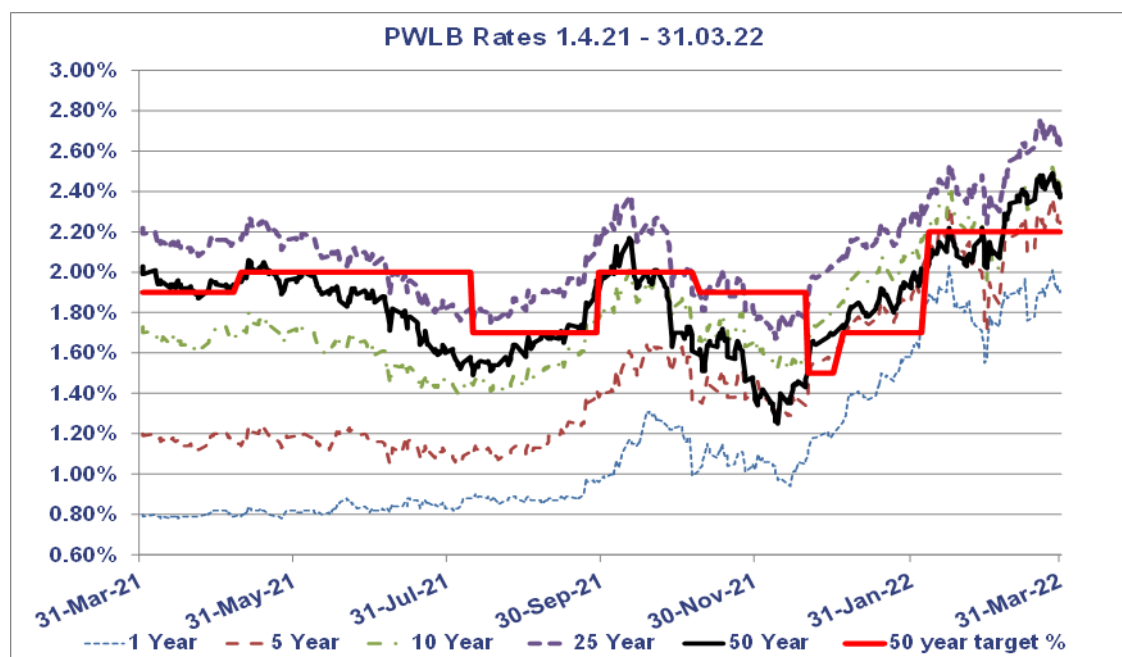
Forecasts changed throughout the year: -

Link Group Interest Rate View 8.11.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50

Link Group Interest Rate View 7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

And after: -

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<b>BANK RATE</b>	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00



High/low/average PWLB rates for 2021/22: -

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>01/04/2021</b>	0.80%	1.20%	1.73%	2.22%	2.03%
<b>31/03/2022</b>	1.91%	2.25%	2.43%	2.64%	2.39%
<b>Low</b>	0.78%	1.05%	1.39%	1.67%	1.25%
<b>Low date</b>	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
<b>High</b>	2.03%	2.37%	2.52%	2.75%	2.49%
<b>High date</b>	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
<b>Average</b>	1.13%	1.45%	1.78%	2.10%	1.85%
<b>Spread</b>	1.25%	1.32%	1.13%	1.08%	1.24%

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M. Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over

the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)

There is likely to be a further rise in short-dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze.

## Balance Sheet Resources

The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources are comprised as follows:

Balance Sheet Resources	31-Mar-21 £000	31-Mar-22 £000
Balances	6,578	2,361
Earmarked reserves	9,597	13,328
Usable capital receipts	5,823	11,083
<b>Total</b>	<b>21,998</b>	<b>26,772</b>



### Economic Background

As provided by the Council's treasury advisors – Link Group: -

**UK. Economy.** Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022. (Update – further rises during 2022, at the time of writing stands at 1.75% after the most recent meeting on 4<sup>th</sup> August 2022.)

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% (and rose to a 40 year high of 10.1% in July).

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

**Average inflation targeting.** This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

**USA.** The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

**EU.** With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

**China.** After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

**Japan.** The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

**World growth.** World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

**Deglobalisation.** Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

**Central banks' monetary policy.** During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.



## Harborough District Council

### Report 5 to *Cabinet* Meeting of 16 January 2023



<b>Title:</b>	<b>Housing Enforcement Policies and Financial Penalties</b>
<b>Status:</b>	Public
<b>Key Decision:</b>	Yes
<b>Report Author:</b>	Elaine Bird Regulatory Services Manager <a href="mailto:e.bird@harborough.gov.uk">e.bird@harborough.gov.uk</a>
<b>Portfolio Holder:</b>	Cllr Whelband, Portfolio Holder for Housing and Communities
<b>Appendices:</b>	<ol style="list-style-type: none"><li><b>1. <i>Appendix A – Housing Enforcement Policy</i></b></li><li><b>2. <i>Appendix B – Housing Enforcement Civil Penalties Policy</i></b></li><li><b>3. <i>Appendix C – Minimum Energy Efficiency Standards Policy</i></b></li><li><b>4. <i>Appendix D – Smoke and Carbon Monoxide Policy</i></b></li></ol>

### Executive Summary

- i. The Housing Enforcement Policy will complement the council's approved generic enforcement policy and sets out clearly the council's approach to enforcement to reduce the risk of successful challenge.
- ii. Formal enforcement action is only considered as a last resort or where there is a serious and imminent risk to tenants, and officers will work with landlords in the first instance to resolve issues informally.
- iii. The Housing Enforcement Policy and financial penalties do not impose any additional regulatory burden on private landlords as they should already be compliant with the various legislative requirements.
- iv. The introduction of Civil Penalties and other financial penalties provides a wider range of tools to the council when considering the most appropriate course of action to take where there has been a breach of relevant legislation and landlords have not complied with an enforcement notice served on them.

### Recommendations

**It is recommended that Cabinet:**

- 1. Approve, subject to consultation identifying no significant impacts upon a draft policy, the following draft policies:**

- a) **The Housing Enforcement Policy (appendix A)**
- b) **The Housing Enforcement Civil Penalties Policy (appendix B)**
- c) **The Minimum Energy Efficiency Standards Policy (appendix C)**
- d) **The Smoke and Carbon Monoxide Policy (appendix D).**

2. **Reconsider any draft policy which is the subject of a representation that has a significant impact upon the proposed policy.**
3. **Delegate to the Director of Governance and Law the authority to incorporate minor amendments required following consultation into the policies, in consultation with the Cabinet Member for Communities Wellbeing and Housing.**

## **Reasons for Recommendations**

- v. Local Housing Authorities (“LHA”) are the primary enforcement agency for ensuring the protection of the health, safety and welfare rights for occupiers and visitors in private sector housing within England and Wales.
- vi. The housing enforcement policy sets out the general approach of Harborough District Council (“the council”) to private sector housing enforcement and it sets out what owners, landlords, their agents and tenants of private sector properties can expect from officers.
- vii. The introduction of civil penalties or financial penalties provides officers with a different tool to deal with non-compliant landlords and can be used as an alternative to prosecution. The council must have approved and published policies before they can issue financial penalties.

## **Purpose of Report**

1. To seek approval of the council’s approach to housing enforcement to ensure that there is transparency for owners, landlords, agents and tenants of private sector and social housing properties through the Housing Enforcement Policy and more specific enforcement powers including the introduction of civil penalties for certain housing offences.

## **Background**

2. The council has a statutory duty to enforce a wide range of legislation, with regulatory functions being delivered by several service areas across the council. To ensure there is transparency and consistency in the approach to enforcement across the council there is a general overarching Enforcement Policy which was approved by Cabinet in December 2015.
3. The council is now looking to introduce an overriding private sector housing enforcement policy that sits under the Generic Enforcement Policy and to consider new ways of dealing with offences by way of civil penalties for example.
4. Whilst the council will always try and work with landlords, there are occasions where more formal action is required. The policy sets out the approach of the council to housing enforcement and it sets out what owners, landlords, their agents and tenants can expect from officers and reduces the risk of successful challenge.

5. Authorised officers within the Environment Team have both statutory duties and discretionary powers to undertake enforcement action, using a range of legislation to address issues arising at rented properties, caravan sites and mobile home sites.
6. None of the policies within this report increase the regulatory burden on landlords who should already be compliant with the legislation but provide officers with alternative means of enforcement for those few landlords in the district who are not willing to comply with existing legislation.

## Details

### Housing Enforcement Policy

7. Whilst the council will try to work with landlords informally to ensure they are compliant with the various pieces of legislation covering the private rental of properties, there is on occasion, the need to take more formal action to remove an immediate issue or where landlord do not engage or do not undertake any improvement works required informally for example.
8. The Enforcement Policy aims to:
  - a. Demonstrate transparency of enforcement with respect to private sector housing, caravan sites and mobile home sites within the district by setting out legal requirements, policies and principles that officers will follow when enforcing legislation;
  - b. Ensure that all properties let as residential properties throughout the district, including those in private ownership, are of good quality and well managed;
  - c. Ensure that all residents of Harborough have a home that is safe, secure, and not overcrowded;
  - d. Improve the condition and energy efficiency of homes in the private rented sector through maintaining decency standards and raising them where possible;
  - e. Ensure Houses in Multiple Occupation (HMO's) are safe and well managed, and all relevant management and licensing regulations are adhered to;
  - f. Ensure private sector housing is not left empty for an unreasonable period of time or becomes an eyesore and nuisance to neighbouring homes;
9. The policy applies to both individuals and businesses and should be read in conjunction with the council's General Enforcement Policy which sets out the overarching parameters of enforcement.
10. The main objectives of the policy are to ensure that:
  - a. Privately rented accommodation, including houses in multiple occupation ("HMO"), and accommodation provided by registered providers of social housing, are free from actionable hazards that affect the health and safety of the tenant, licensee or any visitor;
  - b. Private rented accommodation and tenancies are managed in accordance with relevant statutory requirements;
  - c. Privately rented accommodation meets minimum energy efficiency ratings;
  - d. All licensable properties are licensed, with licence conditions being met;

- e. Targeted action is taken to bring empty homes back into use;
  - f. Owners or occupiers of privately owned accommodation or land do not cause a statutory nuisance, or an unacceptable risk to public health and safety, or to the environment or neighbourhood;
  - g. Caravan and mobile home sites are managed in compliance with site licence conditions and relevant statutory requirements. The domestic minimum energy efficiency standard regulations and assessments for hazards under the Housing Act 2004 do not apply to rented caravans or mobile homes as this property type falls outside the scope of these regulations.
11. The Environment Team will respond to enquiries and complaints about substandard, unsafe, problematic, or empty housing and where standards are not met enforcement action may be taken. The team will always endeavour to work with landlords and tenants to try and resolve issues informally unless there are serious concerns regarding non-compliance.
  12. Decisions will be made by competent and authorised officers, in accordance with legislation and by having regard to enforcement guidance as to the most appropriate course of action. In line with the policy, generally an incremental approach to enforcement will be implemented and where there is non-compliance after an informal approach has been made, formal action will be considered. However, where there are serious breaches of legal requirements, the council will consider formal action in the first instance to safeguard the health, safety and welfare interests of occupiers, visitors, and members of the public.
  13. There has been an increase in the number of housing related enquiries received by the team over the past 5 years, with the most significant increase over the duration of the Covid pandemic as more people were at home for longer periods. The specific Housing Enforcement Policy will ensure a fair and transparent approach to housing and should reduce the risk of successful challenge against any enforcement action if due regard for the policy has been taken in the decision-making process.

**Table 1** – housing complaints received by the team over a 5-year period

Year	Number of Complaints received
2021-22	88
2020-21	67
2019-20	54
2018-19	34
2017-18	29

14. A copy of the Housing Enforcement Policy can be found in Appendix A.

## **Civil Penalties Policy**

15. Serious offences and breaches of legislation have until now always been dealt with through the courts, but the reality is that such occurrences are rare. To take a prosecution the case must meet certain tests and action must be in the public interest. Although the courts can



issue fines to non-compliant landlords following a successful prosecution, the cost to the council both financially and in terms of time is great. Judges are required to make allowances for personal circumstances/mitigation and therefore cases can easily be lost on a technicality.

16. Section 126 and Schedule 9 of the Housing and Planning Act 2016 introduces several amendments to the Housing Act 2004. The Housing and Planning Act 2016 provides powers that allow the council to impose a financial penalty as an alternative to prosecution for specific offences under the Housing Act 2004.
17. A civil penalty is a financial penalty that may be imposed in instances where there are breaches of legislation which is a criminal act (with the exception of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020). However, before imposing a civil penalty the council must be satisfied 'beyond all reasonable doubt' that a persons' conduct amounts to the relevant housing offence as defined by The Housing Act 2004.
18. A civil penalty can be imposed on a landlord or letting agent or both. The civil penalties are intended to be issued against landlords or letting agents that are in breach of one or more of the sections of the Housing Act 2004 and the Housing and Planning Act 2016 as detailed below:
  - a. Section 30 – Failure to comply with an Improvement Notice
  - b. Section 72 – Offences in relation to licensing of Houses in Multiple Occupation (HMO)
  - c. Section 95 – Offences in relation to licensing of houses under Part 3 (Inc. Selective Licensing)
  - d. Section 139 – Offences of contravention of an overcrowding notice
  - e. Section 234 – Failure to comply with management regulations in respect of HMO
  - f. Breach of a banning order (section 21 of the Housing and Planning Act 2016)
  - g. Breach of any of the landlord duties prescribed under regulation 3 of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020.
19. When determining the level of the civil penalty there are several factors which must be considered as set out in the policy document. These include, but not limited to, the severity of the offence, the harm or potential harm and history of compliance/confidence in the landlord. The maximum amount for a civil penalty is laid down in legislation and cannot exceed £30,000 per offence.
20. There is a right of appeal to a Civil Penalty. The person served with the final notice has the right to appeal to the First Tier Tribunal against the decision to impose a penalty; or the amount of the penalty. The appeal must be made within 28 days of the date the final notice was issued. If a person appeals, the final notice is suspended until the appeal is determined or withdrawn.
21. Appeals can be very time consuming and costly for the council, and an early bird payment reduction can encourage prompt payment. The council can offer a discount to landlords and agents who pay the civil penalty in full within 28 days of the Final Notice being issued. The level of discount applied is based on the Court's national sentencing guidelines and the proposed one third early payment reduction mirrors the guidance.
22. Recovery of an unpaid civil penalty would be through the council's debt recovery process.

23. Where a civil penalty is appealed and the First Tier Tribunal confirms or varies the penalty, this decision will be automatically registered on the Register of Judgments, Orders and Fines when it is accepted by the County Court. This may affect the landlord's ability to obtain future financial credit due to the Register of Judgment Order made against the individual.
24. A copy of the draft Civil Penalties Policy can be found in Appendix B.

## **Other financial Penalties**

### **Domestic Minimum Energy Efficiency Standards Regulations (MEES)**

25. Legislation has been introduced for the regulation of energy efficiency within the private rented housing sector. This imposes an obligation on private sector housing landlords to achieve a minimum energy performance within their properties, demonstrated by an Energy Performance Certificate a rating of at least E or to register a relevant exemption to the regulations. There are several different exemptions within the Regulations which a landlord could apply if they are relevant.
26. A domestic private rented property is deemed "sub-standard" where the energy performance indicator of the property is below the minimum level of energy efficiency of Band E. The energy bandings for a property go from A to G with A being the highest and G being the lowest.
27. The regulations apply to properties let through an assured tenancy, regulated tenancy or a domestic agricultural tenancy and the property is legally liable to have an Energy Performance Certificate (EPC).
28. Within the regulations there is a cap on the expenditure landlords are required to invest to improve energy rating of their property. Landlords will not be required to spend more than £3,500 (including VAT) on energy efficiency improvements. If a landlord cannot improve their property to EPC E for £3,500 or less, they should make all the improvements which can be made up to that amount, then register a relevant exemption.
29. If a local authority believes a landlord may be in breach, they may serve a compliance notice requesting information to help them decide whether a breach has occurred. They may serve a compliance notice up to 12 months after a suspected breach occurred. Failure to comply with a compliance notice may result in a financial penalty being applied.
30. In order to enforce the regulations, the council needs to have a policy on the financial penalties to be applied should a landlord be found to be in breach of the following:
- a. In breach of the prohibition on letting sub-standard property; or
  - b. In breach of the requirement to comply with a compliance notice; or
  - c. Guilty of uploading false or misleading information to the Exemptions Register.
31. The council as the enforcement authority has the discretion to decide on the value of the financial penalties, up to the maximum limits set by the regulation. The proposed scale of financial penalties is set out in the table below. A local authority can impose more than one financial penalty if there have been multiple breaches up to a maximum of £5000 per property.

**Table 2 – Proposed Scale of Financial Penalties under The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015**

<b>Breach</b>	<b>Max Financial Penalty as set out in the Regulations</b>	<b>Proposed Harborough District Council Financial Penalty</b>
A) Where the landlord has let a sub-standard property in breach of the Regulations for a period of less than three months	£2000 plus a publication penalty	£1000 plus a publication penalty for first offence at property (with 33% early payment discount available)*  £2000 plus a publication penalty for subsequent offences at property (with 33% early payment discount available)
B) Where the landlord has let a sub-standard property in breach of the Regulations for three months or more	£4000 plus a publication penalty	£2000 plus a publication penalty for first offence at property (with 33% early payment discount available)  £4000 plus a publication penalty for subsequent offences at property (with 33% early payment discount available)
C) Where the landlord has registered false or misleading information on the PRS Exemptions Register	£1000 plus a publication penalty	£1000 plus a publication penalty (with 33% early payment discount available)
D) Where the landlord has failed to comply with compliance notice	£2000 plus a publication penalty	£2000 plus a publication penalty (with 33% early payment discount available)

\*early payment discount applies if penalty paid within 14 days of issue. The discount would be removed if an appeal against the notice is submitted. As before the level of discount mirrors the national sentencing guidelines.

32. A copy of the MEES Policy can be found in Appendix C.

## **Smoke and Carbon Monoxide (England) Regulations 2015**

33. The regulations place a duty on landlords, which include freeholders or leaseholders who have created a tenancy, lease, licence, sub-lease or sub-licence. The regulations exclude registered providers of social housing. The duty requires that landlords ensure that:

- a. A smoke alarm is installed on each storey of premises where there is living accommodation;
- b. A carbon monoxide alarm is installed in any room of premises used as living accommodation, which contains a solid fuel burning appliance;
- c. That checks are made by the landlord, or someone acting on his behalf, that the alarm(s) is/are in proper working order on the day the tenancy starts.

34. Where the council believes that a landlord is in breach of one or more of the above duties, the council must serve a remedial notice on the landlord.
35. If the landlord then fails to take the remedial action specified in the notice within the timescale, the council can require the landlord to pay a penalty charge. The charge potentially made up of two parts, the punitive element (punishment) for failure to comply with the absolute requirement to comply with a remedial notice and a cost element relating to any remedial works arranged and carried out by the council's contractors.
36. As with the MEES financial penalties, the council has the discretion to set the level of financial penalty to be applied up to the maximum amount set out in the legislation. The proposed level of penalties is set out in the table below

**Table 3:** Proposed Scale of Financial Penalties under the Smoke and Carbon Monoxide Regulations 2015 (as amended)

Breach	Max Financial Penalty as set out in the Regulations	Proposed Harborough District Council Financial Penalty
For the first breach to comply with a remedial notice	£5000	£2500 (with 33% early payment discount available)
For any subsequent breach to comply with a remediation notice.	£5000	£5000 (with 33% early payment discount available)

37. The council has discretion to offer an early payment reduction if a landlord pays the penalty charge within 14 days beginning with the day the penalty charge notice is served. Should a subsequent appeal be made, the discount will be removed.
38. The Smoke and Carbon Monoxide Financial Penalties Statement can be found in Appendix D.

## Implications of Decisions

### Corporate Priorities

39. The provision of good quality accommodation to all sectors which is safe and warm is vital to support the Government's focus on the provision of decent homes for all and supports the council's key priorities as set out below:

Priority 2: Promoting health and wellbeing and encouraging healthy life choices and

Priority 3: Creating a sustainable environment to protect future generations

### Financial

40. Income received from financial penalties is retained by the council if it is used to support statutory functions in relation to its private rented sector enforcement. There is currently insufficient information to be able to estimate the level of income that may occur from the introduction of any of the policies.
41. The policies include an early payment discount of 33% if the payment is made within 14 days of issue of the notice provided no appeal is lodged. The level of discount applied is in line with the court's national guidance.

42. The proposed financial penalties for the MEES and Smoke and Carbon Monoxide Regulations are based on a reduced amount for the first offence, however any subsequent offences would result in the maximum penalty fine.
43. The financial penalty amount for the MEES and Smoke and Carbon Monoxide Regulations will be reviewed annually in accordance with the council's fees and charges policy but cannot exceed the maximum penalty fine amount set out in the legislation. This would not apply to the Civil Penalties as the amount of penalty is calculated on a case-by-case bases in line with the procedure set out in the policy.
44. Any legal action can be costly and demanding on resources and the ability to consider an alternative to prosecution as a penalty for non-compliance is supported. Offering an early payment discount may reduce the risk of appeal against a civil penalty or other financial penalty notice which whilst reduces the income received by the council, would reduce the resource demands of the legal and environment teams to respond to any appeal.

## **Legal**

45. There are many statutory or discretionary pieces of legislation enforceable by the council. The housing enforcement policy provides open and transparent information on the council's approach to housing enforcement and reduces the risk of legal challenge.
46. Whilst there is no legal duty on the council to issue a financial penalty for a breach of the legislation, the civil penalties and other financial penalties policies widen the enforcement tools that are available to the enforcement officers to encourage compliance by landlords by acting as a deterrent against non-compliance

## **Policy**

47. The council is not able to impose financial penalties without having an approved and published policy to support the decision-making process.
48. Having an effective and robust enforcement policy and associated financial penalties policies supports the provision of safe, warm and healthy living conditions in properties within the district. This links directly to the Council's key priorities as set out in paragraph 39 of this report.

## **Environmental Implications including contributions to achieving a net zero carbon council by 2030**

49. The Minimum Energy Efficiencies Standards Financial Penalties policy provides a regulatory framework for improving the energy efficiency in the private rented sector.

## **Risk Management**

50. Having clear and transparent published policies will reduce the risk of successful challenge against any proposed housing enforcement action.

## **Equalities Impact**

51. Initial Equality Impact Assessment has been undertaken and the assessment will be reviewed following the consultation process. The initial assessment did not identify any negative impact on any protected characteristic.
52. There is a significant need for affordable good quality accommodation in the district. In general, private rented property in the district is well kept, but there are some cases where the properties fall below the expected standard, with landlords not fulfilling their legal or statutory requirements prior to renting. This can leave tenants at risk of harm due to a range

of hazards in the property especially as the number of private and social rented properties in the district is below the England average as set out below.

53. Data from 2021 census shows that Harborough has:

- a. 42.5% homes owned outright;
- b. 37.7% homes owned with a mortgage or loan;
- c. 12.1% private rental (lower than the England average of 19%);
- d. 7.7% social rent (lower than the England average of 17%);

54. The lower number of rented properties in the district reduces the choice and opportunities for tenants to find suitable accommodation.

### **Data Protection**

55. No personal data is contained in, or impacted by, the content of this report.

## **Summary of Consultation and Outcome**

56. The draft policies were considered at the Scrutiny Panel for Performance meeting of 23 June 2022 and the comments and feedback from the panel have been incorporated into the final documents. This included the streamlining the Civil Enforcement Policy and incorporating process flows into the policies and where appropriate including relevant timeframes for actions.

57. Subject to the approval of the recommendations for this report, the policies will be subject to public consultation. Representations received will be considered by either the Cabinet or the Director of Governance and Law & Interim Monitoring Officer in consultation with the relevant Cabinet member depending on the significance of the representations received.

## **Alternative Options Considered**

58. None were considered .

## **Background papers**

Meeting of the [Scrutiny Panel for Performance 23<sup>rd</sup> June 2022](#)

# **Housing** **Enforcement Policy**



## Table of Contents

1	Introduction .....	4
2	Equality Statement.....	4
3	Approval of the Enforcement Policy .....	<b>Error! Bookmark not defined.</b>
4	Aim of the Policy .....	4
5	Enforcement .....	5
5.1	Regulators Code .....	5
5.2	Enforcement Objectives.....	5
6	Tenure Groups .....	5
6.1	Private landlords and tenants.....	5
6.2	Owner occupiers .....	5
6.3	Registered social landlords .....	5
7	Inspections .....	6
7.1	Reactive Inspections .....	6
7.2	Proactive Inspections.....	6
7.3	Targeted Inspections and Proactive Interventions .....	6
8	Enforcement Action .....	7
8.1	Prevention.....	7
8.2	No Action .....	7
8.3	Informal Action .....	7
8.4	Formal Action.....	8
8.4.1	Serving Statutory Notices or Orders .....	8
8.4.2	Housing health and safety rating system (HHSRS).....	8
8.4.3	Improvement Notice .....	9
8.4.4	Prohibition Order .....	9
8.4.5	Hazard Awareness Notice .....	9
8.4.6	Emergency Action .....	9
8.4.7	Suspended Improvement Notices or Prohibition Orders .....	9
9	Other enforcement action .....	9
9.1	Demolition Order .....	9
9.2	Clearance Area .....	10
9.3	Drainage .....	10
9.4	Enforced Sale .....	10
9.5	Rent Repayment Order .....	10
9.5.1	Relevant offence .....	10



9.6	Banning Orders .....	11
9.7	Electrical Safety Standards.....	11
9.8	Protection from Unlawful eviction and harassment.....	12
9.9	Community Protection Notice .....	12
9.10	Work in default .....	12
9.11	Notice of Entry .....	12
9.12	Civil Penalties .....	12
9.13	Simple caution.....	13
9.14	Prosecution .....	13
9.15	Proceeds of crime .....	13
9.16	Local land Charge .....	13
9.17	Recovery of costs .....	13
10	The Licensing of Houses in Multiple Occupation .....	14
10.1	Partnership working.....	14
10.2	Overcrowding.....	14
10.3	Management Orders.....	15
10.3.1	Management Regulations.....	15
10.3.2	Interim and final management order .....	15
11	Review.....	15
12	Covid-19 (Coronavirus) and other outbreaks .....	15
13	Links with other policies .....	16
	Appendix A – Key Legislation .....	17

## 1 Introduction

Local Housing Authorities (“LHA”) are the primary enforcement agency for ensuring the protection of the health, safety and welfare rights for occupiers and visitors in private sector housing within England and Wales.

The council’s overall approach to enforcement is set out in its General Enforcement Policy.

This policy sets out the general approach of Harborough District Council (“the council”) to private sector housing enforcement and it sets out what owners, landlords, their agents and tenants of private sector properties can expect from officers.

Authorised officers (“officers”) within the Environment Team have both statutory duties and discretionary powers to undertake enforcement action, using a range of legislation to address issues arising at private rented properties, caravan sites and mobile home sites.

## 2 Equality Statement

The council and its officers are committed to the Equality of Opportunity in employment and the provision of services. In developing this policy, the council has recognised its responsibility under the Equality Act 2010 to have due regard to its Equality Plan 2021-2024.

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share protected characteristics and those who do not;
- Foster good relations between people who share a protected characteristic and those who do not.

## 3 Aim of the Policy

This Enforcement Policy aims to:

- Demonstrate transparency of enforcement with respect to private sector housing, caravan sites and mobile home sites within the district by setting out legal requirements, policies and principles that officers will follow when enforcing legislation;
- Ensure that all properties let as residential properties throughout the district, including those in private ownership are of good quality and well managed;
- Ensure that all residents of Harborough have a home that is safe, secure, dry and not overcrowded;
- Improve the condition and energy efficiency of homes in the private rented sector through maintaining decency standards, and raising them where possible;
- Ensure Houses in Multiple Occupation (HMO’s) are safe and well managed and all relevant Management Regulations are adhered to;
- Ensure Private Sector Housing is not left empty for an unreasonable amount of time or becomes an eyesore and nuisance to neighbouring homes.

This policy applies to both individuals and businesses and should be read in conjunction with the General Enforcement Policy which sets out the general parameters of enforcement.

## 4 Enforcement

### 4.1 Regulators Code

The Legislative and Regulatory Reform Act 2006<sup>i</sup> (the 2006 Act) requires the council to have regard to the Regulators' Code<sup>ii</sup> (BRDO 2013). This enforcement policy has regard to the Regulators code in that it follows the principles of good regulation set out in the 2006 Act, in that regulatory activities are carried out in a way that are transparent, accountable, consistent, proportionate to risk and targeted at cases where action is required.

Local authorities are required by the Regulators' Code to publish a clear set of service standards, including their enforcement policy, explaining how they respond to non-compliance.

Our Service Standards can be found on the Harborough District Council Website.

### 4.2 Enforcement Objectives

The main objectives of this enforcement policy are to ensure that:

- Privately rented accommodation, including houses in multiple occupation ("HMO"), and accommodation provided by registered providers of social housing, are free from actionable hazards that affect the health and safety of the tenant, licensee or any visitor;
- Private rented accommodation and tenancies are managed in accordance with relevant statutory requirements;
- Privately rented accommodation meets minimum energy efficiency ratings;
- All licensable properties are licensed, with licence conditions being met;
- Targeted action is taken to bring empty homes back into use;
- Owners or occupiers of privately owned accommodation or land do not cause statutory nuisance, or an unacceptable risk to public health and safety, or to the environment or neighbourhood;
- Caravan and mobile home sites are managed in compliance with site licence conditions and relevant statutory requirements.

## 5 Tenure Groups

The Environment Team has investigative and enforcement powers relating to all private housing regardless of tenure. However, the approach may vary depending on the tenure of the household. Tenure falls into broadly three main groups:

### 5.1 Private landlords and tenants

Tenants are reliant on their landlord or their managing agent to adequately maintain their home in accordance with legal requirements.

### 5.2 Owner occupiers

The prime responsibility for maintaining and improving this type of housing tenure is the responsibility of the owner. Enforcement action will only be considered against this type of tenure if there is a serious and imminent risk to health and safety, or there is a risk of nuisance caused to neighbours.

### 5.3 Registered social landlords

Registered Providers (RP's) are governed by the Regulator of Social Housing. Registered providers have their own procedures in place for reporting problems and making complaints.

The Environment Team will not normally take action against an RP unless the problem in question has been properly reported to the RP who has then failed to take appropriate action.

The council will consider enforcement action against an RP where there are imminent and significant risks to the health and safety of tenants and or the wider Public.

## 6 Inspections

Where there are reasonable grounds to suspect a failure or where there is a statutory duty to do so authorised officers will inspect properties in the private rented sector that fail to meet regulatory housing standards. Where such inspections have been completed, the council will consider whether further action is necessary, if it is, what action is most appropriate to the particular circumstances of the case and may decide to exercise enforcement powers if the circumstances of the case make it necessary to do so. The council will consider an inspection where there are imminent and significant risks to the health and safety of tenants and or the wider public.

### 6.1 Reactive Inspections

Reactive inspections will be carried out on those premises that are statutory requirements and or present the greatest risk to occupiers and the public, for example where:

- There appears to be significant risks to the health and safety of occupiers and/or visitors
- The tenant or prospective occupier is vulnerable
- The issues are complex or involve neighbouring properties
- There is a poor history of compliance with legal requirements for housing conditions and/or management practices

### 6.2 Proactive Inspections

Proactive inspections will be carried in respect of private rented accommodation that is subject to HMO and Discretionary Licensing under Parts 2 and 3 of the Housing Act 2004 respectively and inspection of caravan sites and mobile home sites licenced by the council for assessing compliance with:

- Licence conditions;
- Licence evasion;
- Housing conditions;
- Property Management

### 6.3 Targeted Inspections and Proactive Interventions

Targeted Inspections may take place of property owned or managed by landlords or managing agents who have poor history of legal compliance with regard to providing satisfactory housing conditions and / or management practices. Intelligence of legislative breaches may be gathered from partner agencies and identifying those with previous enforcement action or via lack of engagement.

This service will not usually act on anonymous complaints, unless there is good cause for further investigation such as an imminent risk or danger. Relevant information will be recorded in case of any future complaints.

## 7 Enforcement Action

The Environment Team will respond to enquiries and complaints about substandard, unsafe, problematic and empty housing and where standards are not met enforcement action may be taken.

Decisions will be made by competent and authorised officers, in accordance with legislation and by having regard to enforcement guidance, as to the most appropriate course of action. Where there is non-compliance after an informal approach has been made, formal action will be considered. However, where there are serious breaches of legal requirements, the council will consider formal action in the first instance to safeguard the health, safety and welfare interests of occupiers, visitors and members of the public.

### 7.1 Prevention

The Environment Team encourages compliance with meeting regulatory housing standards for the maintenance of minimum housing standards and fair treatment of tenants by offering free information, assistance and advice to landlords, tenants and other.

### 7.2 No Action

In some cases, it may not be appropriate for the council to take any enforcement action. The circumstances in which the council may consider no action appropriate include:

- Where the risk is low and does not sufficiently present a significant risk to the occupiers, visitors or members of the public;
- The breach is of a technical nature;
- The allegations are unsubstantiated and unwitnessed;
- The tenant or occupier does not support enforcement action and the council takes the decision enforcement action is not appropriate in the circumstances;
- Where there are special circumstances regarding the person against whom action would be taken.

### 7.3 Informal Action

In the first instance, for most cases tenants are encouraged to take their own action and report the problem to their landlord. This will usually be in the form of a written complaint affording the landlord sufficient time to respond. Where the problem cannot be resolved and a complaint is received by this service, tenants will be asked to provide a copy of any such correspondence prior to initiating action.

Where defective housing conditions are evidenced to justify investigation and action and it is considered appropriate to take action, the Environment Team aim to offer landlords, managing agents, owners and service users an opportunity to work informally with the Service to effect change to meet regulatory compliance and establish good management practices in respect of lower risks.

The circumstances in which the council may consider informal action appropriate include:

- If taking no action presents a significant risk of harm to the occupiers, visitors or members of the public;
- Where the issue is not sufficiently serious to warrant formal action or where formal action will not achieve the desired result;

- To allow responsible landlords, managing agents and owners an opportunity to comply with regulatory requirements and agree to undertake the works required by the council in a short time scale.

#### 7.4 Formal Action

When considering if formal enforcement action is to be taken, the council will have regard to the impact the informal action has made, the lack of confidence in the property owner with the council, including any history of non-compliance and the health, safety and welfare of the occupants at the property. Anyone likely to be subject to formal enforcement action will receive clear explanations of what they need to do to comply and have an opportunity to resolve difficulties before formal action is taken.

The circumstances in which the council may consider formal action appropriate include:

- If taking informal action has not achieved an expected outcome to the request to take action or carry out works;
- The council has a duty to serve a notice or order or take specific action;
- Remedial action needs to be taken quickly due to significant risk to the health, safety and welfare of the occupiers;
- There is evidence of previous non-compliance;
- There is a long-term empty property.

The following options for taking formal action are available:

Action under the provisions of Part 1 of the Housing Act 2004<sup>iii</sup> to:

- Serve an improvement notice under sections 11 and/or 12
- Serve a suspended improvement notice under section 14
- Make a prohibition order under sections 20 and/or 21
- Make a suspended prohibition order under section 23
- Serve a hazard awareness notice in accordance with sections 28 and/or 29
- Take emergency remedial action under section 40
- Make an emergency prohibition order under section 43
- Make a demolition order under section 46

The council has a general duty to act where category 1 hazards are identified. The council has a discretionary power to act in respect of category 2 hazards. All category 1 hazards will be dealt with as a priority over category 2 hazards.

##### 7.4.1 Serving Statutory Notices or Orders

The council will consider serving these notices when it is identified that a landlord is failing to comply with housing or other health and environmental legislation.

Legal notices served by the council will detail any rights of appeal and any rights to an extension of time to comply with the requirements of the notice, if requested for legitimate reasons.

##### 7.4.2 Housing health and safety rating system (HHSRS)

The Housing Health and Safety Rating System (HHSRS) is a risk-based approach under the Housing Act 2004 used to tackle poor housing conditions and focus on any of the hazards that are potentially present within dwellings including those that are unoccupied. There are 29 hazards that arise from disrepair, lack of maintenance or poor design. The assessment determines whether there are Category 1 or Category 2

hazards and identifies the type of work that is needed on properties to conform to the requirements of the HHSRS assessment.

#### 7.4.3 Improvement Notice

Section 11 of the Housing Act 2004 – Category 1 hazards;

Section 12 of the Housing Act 2004 – Category 2 hazards

This Notice should be served in response to identified category 1 and category 2 hazard, where reasonable remedial works can be carried out to reduce the hazard sufficiently. Both category 1 and category 2 hazards can be included on the same notice.

#### 7.4.4 Prohibition Order

Section 20 of the Housing Act 2004 – Category 1 hazards

Section 21 of the Housing Act 2004 – Category 2 hazards

This Order should be served in response to identified category 1 and category 2 hazard. It may prohibit the use of part or all of a property for some or all purposes or for occupation by a particular number or description of people. An order may be appropriate where conditions present a risk but remedial action is unreasonable or impractical. In an HMO it can be used to prohibit the use of specified dwelling units. Both category 1 and 2 hazards can be included on the same notice

#### 7.4.5 Hazard Awareness Notice

Section 28 of the Housing Act 2004 – Category 1 hazards

Section 29 of the Housing Act 2004 – Category 2 hazards

This Notice should be served where a hazard has been identified but it is not reasonable or appropriate to take formal action. It is served in an advisory capacity to draw attention to the need for remedial action. This notice is not registered as a land charge and has no appeal procedure and both category 1 and category 2 hazards can be included on the same notice.

#### 7.4.6 Emergency Action

Where there is a Category 1 hazard present that is considered to represent an imminent risk of serious harm to the health and safety of the occupiers of a dwelling, the council may serve an Emergency Prohibition Order or take Emergency Remedial Action. Such emergency actions would involve either the removal of certain defects giving rise to an immediate risk or the closure of part of the dwelling.

#### 7.4.7 Suspended Improvement Notices or Prohibition Orders

The council has the power to suspend action taken under Part 1 of the Housing Act 2004 in situations where it has the power or duty to take enforcement action through the service of an Improvement Notice or a Prohibition Order. Such action would not normally be the preferred enforcement action unless the circumstances of the current occupants were such that other options were not practical or where there is evidence of programmed maintenance by landlords. The suspensions must be registered as a local land charge, and they must be reviewed at the very least every 12 months.

## 8 Other enforcement action

### 8.1 Demolition Order

Section 265 of the Housing Act 1985

Demolition Orders are orders requiring the demolition of a property and are used where the property condition is such that hazards are present and remedial works are not

possible or reasonable because of excessive cost or other reason. An Order only to be used in response to category 1 hazards, but not if the building is listed.

## 8.2 Clearance Area

Section 289 of the Housing Act 1985 (as amended).

A Clearance Area can be declared on a single or group of properties as a result of Category 1 hazards and can be served due to the poor arrangement of the street or area to be cleared. The council is required to consult on the declaration of a clearance area and publish its intentions.

## 8.3 Drainage

Building Act 1984

The council has the power to deal with defects in buildings that amount to require major repairs to drainage systems.

## 8.4 Enforced Sale

The council has the power to force the sale of a property where it seeks to recover unpaid debts incurred by the council in undertaking essential repair works in default.

Local authorities have the statutory power to force the sale of a property through the Law of Property Act 1925 s103. Where local authorities have carried out work in default under some of the above legislation and are unable to recover the debt, it is possible under this legislation to register a charge on the property. This recharge can then be recovered by way of an enforced sale.

## 8.5 Rent Repayment Order

The council may apply to the First Tier Tribunal for a Rent Repayment Order (RRO) where a landlord has committed a relevant offence (as set out in Section 40 Housing and Planning Act 2016) requiring the Landlord under a tenancy to repay a specified amount of rent paid by a tenant or a relevant award of universal credit to any person in respect of rent under the tenancy.

An application for a RRO may be in addition to other formal action, such as prosecution proceedings or the imposition of a Civil Penalty. The council will offer advice and guidance to assist Tenants to apply for a Rent Repayment Order in cases where the tenant paid the rent themselves.

### 8.5.1 Relevant offence

- Failure to obtain a property licence for a House in Multiple Occupation
- (section 72(1) of the Housing Act 2004)
- Failure to obtain a property licence for a house in a designated Selective Licensing area (section 95(1) of the Housing Act 2004)
- Failure to comply with an Improvement Notice (section 30 of the Housing Act 2004)
- Failure to comply with a Prohibition Order (section 32 of the Housing Act 2004)
- Breach of a banning order made under section 21 of the Housing and Planning Act 2016
- Using violence to secure entry to a property (section 6 of the Criminal Law Act 1977)
- Illegal eviction or harassment of occupiers of a property (section 1 of the Protection from Eviction Act 1977)



## 8.6 Banning Orders

For serious offenders, where a landlord has committed one or more offences specified in The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018, the council may apply to the First Tier Tribunal for a banning order that bans a landlord from:

- Letting housing in England;
- Engaging in English letting agency work;
- Engaging in English property management work; or
- Doing two or more of those things.

A banning order, if granted, must be for a minimum period of 12 months. There is no statutory maximum period for a banning order.

The council will generally pursue a banning order for the most serious offenders. It will take into account the seriousness of the offence(s), whether the landlord has committed other banning order offences (or received any civil penalty in relation to a banning order offence) and any history of failing to comply with their obligations or legal responsibilities. It will also take into account other relevant factors, including:

- The harm, or potential harm, caused to the tenant
- The need to punish the offender
- The need to deter the offender from repeating the offence
- The need to deter others from committing similar offences

## 8.7 Electrical Safety Standards

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020<sup>iv</sup> require that landlords ensure the electrical installations in private rented sector properties are safe for continued use and carry out periodic testing to evidence this.

The Regulations apply to all new relevant tenancies from 1st July 2020, and all existing tenancies from 1st April 2021, and require that landlords carry out electrical testing no more than every five years and provide copies to tenants and to the Council on request.

Where the Council believes that a landlord has breached their duties under the Regulations, they may do one, or a combination of, the following:

- Serve a remedial notice on the landlord, requiring them to take action in respect of the breach;
- Carry out urgent remedial action where a report indicates it is required;
- Carry out remedial action where a landlord is in breach of a remedial notice;
- Issue a financial penalty of up to £30,000 in respect of a breach of the Regulations.

The Harborough District Council Civil Penalties Policy will be used to inform the decisions that the Council will make in regard to determining whether to issue a financial penalty and what level of penalty would be appropriate.

#### 8.8 Protection from unlawful eviction and harassment

The council has the power to take criminal proceedings for offences of illegal eviction and/or harassment. If the evidence justifies it, officers may carry out investigations and the council may consider prosecution if it believes an offence has been committed.

Where the harassment takes the form of the landlord/agent not undertaking necessary repairs, and the property is in poor condition, the council also has powers under the Housing Act 2004 (as amended by the Deregulation Act 2015), through the Housing Health and Safety Ratings System (HHSRS), to take enforcement action to secure improvements to the condition of the property.

#### 8.9 Community Protection Notice

Authorised officers have the power to issue a Community Protection Notice (CPN) under the 43(5) of the Anti-social Behaviour, Crime and Policing Act 2014 to combat anti-social behaviour. Before a CPN is issued the subject will be given a written warning. CPNs can be used to tackle a landlord's behaviour where this is having a detrimental effect on the quality of life of those in the locality.

#### 8.10 Work in default

The Housing Act 2004 and other legal powers outlined in this policy make provision for the council to carry out works to a property where the person responsible has failed to comply with a formal notice. Any action taken would be in accordance with legislative requirements and may be taken either with or without the consent of the responsible person. The council will aim to recover all costs incurred by completing work in default, the sum recoverable becomes a local land charge on the premises concerned.

#### 8.11 Notice of Entry

Officers will give the required written notice under the appropriate power of entry and will clearly state which power of entry is being used and why.

Where the council is unable to gain access using a Notice of Entry or where prior warning is likely to defeat the purpose of the entry the council may apply to the Magistrates Court for a warrant to enter.

If a warrant is authorised entry can be secured by force, if necessary, in association with the Police. Officers will, upon request, produce their identification and written authorisation for inspection.

#### 8.12 Civil Penalties

The council may serve notices imposing Civil Penalties, as an alternative to prosecution under the Housing Act 2004 and Housing and Planning Act 2016, of up to a maximum of £30,000 in respect of the following offences:

- Section 30 – Failure to comply with an Improvement Notice
- Section 72 – Offences in relation to licensing of Houses in Multiple Occupation (HMO)
- Section 95 – Offences in relation to licensing of houses under Part 3 (Inc. Selective Licensing)
- Section 139 – Offences of contravention of an overcrowding notice
- Section 234 – Failure to comply with management regulations in respect of HMO
- Breach of a banning order (section 21 of the Housing and Planning Act 2016)
- Breach of any of the landlord duties prescribed under regulation 3 of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020.

- A further breach of the Tenant Fees Act 2019 that occurs within five years of the imposition of a financial penalty or conviction for a previous breach (A civil penalty of up to £5000 may be imposed in respect of an initial breach of the Tenants Fees Act 2019)

#### 8.13 Simple caution

Simple Cautions may be considered as an alternative to taking a prosecution.

When considering a simple caution, the council will take account of guidance and its General enforcement Policy.

#### 8.14 Prosecution

The council may prosecute where there is a summary offence, a serious or recurrent breach or endangerment, to a serious degree, the health, safety or well-being of people, or where there is a failure to comply with a statutory notice. The officer must investigate the offence, this may involve interviewing relevant people under caution, following the relevant parts of the Police and Criminal Evidence Act 1984<sup>v</sup>.

When considering prosecution, the council will follow the Code for Crown Prosecutors<sup>vi</sup> and its General Enforcement Policy.

In prosecution cases where the defendant is found guilty in a magistrates' court, in addition to any fine imposed the council will seek to recover the costs incurred in bringing a prosecution case, including administrative costs for file preparation, attendance at court and associated legal services.

#### 8.15 Proceeds of crime

The Proceeds of Crime Act 2002 affords the council, where there is non-compliance by a landlord or owner to any legislative requirements in the private rented sector and who is in receipt of substantial financial gain, to consider taking action to confiscate or recover monies gained through illegal activities. The Environment Team will consider using this legislation where appropriate.

#### 8.16 Local land Charge

Certain notices, orders and charges made under the Housing Act 2004 are required to be registered as a local land charge against the property to which it relates until the Notice is either withdrawn or complied with. The Environment Team will use this legislation where appropriate.

#### 8.17 Recovery of costs

The council will aim to recover all the costs and expenses it incurs by carrying out its statutory function. The costs incurred will include the cost by hour of labour, parts and officer time. Action taken by the council to recover costs and expenses will be in accordance with the legislative provisions of the relevant Acts.

The council reserves the right not to invoice or to waive a charge for enforcement action in exceptional circumstances with each case being considered on its own merits.

All charges, where applicable, are set out in the Harborough District Council Fees and Charges Schedule.

## 9 The Licensing of Houses in Multiple Occupation

The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006.

The Licensing and Management of Houses in Multiple Occupation (Additional Provisions) (England) Regulations 2007

Mandatory requirements for licensing apply only to houses (or flats) that are in multiple occupation (HMO). Under current legislation, a property owner or agent must apply to the council for a licence for each residential property having:

- Five or more occupiers living in two or more households
- Two or more households sharing amenities (either a kitchen, living room or bathroom/toilet facilities)

This enforcement policy will also apply to any properties which become HMO properties as result of any future legislative changes.

Councils have discretionary powers to introduce licensing for other residential accommodation through Additional or Selective Licensing schemes.

Additional Licensing can be used for an HMO that is not subject to mandatory licensing.

### 9.1 Partnership working

We will consult with Leicestershire Fire and Rescue when assessing fire safety in any HMO.

### 9.2 Overcrowding

Officers will investigate complaints about overcrowded conditions from:

- Private rented sector tenants complaining about their own property;
- Other parties concerned about children or vulnerable adults;
- Other parties where there are significant conditions that are legitimately impacting on a neighbour's health, safety or welfare;
- In certain circumstances, advice may be given to the occupiers that their health and safety is at risk from the overcrowded conditions, but no enforcement action will be taken against the property owner;
- Where enforcement action is taken that requires tenants to move out of a property, this service will liaise with the council's Housing Options Team, who will be able to give advice;
- Harassment, Illegal Eviction and Retaliatory Eviction

The effect of an overcrowding notice is that the person served must comply with the terms of the notice and if they fail to do so they commit an offence for which the council may consider prosecution. An overcrowding notice may either prohibit new residents or limit the number of people sleeping in the HMO, or both of these requirements on the same notice. Overcrowding in Non-HMOs is classed as a hazard and may be dealt with by using the Housing Health & Safety Rating System and Housing Act 2004 Notices as detailed above.

### 9.3 Management Orders

Schedule 3 of the Housing and Planning Act 2016 amends the Housing Act 2004 to allow interim and final management orders to be made in cases where a banning order has been made.

#### 9.3.1 Management Regulations

Management Regulations made under the Housing Act 2004 impose duties on property owners and managers of all HMOs (whether or not subject to licensing). There are no notice serving powers under the Management Regulations, but the council can prosecute for breach of the regulations.

#### 9.3.2 Interim and final management order

The council is under a duty to make Interim and Final Management Orders where necessary. The council team will instigate this action where necessary but as a last resort. All practical steps will be taken to assist the owner of the property to satisfy the licensing requirements.

An interim management order is made for the purpose of securing any action that the council considers necessary, to protect the health, safety and welfare of the occupants.

The council has a duty to make an interim management order in respect of a property where there is no reasonable prospect of it being licensed in the near future or it is necessary to protect the health, safety and welfare of the occupants.

An order can also be served in circumstances that the council thinks are appropriate with a view to ensuring the proper management of the house pending the licence being granted.

Where a licence has been revoked for any reason and the property remains a licensable property an interim management order must be made if there is no reasonable prospect of the property regaining its licence.

Once an interim management order has been served the council must take over the management of the property for up to 12 months. This includes carrying out any remedial works necessary to deal with the immediate risks to health and safety.

If there is still no prospect of a licence being granted after 12 months then a final management order must be made which may be in force for up to 5 years. If after 5 years there is no prospect of the property being licensed a further management order must be made.

Management orders can be varied or revoked at any time as a result of a request from the owner or on the initiative of the council.

## 10 Review

This policy will be reviewed every 3-5 years or sooner if there are change in structure, titles and responsibilities.

## 11 Covid-19 (Coronavirus) and other outbreaks

Officers will aim to maintain effective enforcement of standards in private rented properties by way of routine inspections and enforcement action. Inspections and enforcement action take place with due regard to statutory and non-statutory guidance,

any current public health guidance and in consideration of any related local health and safety policies and procedures.

## 12 Links with other policies

This policy has been considered alongside the following policies:

- The General Enforcement Policy
- The Civil Penalties Policy
- Other Housing related Financial Penalties Policies
- Empty Property Strategy
- Private Sector Renewal Strategy
- Regulatory Reform Policy

CONFIDENTIAL / DRAFT

## **Appendix A – Key Legislation**

Housing Enforcement issues can sometimes be resolved through the use of other, more appropriate legislation, regulations, orders or guidance. The council will consider the use of, but is not limited to, the following relevant legislation to meet the aims of this Policy.

- The Housing Act 2004
- Prevention of Damage by Pests Act 1949
- Local Government Miscellaneous Provisions Act 1982
- Building Act 1984
- Caravan Sites and Control of Development Act 1960 and Caravan Sites Act 1968
- Environmental Protection Act 1990
- Housing Act 1985
- Law of Property Act 1925
- Local Government (Miscellaneous Provisions) Act 1976
- Local Government (Miscellaneous Provisions) Act 1982
- Prevention of Damage by Pests Act 1949
- Public Health Act 1936
- Town and Country Planning Act 1990
- Energy Act 2011; 2013
- Police and Criminal Evidence Act 1984
- Regulatory of Investigatory Powers Act 2000
- Enterprise and Regulatory Reform Act 2013
- Mobile Homes Act 1983; 2013

---

<sup>i</sup> [Legislative and Regulatory Reform Act 2006](#)

<sup>ii</sup> [Regulators Code](#)

<sup>iii</sup> [Housing Act 2004 - Part 1](#)

<sup>iv</sup> [Electrical safety standards in the private rented sector: guidance for landlords, tenants and local authorities](#)

<sup>v</sup> [Police and Criminal Evidence Act 1984](#)

<sup>vi</sup> [The Code for Crown Prosecutors](#)







Harborough District Council  
Civil Penalty Policy

CONFIDENTIAL/DRAFT

## **1. Introduction**

## **2. What is a Civil Penalty?**

2.1 Offences covered by Civil penalties

2.2 Burden of proof

2.3 Considerations made prior to issuing a Civil Penalty

## **3. Determining the level of Civil Penalties**

3.1 Considerations made

3.2 Civil Penalty Calculator

3.3 Recording the decision

## **4. Imposing a Civil Penalty**

4.1 Notice of Intent

4.2 Representations

4.3 Final Notice

4.4 Right of appeal

## **5. Discount for paying civil penalty within specified period**

## **6. Recovering an unpaid Civil Penalty**

## **7. Income from Civil Penalties**

## **8. Enforcement or other consequences**

## **9. Further guidance**

## **Appendix 1 Work Flow**

## **1. Introduction**

Harborough District Council ("the council") is committed to improving the standards of homes within the private rented sector, ensuring that all accommodation is safe, well managed, adequately maintained and compliant with regulations and requirements.

The council acknowledges that most landlords and letting agents operate their businesses in a professional and legal manner. However, it is also recognised there are some landlords and letting agents within the private rented sector that poorly manage and fail to maintain their properties to a safe standard and in some cases knowingly and wilfully disregard the law.

This policy set out below is supplementary to the Private Sector Housing Enforcement Policy and applies to both individuals and businesses.

This document follows the DCLG guidance in using the term "civil penalty", but the terms "civil penalty" and "financial penalty" are interchangeable.

## **2. What is a Civil Penalty?**

Section 126 and Schedule 9 of the Housing and Planning Act 2016 introduces a number of amendments to the Housing Act 2004. The Housing and Planning Act 2016 provides powers that allow the council to impose a financial penalty as an alternative to prosecution for specific offences under the Housing Act 2004.

A civil penalty is a financial penalty that may be imposed in instances where there are breaches of legislation and is a criminal act. Therefore, before imposing a civil penalty the council must be satisfied 'beyond all reasonable doubt' that a persons' conduct amounts to the relevant housing offence as defined by section 249A(2).

The exception to this is the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 as this is not considered as a criminal offence, however a financial penalty may still be served. To impose a civil penalty the council must still be satisfied beyond reasonable doubt that the landlord has breached a duty under regulation 3.

The maximum fine that can be imposed is £30,000 per offence. The Civil Penalties under the Housing and Planning Act 2016: Guidance for Local Authorities' stipulates that the maximum penalty is for the worst offenders.

## 2.1 Offences Covered under the Civil Penalties

A civil penalty can be imposed on a landlord or letting agent or both. The power to impose a civil penalty as an alternative to prosecution for certain specified housing offences is stated in section 126 and Schedule 9 of the Housing and Planning Act 2016. The civil penalties are intended to be issued against landlords or letting agents that are in breach of one or more of the sections of the Housing Act 2004 and the Housing and Planning Act 2016 as detailed below:

- Section 30 – Failure to comply with an Improvement Notice<sup>1</sup>
- Section 72 – Offences in relation to licensing of Houses in Multiple Occupation (HMO)<sup>2</sup>
- Section 95 – Offences in relation to licensing of houses under Part 3 (Inc. Selective Licensing)<sup>3</sup>
- Section 139 – Offences of contravention of an overcrowding notice<sup>4</sup>
- Section 234 – Failure to comply with management regulations in respect of HMO<sup>5</sup>
- Breach of a banning order (section 21 of the Housing and Planning Act 2016)<sup>6</sup>
- Breach of any of the landlord duties prescribed under regulation 3 of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020.<sup>7</sup>

Civil penalties can be imposed under regulation 11 of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 (the Electrical Regulations) where the authority is satisfied beyond reasonable doubt that a landlord has breached a duty under regulation 3.

<sup>1</sup> <https://www.legislation.gov.uk/ukpga/2004/34/section/30>

<sup>2</sup> <https://www.legislation.gov.uk/ukpga/2004/34/section/72>

<sup>3</sup> <https://www.legislation.gov.uk/ukpga/2004/34/section/95>

<sup>4</sup> <https://www.legislation.gov.uk/ukpga/2004/34/section/139>

<sup>5</sup> <https://www.legislation.gov.uk/ukpga/2004/34/section/234/2005-06-06>

<sup>6</sup> <https://www.legislation.gov.uk/ukdsi/2017/9780111162224>

<sup>7</sup> <https://www.legislation.gov.uk/uksi/2020/312/contents/made>

The breach of a Prohibition Order under section 30 of the Housing Act 2004 is not one of the specified offences. Where appropriate, the council will be able to seek a rent repayment order in addition to prosecuting the landlord for the offence.

Sometimes minor offences and those that are less serious may be better addressed using a civil penalty. A prosecution can easily be lost on technicalities or error in court. Court time is relatively limited, and the public interest test is applied before a prosecution is decided to be taken. The most appropriate course of action will be considered on a case-by case basis. This is in line with the councils Housing Enforcement Policy.

In circumstances where both a landlord and letting/managing agent have committed the same offence, a civil penalty can be imposed on both as an alternative to prosecution.

## **2.2. Burden of proof.**

The same criminal standard of proof is required to serve a civil penalty as to bring a criminal prosecution. The council must therefore be satisfied that, before a civil penalty can be imposed, it can demonstrate it is satisfied 'beyond all reasonable doubt' that criminal offence(s) have been committed by either a landlord or letting / managing agent, and if the matter were to be prosecuted in the Magistrates Court, there would be a realistic prospect of conviction

In determining whether there is sufficient evidence to secure a conviction, the council will have regard to its own Enforcement Policies and the Crown Prosecution Service Code for Crown Prosecutors. The council must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each offender on each charge. The Code Crown Prosecutors has two stages, the evidential stage and the public interest stage and both will be considered during the council's decision for the most appropriate course of action when considering a financial penalty being issued.

## **2.3 Considerations prior to a Civil Penalty being issued.**

The council must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against the landlord and that the public interest will be properly served by imposing a civil penalty. The following questions should be considered:

- Does the council have sufficient evidence to prove beyond reasonable doubt that the offence was committed by the landlord in question?

- Is the public interest properly served by imposing a Civil Penalty on the landlord in respect of the offence?
- Has the evidence been reviewed by the appropriate senior colleague at the Council?
- Has the evidence been reviewed by the Council's legal services?
- Are there any reasons why a prosecution may be more appropriate than a civil penalty? I.e., the offence is particularly serious and the landlord has committed similar offences in the past and/or a banning order should be considered.
- The council will consider its own Housing Enforcement Policy when determining whether it is appropriate to serve a civil penalty an alternative option for prosecuting for the relevant offence.
- The council cannot consider both a prosecution and issue a civil penalty for the same offence. The council can consider a civil penalty following the serving of a Housing Act notice if there is non-compliance.

### **3. Determining Level of Civil Penalty**

When determining the level of the civil penalty the severity and harm of the offence must be considered as stated in Section 63 Sentencing Act 2020: "in considering the seriousness of any offence the court must consider the offender's culpability in committing the offence and any harm which the offence caused, was intended to cause or might foreseeably cause". <sup>8</sup> Harm includes actual harm caused as well as risk of harm.

The Government has laid out statutory guidance as to the process and the criteria that need to be considered when determining Civil Penalties.

<sup>8</sup> <https://www.legislation.gov.uk/ukpga/2020/17/contents>

#### **3.1 Considerations**

**a) Severity of the offence.** The more serious the offence, the higher the penalty should be.

**b) Culpability and track record of the offender.** A higher penalty will be appropriate where the offender has a history of failing to comply with their obligations and/or their

actions were deliberate and/or they knew, or ought to have known, that they were in breach of their legal responsibilities. Landlords are running a business and should be expected to be aware of their legal obligations.

**c) The harm caused to the tenant.** This is a very important factor when determining the level of penalty. The greater the harm or the potential for harm (this may be as perceived by the tenant), the higher the amount should be when imposing a civil penalty.

**d) Punishment of the offender.** A civil penalty should not be regarded as an easy or lesser option compared to prosecution. While the penalty should be proportionate and reflect both the severity of the offence and whether there is a pattern of previous offending, it is important that it is set at a high enough level to help ensure that it has a real economic impact on the offender and demonstrate the consequences of not complying with their responsibilities.

**e) Deter the offender from repeating the offence.** The primary aim is to prevent any further offending and help ensure that the landlord fully complies with all of their legal responsibilities in future. The level of the penalty should therefore be set at a high enough level such that it is likely to deter the offender from repeating the offence.

**f) Deter others from committing similar offences.** While the fact that someone has received a civil penalty will not be in the public domain, it is possible that other landlords in the local area will become aware through informal channels when someone has received a civil penalty. An important part of deterrence is the realisation that (a) the local housing authority is proactive in levying civil penalties where the need to do so exists and (b) that the civil penalty will be set at a high enough level to both punish the offender and deter repeat offending.

**g) Remove any financial benefit the offender may have obtained as a result of committing the offence.** The guiding principle of civil penalties is that they should remove any financial benefit to ensure that the offender does not benefit as a result of committing an offence, i.e. it should not be cheaper to offend than to ensure a property is well maintained and properly managed<sup>8</sup>

### 3.2 Civil Penalty Calculator

#### Matrices

Table 1 details the overall calculation process. Each of the 3 columns are totalled to give the cumulative total in Column 4 which is applied.

**Table 1: Civil Penalty level for relevant offences**

Column 1 + Column 2 + Column 3 = Column 4

1	2	3		4
Offence specific penalties	Further penalties (if any)	Table 3 impact matrix score A	Level of penalty	Cumulative total
Total for each penalty shown in Table 2, column	Total for each penalty shown in Table 2, columns B and / or C	20 – 30	£500	Level of civil penalty to be applied (maximum £30,000)
		40 – 80	£1,000	
		90 – 120	£2,500	
		130 – 170	£5,000	
		180 – 230	£10,000	
		240	£20,000	

**Step 1/ Column 1** in table 1 involves detailing what “Offence specific penalties” apply. This will involve going through the case in question and comparing the offences the officer is able to demonstrate “beyond all reasonable doubt” to column A of Table 2 (below). For example, an offence of failing to obtain a HMO licence under section 72 of the Housing Act 2004 will automatically get an offence specific penalty of £2,500. If more than one offence has been committed at a property, then they must be added together. So, for example in at HMO the officer notes a series of offences under the HMO management regulations, then each breach of a regulation has an associated offence specific penalty and must be must be aggregated (added together). Where a licensing offence is also an HMO management regulation offence the Licence offence will take primacy.

**Step 2/ Column 2** in table 1, involves looking at column B and C of Table 2 (below).

This step applies where offences have been noted under sections 30, 139, or the Electrical safety standards legislation. For example, if in the improvement notice that has been failed to have complied with, an offence may have occurred under section 30. If the notice relates to three hazards (e.g. Excess cold rated as an A, damp and mould rated as a D and falls between levels rated as B) then an additional £2000 is added under Column B. An additional £1,000 is then added for column C as there are 3 or more “high scoring hazards”, as all hazards were scored E or higher).



**Table 2: Offence specific penalty and other penalties**

Offences		A		B		C	
Housing Act 2004 Offences	Section 30	Non-compliance with improvement notice.	£2,000	There are 2 or more category 1 hazards.	£3,000	Where there are 3 or more high scoring hazards. <sup>1</sup>	£1,000
	Section 72	Failure to obtain a property licence.	£2,500				
		Breach of conditions – The HMO is licenced under this section and there is a breach of licence conditions (penalty per breach).	£1,000				
	Section 139	Non-compliance with an overcrowding notice.	£500	Penalty per additional person. <input type="text"/>	£200		
	Section 234	Failure to comply with management regulations in respect of HMOs (penalty per breach).	£500				
Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 – Regulation 3		Breach of a duty of private landlords in relation to electrical installations (penalty per breach)	£1,000	There is one identified Code 1 defect, or three or more identified 'relevant defects'. <sup>2</sup>	£3,500	There is one or more identified relevant defect(s).	£2,500

<sup>1</sup>A high scoring hazard is defined as a hazard achieving a score rating of E or higher using the HHSRS

<sup>2</sup> A relevant defect for the purpose of this matrix is defined as a defect which would result in an 'Unsatisfactory' grading on an Electrical Installation Condition Report (EICR). Namely, a defect given a C1, C2 or F1 observation code.

**Step 3** involves evaluating the impact and this requires table 3 (below) to be considered and applied.

The officer is required to answer questions 1-5 and score appropriately using the evidence of the case. It is important the officer records these in a narrative or tabulated form including their evidence that they are relying upon. This may be required to be evidenced in next stages.

**Table 3: Impacts scoring matrix**

Answer each of the questions 1 – 5 below and apply the score shown in the column header

Score		0	20	30	40
1	Severity of harm or potential harm caused x 2 (the relevant column score is double)	<b>Low</b> No identified risk Previous/current occupant not in vulnerable category. No impact assessed	<b>Moderate</b> Moderate level risk(s) to relevant persons. Previous/current occupant not in vulnerable category. Low impact assessed	<b>High</b> High level risk(s) to relevant persons. Previous/current occupant in vulnerable category. Occupants affected frequently or by occasional high impact occurrences.	<b>Severe</b> High level of risk(s) to relevant persons. Previous/current occupant in vulnerable category. Multiple individuals at risk. Occupants are severely and/or continually effected.
2	Number of properties owned/managed	1	2 – 3	4 – 7	8+
3	Culpability and Track record	No previous enforcement history. Minimal prior contact. Clear evidence of action not being deliberate	1 or more previous enforcement notice served. Clear evidence of action not being deliberate	1 or more enforcement notice served. Offender ought to have known that their actions were in breach of legal responsibilities	Significant evidence of historical non-compliance Actions were deliberate or offender knew or ought to of known that their actions were in breach of their legal responsibilities
4	Removal of financial incentive	Little or no income received	Low income received	Moderate income received	High income received
5	Deterrence and prevention	High confidence that penalty will deter repeat offence.	Medium confidence that penalty will deter repeat offence.	Low confidence that penalty will deter repeat offence.	No confidence that penalty will deter repeat offence.

Note that the score for row 1 should be multiplied by two (doubled). When each question is completed, and the total aggregated the total is compared to Table 1 column 3 so that an appropriate level of penalty for column 3 is apportioned. A number of worked examples are included at the end of the document.

The assessment of the impacts scoring matrix may make consideration to the following:

**1) Severity of the Offence and Severity of Harm**– the more serious the offence, a higher penalty should be imposed. The greater the harm or the potential for harm, the higher the amount should be when imposing a civil penalty. The severity of harm will also consider whether the property is occupied by a vulnerable individual (as detailed in the HHSRS operating guidance). A vulnerable individual is one who is at greater risk of harm, and therefore the penalty should be greater when vulnerability is an issue. This assessment will consider both harm and potential harm within the property. The level of severity will be determined by whether Category One or Category Two hazards are present.

**2) Number of properties owned/managed** – Consideration here is made towards the number of properties that are owned and/or managed by the offender.

**3) Culpability and track record of the Offender** – Culpability levels will be considered higher if the offender has a large portfolio. Landlords, including property managers and agents are running a business and are expected to be aware of their legal obligations. A higher penalty will be appropriate where there is a history of failing to comply with obligations and that they were in breach of their legal responsibilities.

An assessment of culpability and track record includes any past enforcement action taken by the council. This assessment can include, but is not limited to, the history held of the landlord or letting agent, the number of Housing Act 2004 Notices served, previous Civil Penalties served, simple cautions issued, whether works in default have been undertaken by the council as a result of relevant notices being breached, subject to either an Interim or Final Management Order, registration on either the Rogue Landlord Database or Banning Order.

**4) Removal of Financial Incentive**

The principle is to ensure that the offender does not benefit due to committing an offence. The council will consider the financial advantage because of the offence, including but not limited to, rental income gained, financial benefit from not undertaking remedial works contained within an enforcement notice, and/or financial benefit in failing to obtain a property licence when required to do so.

#### **5) Deterrence and Prevention:**

A civil penalty should not be regarded as an easy or lesser option compared to prosecution. While the penalty should be proportionate and reflect both the severity of the offence and whether there is a pattern of previous offending, it is important that it is set at a high enough level to help ensure that it has a real economic impact on the offender and demonstrate the consequences of not complying with their responsibilities. The ultimate goal is to prevent any further offending and help ensure that the landlord fully complies with all their legal responsibilities in future. The level of the penalty should therefore be set at a high enough level such that it is likely to deter the offender from repeating the offence.

While the fact that someone has received a civil penalty will not be in the public domain, it is possible that other landlords in the local area will become aware through informal channels when someone has received a civil penalty.

**3.3 Recording the decision:** The officer making the decision shall be accountable to outline the rationale for imposing the penalty, giving reasons for coming to the amount of financial penalty which is to be imposed.

#### **4. The Procedure for Imposing the Civil Penalty**

The Housing and Planning Act 2016 lays out the process in which council must undertake when imposing a civil penalty.

##### **4.1 Notice of Intent - Housing Act 2004 Schedule 13 A, paragraph 1**

The council will firstly serve a Notice of Intent on the person suspected of committing the offence. This notice must be served within 6 months of the last day the council has evidence of the offence occurring. The Notice will specify:

- The amount of any proposed financial penalty
- The reasons for proposing the financial penalty

- Information about the right to make representation to the Council.

#### **4.2 Written Representations following Notice of Intent.**

Any person in receipt of the Notice of Intent has the right to make representations in writing to the council within 28 days of the date in which the notice was given. The representations will be reviewed by the Regulatory Services Manager.

Written responses will be provided by the council detailing the decision once the case has been reviewed and consideration to the representations made.

#### **4.3 Final Notice - Housing Act 2004 Schedule 13 A, paragraph 6**

After the Appeal period if the council still consider the issue of a Civil Penalty is correct a Final Notice will be served. This Notice will include the following information:

- the amount of the financial penalty;
- the reasons for imposing the penalty;
- information about how to pay the penalty;
- the period for payment of the penalty (28 days);
- information about rights of appeal to the First Tier Tribunal;
- the consequences of failure to comply with the notice.

The local housing authority may at any time: withdraw a notice of intent or final notice; or reduce the amount specified in a notice of intent or final notice.

The period of payment for the civil penalty must be 28 days beginning with the day after that on which the notice was served, unless appealed.

At any time, the council may either withdraw the notice or intent or final notice. The council may reduce the amount specified in the notice of intent or final notice at any time. This will be by a written notice to the person on whom the notice was served. The council may decide to withdraw the civil penalty; however it reserves its right to pursue a prosecution for the original offence where appropriate to do so.

The council will take into account a reduction of the level of penalty for an admission of guilt.

#### **4.4 Right of Appeal**

The person served with the Final notice has the right to appeal to the First Tier Tribunal against: The decision to impose a penalty; or the amount of the penalty. The appeal must be made within 28 days of the date the final notice was issued. If a person appeals, the final notice is suspended until the appeal is determined or withdrawn.

#### **5. Discount for paying civil penalty within specified period.**

To encourage the prompt payment of civil penalties, the council will offer a discount of 1/3 reduction in line with the sentencing guidelines to landlords and agents who pay the civil penalty in full within 28 days of the Final Notice being issued. Both amounts will be included in the Final Notice.

#### **6. Recovering an unpaid Civil Penalty**

It is the policy of the council to consider all legal options available for the collection of unpaid civil penalties and to the council will commence proceedings to recover the debts owed. The council will endeavour to recover these debts through the County Court, usually in form of a Court Order. Some of the Orders available to the council through the County Court are as follows:

- A Warrant of Control for amounts up to £5000;
- A Charging Order,
- A Third Party Debt Order;
- and; Bankruptcy or insolvency.

In the first instance, a Certificate, signed by the Council's Chief Finance Officer which states the outstanding amount has not been received by the date of the Certificate. This will be accepted by the Courts as conclusive evidence of the outstanding payment due to the council.

When considering which properties to apply for a Charging Order against, the council can consider all properties owned by the landlord and not just the property to which the offence relates. After obtaining a Charging Order the council may consider applying for an Order for Sale against the property or asset in question.

Where a civil penalty is appealed and the Property Tribunal confirms or varies the penalty, this decision will be automatically registered on the Register of Judgments, Orders and Fines when it is accepted by the County Court. This may affect the landlords ability to obtain financial credit due to the Register of Judgment Order made against the individual.

The recovery of the debt may be undertaken by third party Enforcement Agents (Bailiffs) and this may lead to additional fees being applied to the outstanding amount.

## **7. Income from Civil Penalties**

Income received from a civil penalty is retained by the council provided that it is used to statutory functions in relation to its private rented sector enforcement activities as specified in the Statutory Instrument 367 (2017)<sup>9</sup>. There is no time limit imposed by the Housing and Planning Act 2016 for the council to use the income gained from a civil penalty.

## **8. Enforcement or other consequences.**

Where a civil penalty has been imposed on a landlord or agent, this will form part of the council's consideration when it reviews the HMO licence applications relating to properties in which that person has had some involvement.

Although the imposition of a civil penalty will not automatically prevent the council from granting a licence where such persons are involved, the reasons for imposing the penalty and the extent of the person's involvement in the property will be considered when deciding whether or not to grant an HMO licence. Where a landlord has two civil penalties imposed on them within a period of 12 months and each relates to a Banning Order offence for the purposes of the Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018, the council will seek to register the landlord's details on the Database of Rogue Landlords and Property Agents.

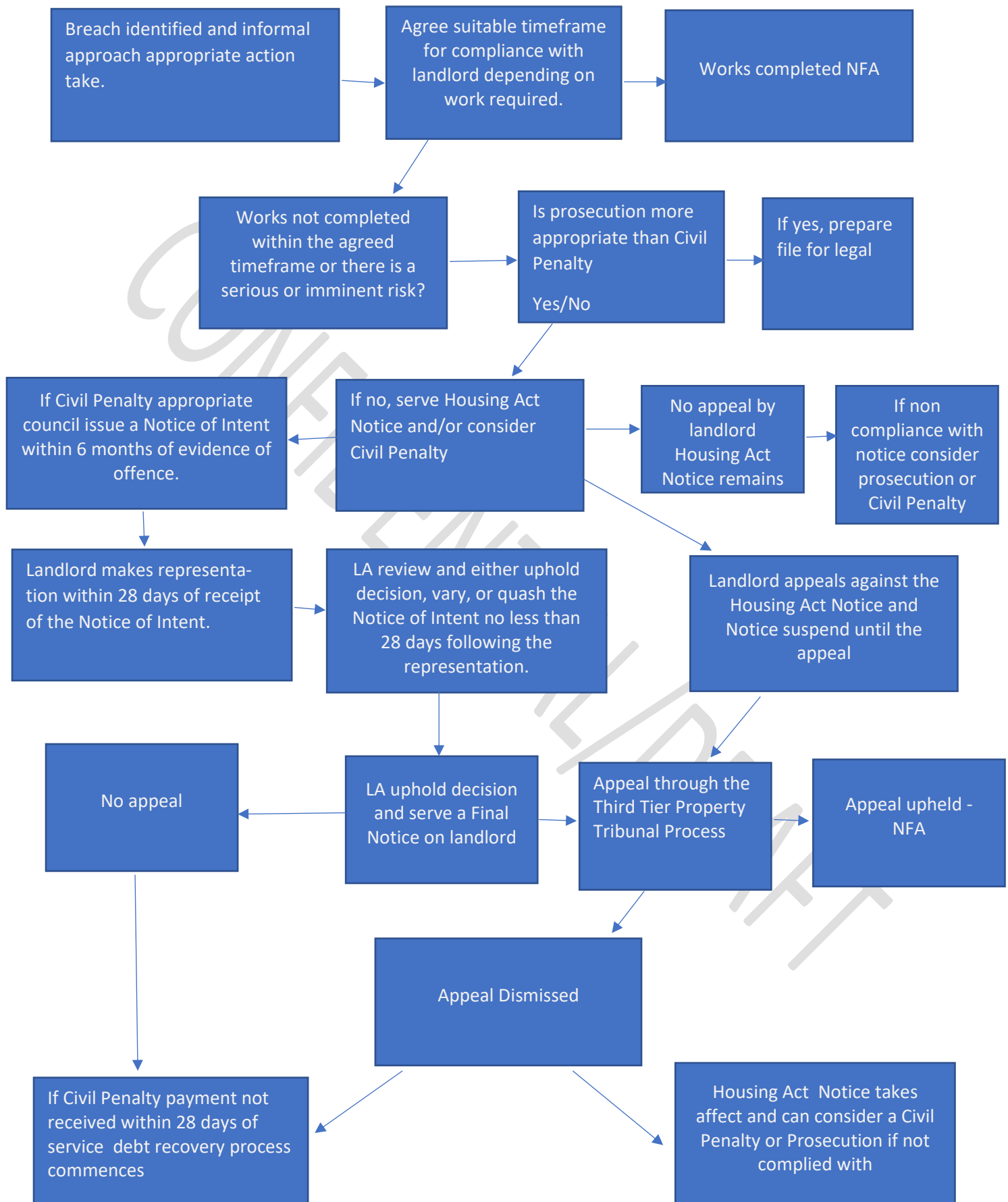
## **9. Further guidance**

The 'Civil Penalties under the Housing and Planning Act 2016: Guidance for Local Authorities' is statutory guidance which Local Housing Authorities must have regard to and has been reviewed as part of developing the Civil Penalty Policy. The Policy

has also been developed with specific regard to the Housing Act 2004, Housing and Planning Act 2016 and Harborough District councils Housing Enforcement Policy.

CONFIDENTIAL/DRAFT

## Appendix A Process Flow







The Energy Efficiency (Private Rented  
Property)  
(England and Wales) Regulations 2015  
MEES Enforcement Policy

# MEES Enforcement Policy

## Contents

	Page No.
1. Background Legal Context	3
2. Introduction	3
3. Objectives of the MEES Regs	4
4. Landlords' Legal Duties	4
5. Exemptions and the PRS Exemption Register	4
6. Government Guidance	5
7. Compliance Notice	6
8. Financial and Publication Penalties	6
9. MEES- Financial Penalty Policy	7
10. Houses in Multiple Occupation	8
11. Publication Penalties	8
12. The council's Publication Penalty Policy	8
13. Penalty Notice Scope	8
14. Landlords' Right re Penalty Notice	9
15. Appealing a Decision Notice	9
16. Unpaid Financial Penalties – Implications	10
17. Unpaid Financial Penalties – Enforcement	10
18. Multiple Breaches	10
19. Further Help & Advice	10
Appendix A Process Flow	

## **1. Background Legal Context**

The Domestic Minimum Energy Efficiency Standard (MEES) Regulations ('MEES Regs') provide a minimum energy efficiency standard ('MEES') for domestic private rented properties.

Where a property falls below the MEES Energy performance indicator rating of Band E, a landlord is legally obligated to make energy efficiency improvements which to raise the EPC to at least a Band E before they let the property as a rented dwelling.

The MEES Regulations apply to all domestic private-rented properties which are let on specific types of tenancy agreements and which are legally required to have an Energy Performance Certificate ('EPC').

Part 1 of the MEES Regulations allows a tenant to request permission from a landlord to make energy efficiency improvements to a private rented property.

Under Part 3 of the MEES Regulations, where private rented property's EPC is below the minimum level of energy efficiency, it is illegal for the landlord to:

- grant a new tenancy of a property (including an extension or renewal) after 1 April 2018;
- continue to let the property (on an existing tenancy) after 1 April 2020.

Since 1 April 2019, landlords of domestic properties with an EPC rating below E must carry out up to £3,500 worth of works to improve energy efficiency if they cannot obtain third-party funding to meet the costs (the £3,500 figure includes VAT).

The £3,500 cap is an upper ceiling and not a target nor a spending requirement; landlords may, if they wish to, spend more than £3,500 on energy efficiency improvement to their let property.

If a landlord can improve their property to Band E (or higher) for less than £3,500 then they will have met their obligation.

## **2. Introduction**

Under most circumstances, a private sector tenant must, by law, be provided with an appropriate EPC certificate by a landlord. However, in some cases, statutory exemptions exist for certain types of properties whereby EPC legal provisions are not applicable.

Under Regulation 34, Harborough District Council ('the council') is under a statutory duty enforce the regulations in respect of domestic private rented properties and may serve compliance notices on any landlord who is currently in breach of Regulation 23 and any landlord who (at any time within the 12 months before the date of service of the compliance notice) has previously been in breach of Regulation 23.

Giving at least 1 month, a compliance notice enables the council to monitor compliance by requesting relevant information which can include either clear copies of or, alternatively, originals of:

- the EPC that was valid for the time when the property was let;
- any other EPC for the property in the landlord's possession;

- the current tenancy agreement used for letting the property;
- any Green Deal Advice Report in relation to the property;
- any other relevant document that the enforcement authority requires for the purpose of discharging its duties.

The compliance notice may also require a landlord to register copies of the requested information on the PRS Exemptions Register.

The compliance notice will specify name and address details of the person to whom the landlord must send the requested information as well as the date by which the requested information must be supplied.

### **3. Objectives of the MEES Regs**

The MEES Regs were created for myriad reason which include:

- helping clinically vulnerable private rented tenants who are in most need of thermally efficient home environments
- tackling fuel poverty
- improving the energy efficiency of buildings
- helping tenants to reduce their energy bills

The regulations are also part of the Government's wider approach to reducing the UK greenhouse gas emissions and tackling climate change.

### **4. Landlords' Legal Duties**

Under the MEES Regs, private landlords are legally required to take one of the actions listed below:

- They must ensure that their rented are, at the very least, EPC Band E
- Register a valid exemption on the PRS Exemption Register.

### **5. Exemptions and the PRS Exemption Register**

There are a number of exemptions set out in the guidance and legislation which are available to a private landlord which must be listed on the national Private Rented Sector (PRS) Exemptions Register.

The PRS Exemptions Register is an online platform which allows a landlord (or an agent acting on their behalf) to register valid exemptions from the minimum energy efficiency requirements. All registered exemptions are valid for a period of five years unless otherwise stated. It is unlawful to put false or misleading information on the register. Supporting evidence will need to be submitted when registering a valid exemption.

A private landlord may register a valid exemption in the following situations:

- a. Cavity, external or internal wall-insulation has been recommended to help improve energy efficiency, but a recognised surveyor is of the expert written-opinion that such measures could potentially have a negative impact on the fabric or structure of the property (Reg 24(2))
- b. All relevant energy efficiency improvements have been made, within the cost-cap of £3,500 (this figure includes VAT) but the property still remains sub-standard (Reg 25)
- c. there are no relevant energy efficiency improvements possible at the property

- d. The cost recommended for improvements exceeds the £3,500 cost-cap. (This figure of £3,500 includes VAT)
- e. A third party (such as a tenant, superior landlord, mortgage provider, freeholder, or planning authority) refuses to consent to the relevant energy efficiency improvements. However, the landlord must be able to demonstrate that they have made all reasonable efforts to obtain the consent before registering an exemption (Reg 31(1A))
- f. A surveyor or a qualified expert can confirm, in writing, that the recommended improvements would decrease the value of the property by more than 5%, a private landlord may register a valid exemption. (Reg 32)
- g. A person may, on becoming a private landlord in limited circumstances, register a valid (temporary) exemption under the circumstances specified under Regulation 33(1) which are:
  - The grant of a lease due to a contractual obligation.
  - Where a tenant becomes insolvent, and the landlord has been the tenant's guarantor.
  - The landlord having been a guarantor, or a former tenant has exercised the right to obtain an overriding lease of a property under section 19 of the Landlord and Tenant (Covenants) Act 1995.
  - A new lease has been deemed created by operation of law.
  - A new lease has been granted under Part 2 of the Landlord and Tenant Act 1954.
  - A new lease has been granted by a court order, other than under Part 2 of the Landlord and Tenant Act 1954.
- h. When a person becomes a private landlord on purchasing a property, and on the date of purchase it was let to an existing tenant, a valid exemption may be registered under Regulation 33(3)
- i. Temporary exemptions registered under Regulation 33 are valid for a maximum period of 6 months from the date the person became the private landlord of the property

All exemptions must be registered on the PRS Exemptions Register. The register can be found online here: <https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before>

If a let property is sold, any exemption registered on the PRS Exemptions Register by the previous owner is not transferable to the new owner.

The new owner will be required to improve the property or register their own valid exemption.

## **6. Government guidance**

The council will have regard to any guidance issued by BEIS when exercising its functions under the regulations.

This policy takes effect from **date** TBC and will apply to all the relevant breaches of regulations which occur on the date the policy takes effect and thereafter.

The Domestic Private Rented Property Minimum Standard - Guidance for landlords and Local Authorities on the minimum level of energy efficiency required to let domestic property under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, as

amended, is available online at: <https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standardlandlord-guidance>

## **7. Compliance Notice**

The council will liaise with landlords of properties in breach of the regulations informally at the first instance by sending them reminder letters giving landlords of such properties adequate time frame. Where breach of the regulations cannot be resolved informally through the warning letters, the council will then proceed to initiate the penalty process as highly in this policy.

Where there is no action taken by the landlord after the 1st and 2nd warning letters have been sent, and If it appears to the council that a private landlord is in breach of the prohibition on letting properties with an energy efficiency rating of F or G, the council may serve a Compliance Notice ('Comp. Not.') on that private landlord requiring such information as it considers necessary to enable it to monitor compliance.

A Comp. Not. may also be served if it appears to the council that the private landlord was in breach of the regulations at any time in the 12 months preceding the date of service of the notice.

The Comp. Not. can formally request copies or originals of the following:

- The EPC for the property which was valid at the time the property was let
- Any other EPC
- Tenancy agreement
- Any qualifying assessment in relation to the property
- Any other document the council considers necessary to monitor compliance with the regulations

In addition, the Comp. Not. may require a private landlord to register copies of any of the above on the PRS Exemptions Register.

The Comp. Not. will specify the name and address of the officer of the council to whom the documents or other information required must be supplied.

The Comp. Not. will also specify the time-period for compliance which will be no less than 1 month from the date the notice is served.

Under Regulation 37(4), a private landlord must comply with any Comp. Not. served on them by the council; they must also allow the council, when requested, to see and take copies of original documents.

## **8. Financial and Publication Penalties**

There are 4 breaches under the regulations for which a private landlord may be given a Financial Penalty (Fin. Pen.).

Regulation 40 sets out the breaches and the statutory maximum amounts that may be imposed in respect of each type of breach. These are as follows:

***Breaching the prohibition on letting a property with an F or G rating, in contravention of Regulation 23, for less than 3 months:***

Statutory maximum financial penalty of £2,000

***Breaching the prohibition on letting a property with an F or G rating, in contravention of Regulation 23, for 3 or more months:***

Statutory maximum financial penalty £4,000

***Registering false or misleading information on the Private Rented Sector Exemptions Register under Regulation 36(2):***

Statutory maximum financial penalty £1,000

***Failing to provide information to the council demanded by a Comp. Not. in contravention of Regulation 37(4)(a):***

Statutory maximum financial penalty £2,000

In respect of any one tenancy, a private landlord cannot, owing to Regulation 40(6), be subject to multiple financial penalties that exceeds a total of more than £5,000.

## **9. MEES – Financial Penalty Policy**

The council has determined to take the following approach when imposing a Fin. Pen. under the regulations. The council has discretion to offer an early payment reduction if a landlord pays the penalty charge within 14 days beginning with the day the penalty charge notice is served. However should a subsequent appeal be made the discount will be removed.

***Breaching the prohibition on letting a property with an F or G rating, in contravention of Regulation 23, for less than 3 months:***

For the first breach under the regulations for the property: £1,000 with 33% early payment discount

For any subsequent breach under the regulations for the property: £2000 with 33% early payment discount.

***Breaching the prohibition on letting a property with an F or G rating, in contravention of Regulation 23, for 3 or more months:***

For the first breach under the regulations at the property: £2,000 with 33% early payment discount.

For any subsequent breach under the regulations for the property: £4000 with 33% early payment discount.

***Registering false or misleading information on the PRS Exemptions Register under Regulation 36(2):***

Breach under the regulations: £1,000 with 33% early payment discount.

***Failing to provide information to the council demanded by a Comp. Not., in contravention of Regulation 37(4)(a):***

Breach under the regulations: £2,000 with 33% early payment discount.

For the purposes of this policy, where a landlord having been previously fined up to £5,000 for having failed to satisfy the requirements of the Energy Regs then proceeds to unlawfully let a sub-standard property on a new tenancy, a further financial penalty of up to £5,000 can be issued.

The maximum remains but the ability to issue a further Fin. Pen. starts again with a new tenancy.

## **10. Houses in Multiple Occupation**

Where a House in Multiple Occupation ('HMO') is legally required to have an EPC under the provisions of the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 and where it is let on one of the qualifying tenancy types, then the HMO, as a whole, is required to comply with the minimum level of energy efficiency. Individual rooms within HMOs are not required to have their own EPCs.

In accordance with Regulation 40(6), where a private landlord has committed multiple breaches in respect of a single tenancy and, where such circumstance would make the financial penalty to such landlord to go beyond the £5,000 limit, the council would consider adjusting one or more of the Fin. Pens. in such a way that the maximum of £5,000 (as permitted under the MEES Regs) is not exceeded.

## **11. Publication Penalties**

Under Regulation 39, a Publication Penalty ('Pub. Pen.') means publication of the following information by the council, on the Private Rented Sector (PRS) Exemptions Register:

- The name of the private landlord, but only where the landlord's name is not an individual;
- Details of the breach;
- The address of the property at which the breach occurred;
- The amount of Fin. Pen. imposed.

Under the provisions of Regulation 39(2), the council may decide how long the details of each breach should stay on the PRS Exemptions Register, subject to a minimum period of 12 months.

## **12. The council's Publication Penalty Policy**

The council shall impose a Pub. Pen. in respect of all breaches that are subject to a Penalty Notice ('Pen. Not. '), unless there are allowed and permitted representations received.

The council is also determined that all breaches will be registered on the PRS Exemptions Register for a period of minimum 12 months, but not more than 24 months.

## **13. Penalty Notice Scope**

If the council decides to impose an Fin. Pen. and/or a Pub. Pen. for a breach of the regulations, it will serve a Pen. Not. on the offender.

A Pen. Not. may be served in respect of an ongoing breach or a breach that has occurred in the 18 month period leading up to the date of the service of the Pen. Not.

Where a landlord fails to take the action required by a Pen. Not., within the period specified in that Pen. Not., then the council can serve a further Pen. Not., however the total amount of all fines, for the same breach, remains capped at £5,000.

The Pen. Not. will set out the following:

- a) the provision within regulations the council believes the landlord has breached;
- b) the particulars the council considers necessary to identify the breach;



- c) the action the council requires the private landlord to take to remedy the breach;
- d) the timescale in which remedial action must be taken (which must not be less than 1 month);
- e) the amount of the Fin. Pen. imposed and how it has been calculated including any applicable discount;
- f) whether a Pub. Pen. has been imposed;
- g) the time-period in which any Fin. Pen. must be paid (which must not be less than 1 month from the date the Pen. Not. was served)
- h) the name and address of the person to whom any Fin. Pen. must be paid and the method of payment.
- i) The effect of Regulation 42, which sets out the right to request a review of the council's decision to serve a Pen. Not.
- j) the effect of Regulations 43 to 44, which sets out the right of appeal against any decision to confirm a Pen. Not.
- k) The effect of Regulation 45, which sets out the council's power to recover any unpaid Fin. Pen. as a debt;
- l) the name and address of the person to whom any request to review the council's decision (i.e. to serve a Pen. Not.) must be sent and the period within which such a request must be made.

If a landlord fails to take the action required by a Pen. Not. (i.e. to remedy a breach) then the council may serve a further Pen. Not.

#### **14. Landlords' Rights re Penalty Notice**

A landlord, on whom the council has served a Pen. Not. is entitled to request a review of the council's decision to serve the notice. The council will accept such a request if it is received within the period of 1 month (commencing the day on which the Pen. Not. was served).

A request for a review, together with any representations received, will be carefully considered by the council before it makes a final decision as to whether to confirm or withdraw the Pen. Not.

Once the council has made its decision, it will notify the landlord of that decision by serving a Notice of Decision Following a Review of a Penalty Notice ("Dec. Not."). To ensure fairness and transparency, every decision to confirm a Pen. Not. following a request for review, will be subject to approval by Regulatory Services Manager.

#### **15. Appealing a Decision Notice**

A landlord, on whom a Pen. Not. or Dec. Not. has been served, may appeal to the First-tier Tribunal ('the Tribunal') on the grounds that:

- The issue of the Pen. Not. was based on an error of fact; or
- The issue of the Pen. Not. was based on an error of law; or
- The Pen. Not. does not comply with a requirement imposed by the regulations; or
- In the circumstances of the case, it was not appropriate for the Pen. Not. to be served.

Appeals must be brought within 28 days from the date on which the Pen. Not. was served. Once an appeal has been made, the Pen. No. is suspended until the appeal has been finally determined by the Tribunal or withdrawn by the landlord.

The Tribunal has the power to quash or affirm the Pen. Not.

If the Tribunal decides to affirm the Pen. Not., it may do so in its original form or with such modification as it may deem fit.

The address and contact details of the Tribunal are as follows:

<https://www.gov.uk/courts-tribunals/first-tier-tribunal-general-regulatory-chamber>

First-tier Tribunal (General Regulatory Chamber) HM Courts and Tribunals Service PO Box 9300 Leicester LE1 8DJ

Email: [grc@justice.gov.uk](mailto:grc@justice.gov.uk)

Phone number: 020 39368963

#### **16. Unpaid Financial Penalties – Implications and enforcement**

The council will take corresponding action to recover any unpaid Fin. Pens. (or part thereof) within the time period stipulated in a Penalty Notice and in line with the council's debt recovery policy.

#### **17. Multiple Breaches**

In respect of any single tenancy, the council may not impose a combination of Fin. Pens. on an offender that, in total, exceeds the statutory maximum of £5,000.

However, when considering imposing more than one Pen. Not. on an offender (resulting from the offender committing 1 or more breaches at multiple properties) the council will carefully consider whether the cumulative Fin. Pen. would be just and proportionate, in the circumstances, having regard to the offending behaviour, as a whole.

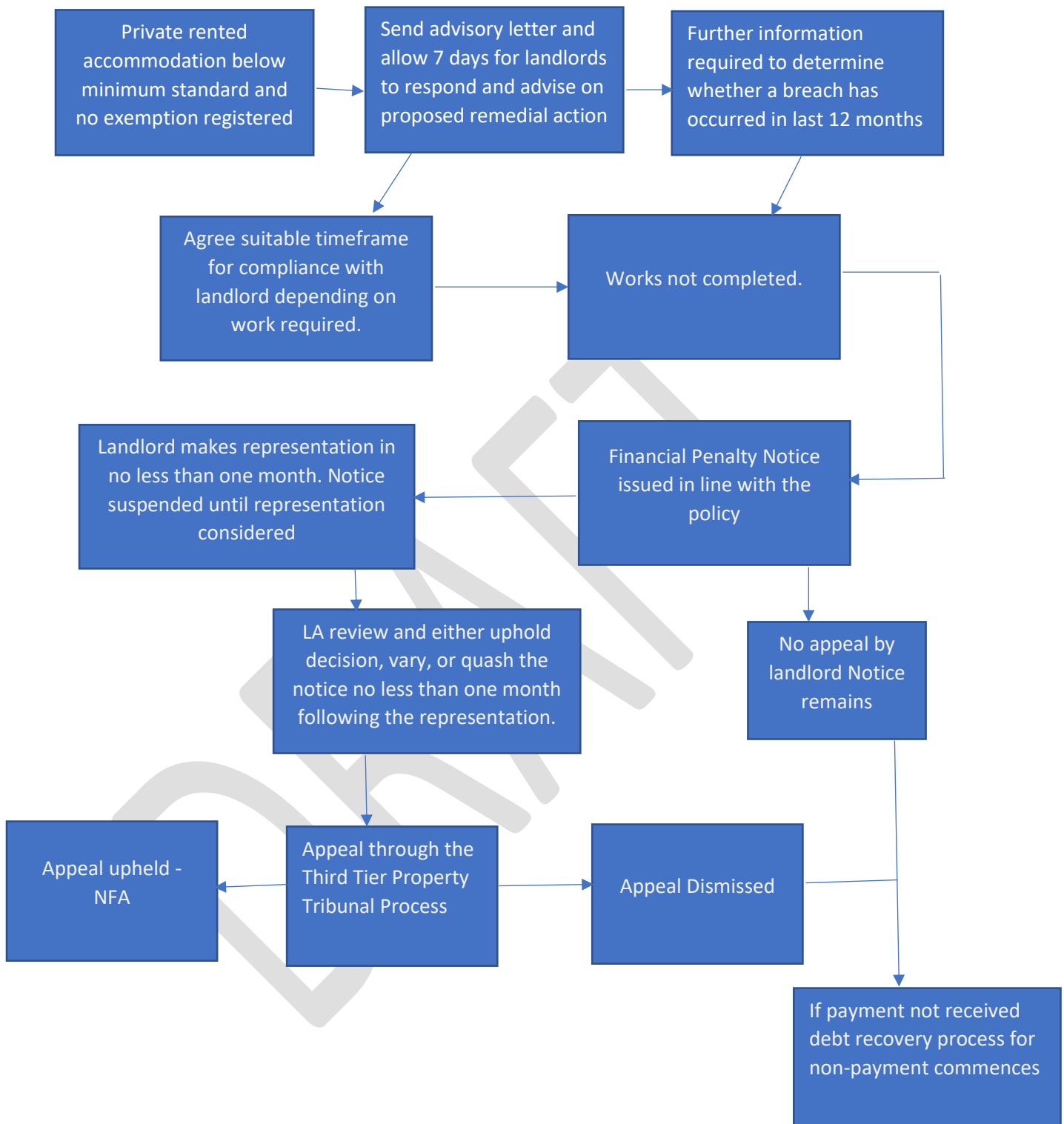
The council shall operate and maintain a just, equitable and proportionate approach.

#### **18. Further Help & Advice**

If you would like further advice or clarification, contact Harborough District Council by telephone on 01858 828282 or by email at [environmentteam@harborough.gov.uk](mailto:environmentteam@harborough.gov.uk)

Alternatively, you can write to us at: Harborough District Council, The Symington Building, Adam & Eve Street, Market Harborough Leicestershire LE16 7AG

## Appendix A Process Flow





# **Smoke and Carbon Monoxide (England) Regulations 2015 Financial Penalties**

## **Harborough District Council Statement of Principles**

## **Introduction**

This statement sets out the principles that Harborough District Council will apply when exercising its powers to require a landlord (relevant landlord) to pay a financial penalty.

## **Purpose of the statement of principles**

The council is required under these regulations to prepare and publish a statement of principles, which must follow this guide when deciding on the amount of a penalty charge.

The council may revise this statement of principles at any time, but where it does so, we must publish a revised statement.

When deciding on the amount of the penalty charge, the council will have regard to the statement of principles published at the time when the breach in question occurred.

## **The legal framework**

The powers come from the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 (the Regulations), being a Statutory Instrument (2015 No 1693) which came into force on 1 October 2015.

The regulations place a duty on landlords, which include freeholders or leaseholders who have created a tenancy, lease, licence, sub-lease or sub-licence. The regulations exclude registered providers of social housing.

The duty requires that landlords ensure that:

- A smoke alarm is installed on each storey of premises where there is living accommodation
- A carbon monoxide alarm is installed in any room of premises used as living accommodation, which contains a solid fuel burning appliance

Also for tenancies starting from 1 October 2015:

- That checks are made by the landlord, or someone acting on his behalf, that the alarm(s) is/are in proper working order on the day the tenancy starts

Where the council believes that a landlord is in breach of one or more of the above duties, the council must serve a remedial notice on the landlord. The remedial notice is a notice served under regulation five of these regulations.

If the landlord then fails to take the remedial action specified in the notice within the timescale, the council can require the landlord to pay a penalty charge. The power to charge a penalty arises from regulation eight of these regulations.

A landlord will not be considered to be in breach of their duty to comply with the remedial notice, if they can demonstrate they have taken all reasonable steps to comply. This can be done by making written representations to The Environment Team, Harborough District Council, The Symington Building Adam & Eve Street Market Harborough Leicestershire LE16 7AG or complete our on line contact form, representation must be made within 28 days of when the remedial notice is served.

The council will impose a penalty charge where it is satisfied, on the balance of probabilities, that the landlord has not complied with the action specified in the remedial notice within the required timescale.

## **The purpose of imposing a financial penalty**

The purpose of the council exercising its regulatory powers is to protect the interests of the public.

The aims of financial penalties on landlords are to:

- Lower the risk to tenant's health and safety
- Reimburse the costs incurred by the council in arranging remedial action in default of the landlord
- Change the behaviour of the landlord and aim to prevent future non-compliance
- Penalise the landlord for not installing alarms after being required to do so, under notice
- Eliminate financial gain or benefit from non-compliance with the regulations
- Be proportionate to potential harm outcomes, the nature of the breach and the cost benefit to comply with these legal requirements

## **The financial penalty - criteria and amount**

A failure to comply with the requirements of a remedial notice allows the council to require payment of a penalty charge.

In considering the imposition of a penalty, the council will look at the evidence concerning the breach of the requirement of the notice. This could be obtained from a property inspection, or from information provided by the tenant or agency that no remedial action had been undertaken.

For example, landlords can demonstrate compliance with the regulations by supplying dated photographs of alarms, together with installation records or confirmation by the tenant that a system is in proper working order.

Landlords need to take steps to demonstrate that they have met the testing at the start of the tenancy requirements. Examples of how this can be achieved are by tenants signing an inventory form confirming that they were tested by the landlord or landlords agent and were in working order at the start of the tenancy. Tenancy agreements can specify the frequency that a tenant should test the alarm to ensure it is in proper working order.

In deciding whether it would be appropriate to impose a penalty, the authority will take full account of the particular facts and circumstances of the breach under consideration.

A financial penalty charge will be considered appropriate if the council is satisfied on the balance of probabilities that, the landlord who had been served with the remedial notice under regulation five, had failed to take the remedial action specified in the notice within the time period specified.

The regulations state the amount of the penalty charge must not exceed £5,000.

The penalty charge comprises two parts, a punitive element (punishment) for failure to comply with the absolute requirement to comply with a remedial notice and a cost element relating to the investigation (investigative) costs, officer time, administration and any remedial works arranged and carried out by the council's contractors.

The penalty charge is payable within 28 days beginning with the day on which the penalty charge notice is served.

The council has discretion to offer an early payment reduction if a landlord pays the penalty charge within 14 days beginning with the day the penalty charge notice is served. Should a subsequent appeal be made the discount will be removed.

The charges are as follows:

- £2,500 for the first breach to comply with a remedial notice: £1,250 for early payment (33% reduction)
- £5,000 for each subsequent breach to comply with a remedial notice: £2,500 for early payment, (33% reduction)

### **Steps taken to impose penalty charge notices**

The regulations impose a number of procedural steps which must be taken before the council can impose a requirement on a landlord to pay a penalty charge.

When the council is satisfied that the landlord has failed to comply with the requirements of the remedial notice, all penalty charge notices will be served within six weeks.

Where a review is requested within 28 days from when the penalty charge notice is served, the council will consider any representations made by the landlord. All representations are to be sent to The Regulatory Services Manager, Harborough District Council, The Symington Building, Adam & Eve Street Market Harborough Leicestershire LE16 7AG or complete our on line contact form. The council will notify the landlord of its decision by notice, which will be either to confirm, vary or withdraw the penalty charge notice.

A landlord who has requested a review of a penalty charge notice and has been served with a notice confirming or varying the penalty charge notice, may appeal to the First-tier Tribunal against the council's decision. Appeals should be made within 28 days from the notice served of the council's decision on review.

If the penalty charge notice is not paid, then recovery of the penalty charge will be in accordance with the council's debt recovery policy.

However, in cases where a landlord has requested a review of the penalty charge notice, recovery will not commence until after 28 days from the date of the notice served giving the council's decision to vary or confirm the penalty charge notice. Where landlords do make an appeal to the First-tier Tribunal, recovery will commence after 28 days from when the appeal is finally determined or withdrawn.

### **Remedial action taken in default of the landlord**

Where the council is satisfied that a landlord has not complied with a specification described in the remedial notice in the required timescale and consent is given by the occupier, the council will arrange for remedial works to be undertaken in default of the landlord. This work in default will be undertaken within 28 days of the council being satisfied of the breach. In these circumstances, battery operated alarms will be installed as a quick and immediate response.



## **Smoke alarms**

To comply with these regulations, smoke alarms will be installed on every storey of residential accommodation. This may only provide a temporary solution as the property may be a high risk due to:

- Its mode of occupancy such as a house in multiple occupation or building converted into one or more flats
- Having an unsafe internal layout where fire escape routes pass through living rooms or kitchens
- It being three or more storeys high

A full Housing Health and Safety Rating System inspection will be carried out at this point also taking into consideration Local Authorities Co-ordinators of Regulatory Services (LACORS) Housing and fire safety guidance. This will consider the adequacy of the type and coverage of the smoke alarm system, fire escape routes including escape windows and fire separation measures such as fire doors, protected walls and protected ceilings. Any further works required to address serious hazards in residential property, that are not undertaken through informal agreement, will be enforced using the Housing Act 2004, in accordance with our Enforcement Policy.

## **Carbon monoxide alarms**

To comply with these regulations, a carbon monoxide alarm will be installed in every room containing a solid fuel combusting appliance.

## **Further Guidance**

For more detailed information, including the LACORS fire safety guide provisions for certain types of existing housing, please visit [fire safety law and guidance documents for business \(GOV.UK\)](#)

All communications for representations made against the Remedial Notice (regulation five) or the Penalty Charge Notice (regulation eight) are to be sent to:

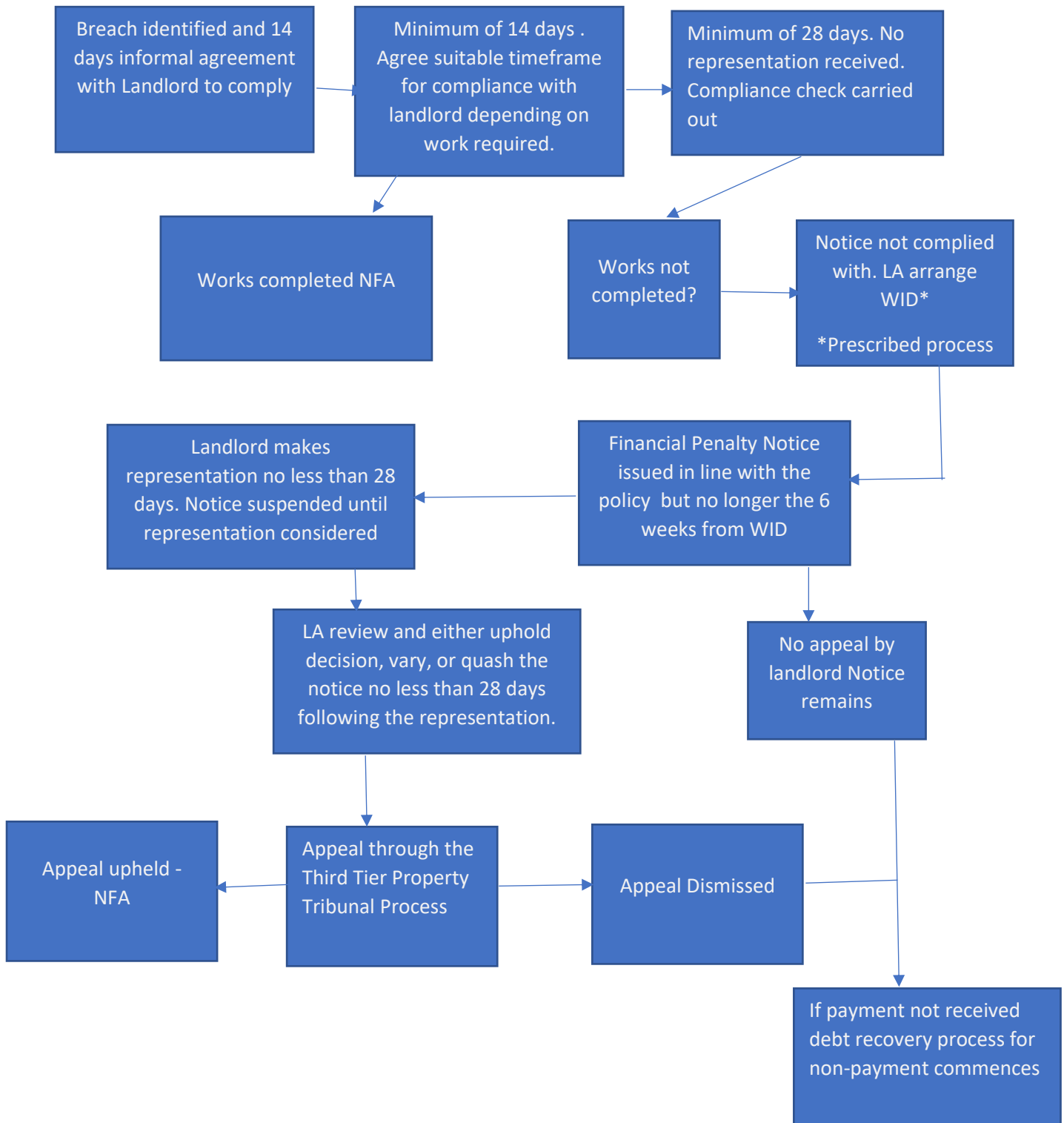
Regulatory Services Manager  
Harborough District Council  
Adam & Eve Street  
Market Harborough  
Leicestershire  
LE16 8AG

[environmentteam@harborough.gov.uk](mailto:environmentteam@harborough.gov.uk)

Or by using our online contact form

## Process Flow Chart

### Appendix A Process Flow



## Harborough District Council

### Report 6 to Cabinet Meeting of 16 January 2023



<b>Title:</b>	<b>Core Business Systems Software</b>
<b>Status:</b>	Public  Appendix B is exempt not for publication by virtue of paragraph 8/9 of Part 1 of Schedule 12a of the Local Government Act 1972.
<b>Key Decision:</b>	Yes
<b>Report Author:</b>	Rob Chew ( <a href="mailto:r.chew@harborough.gov.uk">r.chew@harborough.gov.uk</a> ) - Head of IT (Interim)
<b>Portfolio Holder:</b>	Cllr James Hallam - Finance
<b>Appendices:</b>	Appendix A - HDC Idox System Review 1.0 Appendix B - Annual Cost Breakdown

### Executive Summary

- i. Idox Uniform, Document Management System, Public Access & Total Land Charges are essential pieces of software used for the day-to-day operation of services across the Council.
- ii. This report recommends entering a new contract with the supplier of these systems for a period of 4 years. It also recommends that the systems are provided from Idox's external, private data centres rather than from inside The Symington Building.
- iii. The cost of an off-site software solution is higher for the Council than anticipated however it has been mitigated by savings from the ICT Transformation Programme. If the proposed software solution is agreed, the Council will be able to move away from the Citrix log in process and minimise the back-end infrastructure required. Further, there will be a reduced call upon limited internal resource time for system and technical support, especially during upgrades. Adoption of the cloud based software solution will provide improved availability of the Public Access system, used by the public to track their planning applications.
- iv. This new solution is in line with the ICT Strategy Principles.

### Recommendations

**That the Cabinet awards the contract to supply hosted software including Uniform, Document Management System, Public Access & Total Land Charges for a period of 4 years, with a 2 year extension if required, to Idox Software Ltd.**

### Reasons for Recommendations

- v. Robust and integrated software packages are essential for the day to day running of a wide variety of services across the Council. A review of the Council requirements and possible solutions in the market took place in Q4 2021. It identified that limited alternatives to the Idox products are available, especially when investigating solutions that fit with the ICT Strategy Principles.
- vi. All options for the future provision of integrated software solutions were comprehensively assessed in an outline business case prepared in March 2022. The business case had regard to the cost of moving to an alternative solution, the functionality required across multiple Service Areas and the key dependencies required for the ICT Transformation Programme. It was concluded that the Idox software solution was the most appropriate for the Council.

## Purpose of Report

1. To recommend award of a contract that will provide business critical software supporting the day to day functioning of the Council.

## Background

2. The Council relies heavily upon software solutions provided by Idox Software Limited ("Idox"), including Idox Uniform, Document Management System, Public Access & Total Land Charges, for the provision of services across the Council. The current contract with Idox is to provide this software to the Council where it is hosted in the server room in The Symington Building. This agreement has been in place for the last 7 years and therefore the Council's internal processes are heavily aligned with the software. It expires in March 2023.
3. The ICT Strategy agreed by Council in 2021 promoted moving all possible software and services out of the central server room at the Symington Building to other 'cloud based' services. This improves flexibility for Members and staff accessing systems and therefore how services are delivered by the Council. Accordingly, the imminent expiry of the existing contract provides the Council with the opportunity to ensure future software is procured in compliance with the current ICT Strategy.

## Details

4. A review of the Council requirements and possible solutions in the market took place in Q4 2021 with results presented to the Corporate Management Team. Appendix A shows the detail and results of that process. The market alternatives for these software packages are very limited, especially when investigating solutions that fit with the ICT Strategy Principles. The review included meetings with all Service Areas that use the Idox suite of products to gather requirements. A new system overview and documentation was produced and can be seen in Appendix A. This was used as a basis to look at alternative solutions, whether for part of the system or as a whole package.
5. As shown in appendix A, market testing was completed using this information along with an outline business case taking into consideration the cost of moving to an alternative solution, the functionality required across Service Areas and the key dependencies required for the ICT Transformation Programme, namely the need to decommission the hardware that the current software runs on. The recommendation was to pursue the Hosted Uniform solution.

6. Advantages and disadvantages of the hosted Idox solution are outlined on page 8 of Appendix A.
7. A further advantage that was identified after appendix A was published is that system upgrades will be managed by the supplier. Currently there are 20 upgrades planned over the next 4 years. On average each of these upgrades requires 40 hours of IT engineering time. This would no longer be required and as such the reduction was calculated in the removal of a vacant post in ICT as part of the budget planning for 2022/23.
8. A Breakdown of the annual costs can be found in Appendix B. The year 1 costs are to be met from within the capital programme with years 2 to 4 being split across revenue budgets in the same manner as the current contract (shared across multiple service areas).

## **Implications**

### **Corporate Priorities**

9. Place and Community key activities KA.01.01 & 02, around delivery and digitalisation of services, are reliant on our main business applications being fit for purpose and able to interact with each other in order to streamline internal and external processes. This decision will allow the Council to continue with these improvements and integrations with other organisations. For example, this will allow data to continue to be shared with the Leicestershire Building Control partnership.

### **Financial**

10. Year 1 costs are to be met from within the capital programme with years 2 to 4 being split across revenue budgets in the same manner as the current contract (shared across multiple service areas).

### **Legal**

11. The nature and value of the services to be procured are such that they are subject to the Public Contracts Regulations 2015 ("PCR 2015"). However, the proposed procurement strategy is to undertake a direct award through the Crown Commercial Service (CCS) framework. This framework has been established following compliance with public sector procurement regulations, and is established to help buyers across the public sector reduce time and costs. The requirements of PCR 2015 are therefore satisfied by using this framework.
12. The commercial agreement has standardised contract terms. As part of the legal process to procure the services, the Council's Legal Services team will advise as necessary and input into contract signature post award.

### **Policy**

13. This is in line with the ICT Strategy agreed by Council in 2021, specifically the 'Cloud First' guiding principle meaning that hosted solutions are considered before any others.

### **Environmental Implications**

14. Due to the 'lift and shift' nature of the implementation the same level of energy is expected to be used for the new system and therefore a neutral impact in achieving net zero.

### **Risk Management**

15. Not awarding the contract would leave us exposed contractually after March 2023. The systems detailed in Appendix A would no longer work with a significant impact on service delivery. A short term extension to the current contract could be negotiated with the current supplier.
16. Not awarding the contract would mean the failure of a key dependency for the ICT Transformation Programme, reducing the committed savings from BC25.

### **Equalities Impact**

17. None, the hosted systems will present to staff, members and residents in the same way as the current systems.

### **Data Protection**

18. The supplier's hosted environment complies with the Council's ICT security requirements. Should the contract be awarded a full data protection assessment will be done as part of the onboarding process.

### **Consultation**

19. Page 14 of Appendix A shows the workshops and interviews that took place with Council Service Areas.

## **Alternative Options Considered**

20. The options considered as part of the review are outlined on page 8 of Appendix A. These were:
  - a. Remaining As-Is (on premise system)
  - b. HDC Hosted (moving the current system into our own cloud infrastructure)
  - c. Supplier Cloud (moving to new software in the cloud)

## **Background papers**

HDC – ICT Strategy v2.0

# iDox Solution Replacement Project

## CMT Summary Slide Pack

March 2022

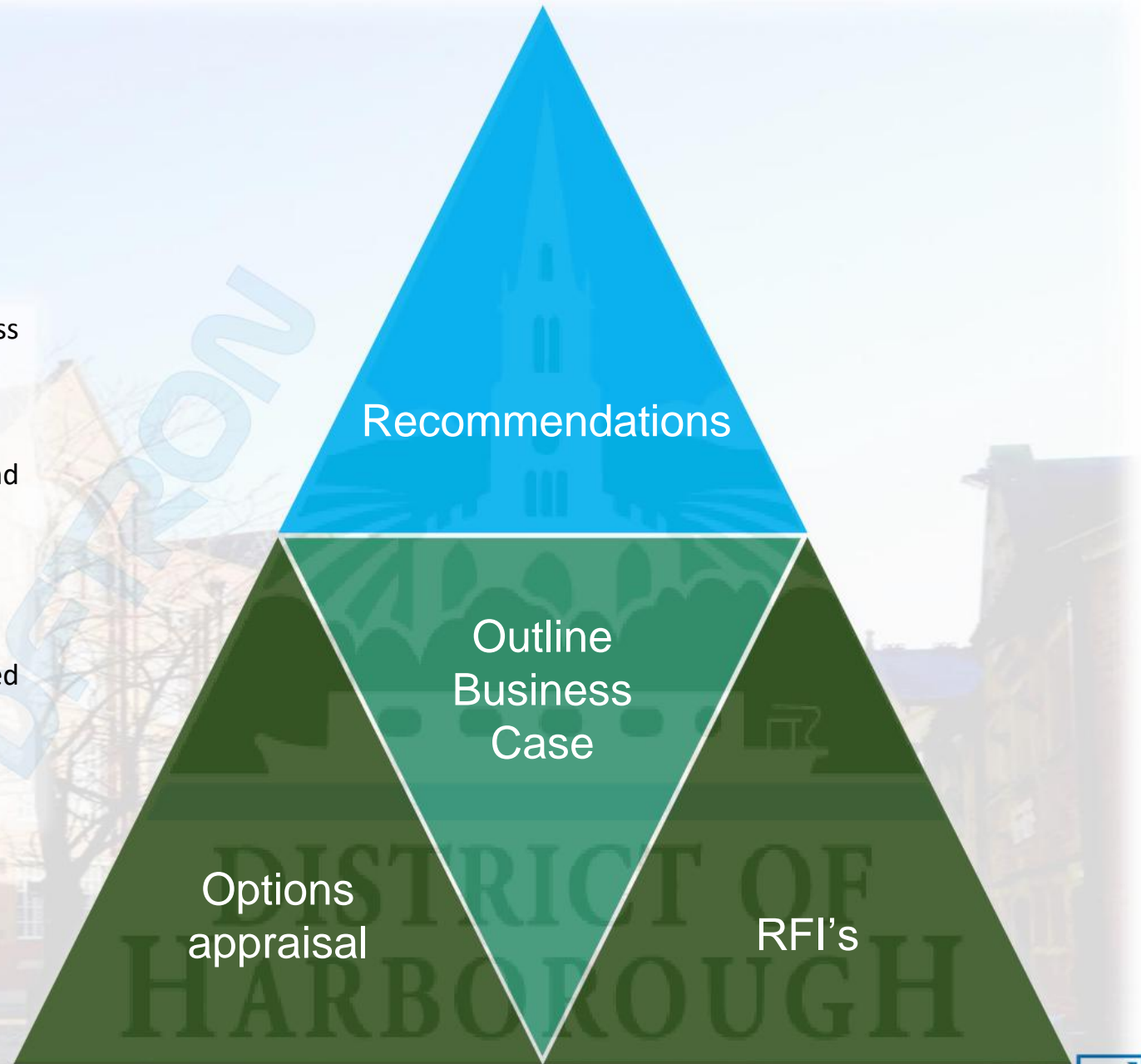
Version: 1.0  
Date: 07/03/2022





# Project Context

- Our iDox products including Uniform are critical business applications in use at HDC
- Current contract is coming to an end in March 2023
- Opportunity to challenge the market: both commercially and technically to align with the strategic objectives
- Aim of presenting a recommendation to the CMT for a decision
- Secured a delivery partner in Entec Si
- Purpose: Review work carried out to date and the recommended future option and approve next steps

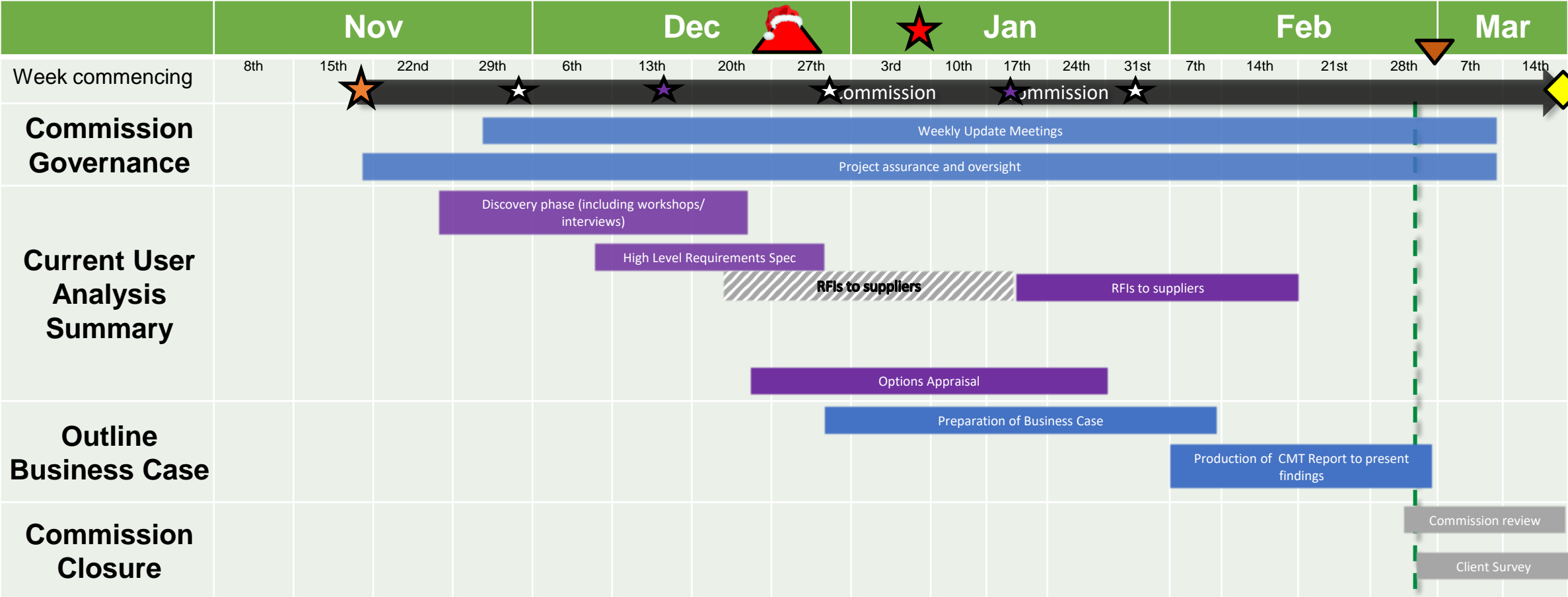




# Plan on a Page

Colour	Meaning
Purple	Completed
Blue	In Progress
Grey	Planned

Proposed  
Timeline



## Key

Closed Down Period

Commission Kick off

Checkpoints

Highlight Report

End of Commission

Commission Mid-point review

CMT Meeting

Scheduled activity change

# Project Status

## Executive Summary

### Update

- Completed business needs assessment to understand key user requirements.
- Identified that a new cloud-based system is required
- Tested the market (via RFIs) to establish products available and assessed whether they are fit-for -purpose
- Prepared a strategic and economic outline business case to support a preferred future solution

### Next Steps

- Key decision point required from CMT to proceed
- Assuming recommended option is approved, move into procurement phase

## Objectives

The objectives and key activities of the current project discovery phase are split into two parts

### Part 1: Current Idox System Analysis

- Establishing key stakeholders within Service Delivery and ICT.
- Discovery workshops to ascertain usage, costings, benefits and pain points.
- Identify options for future resolution

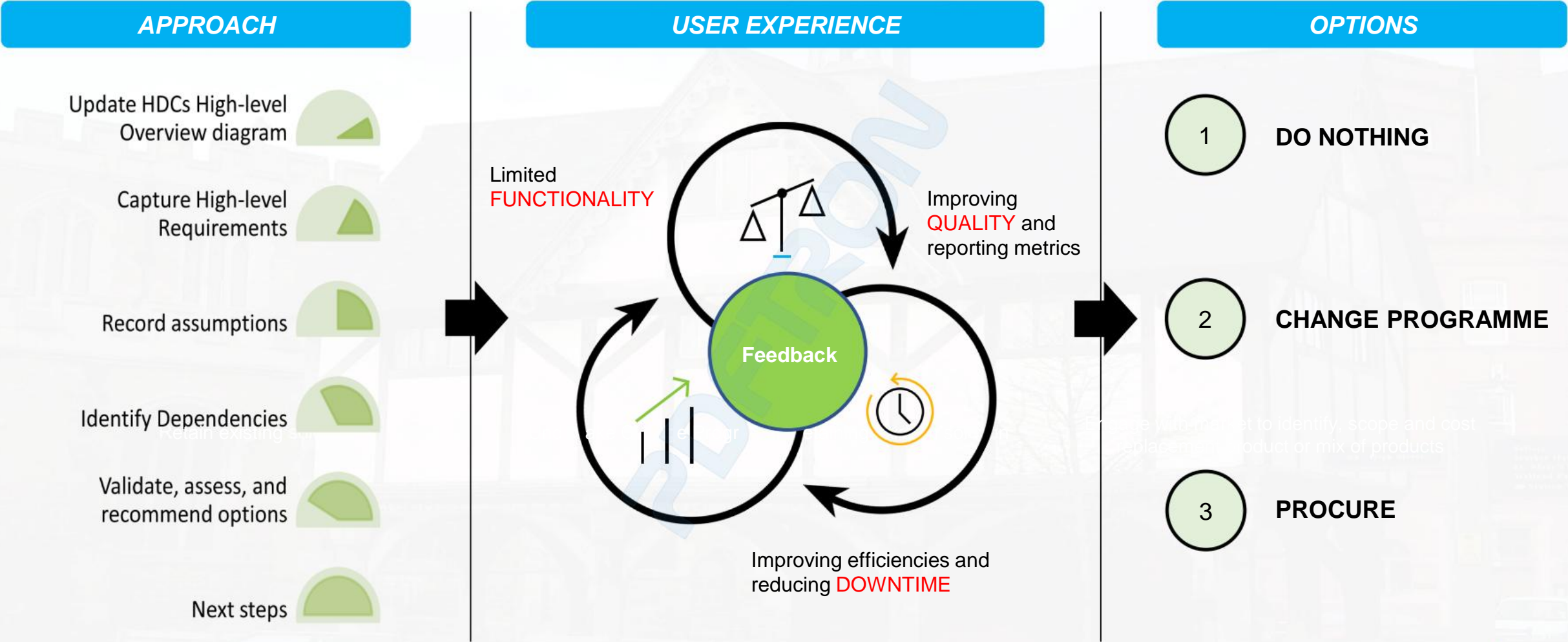
### Part 2: Future Solution

- Report detailing the financial cost model and operational benefits related to recommended option
- Presentation to CMT to secure budget approval for future solution and associated cost of implementation



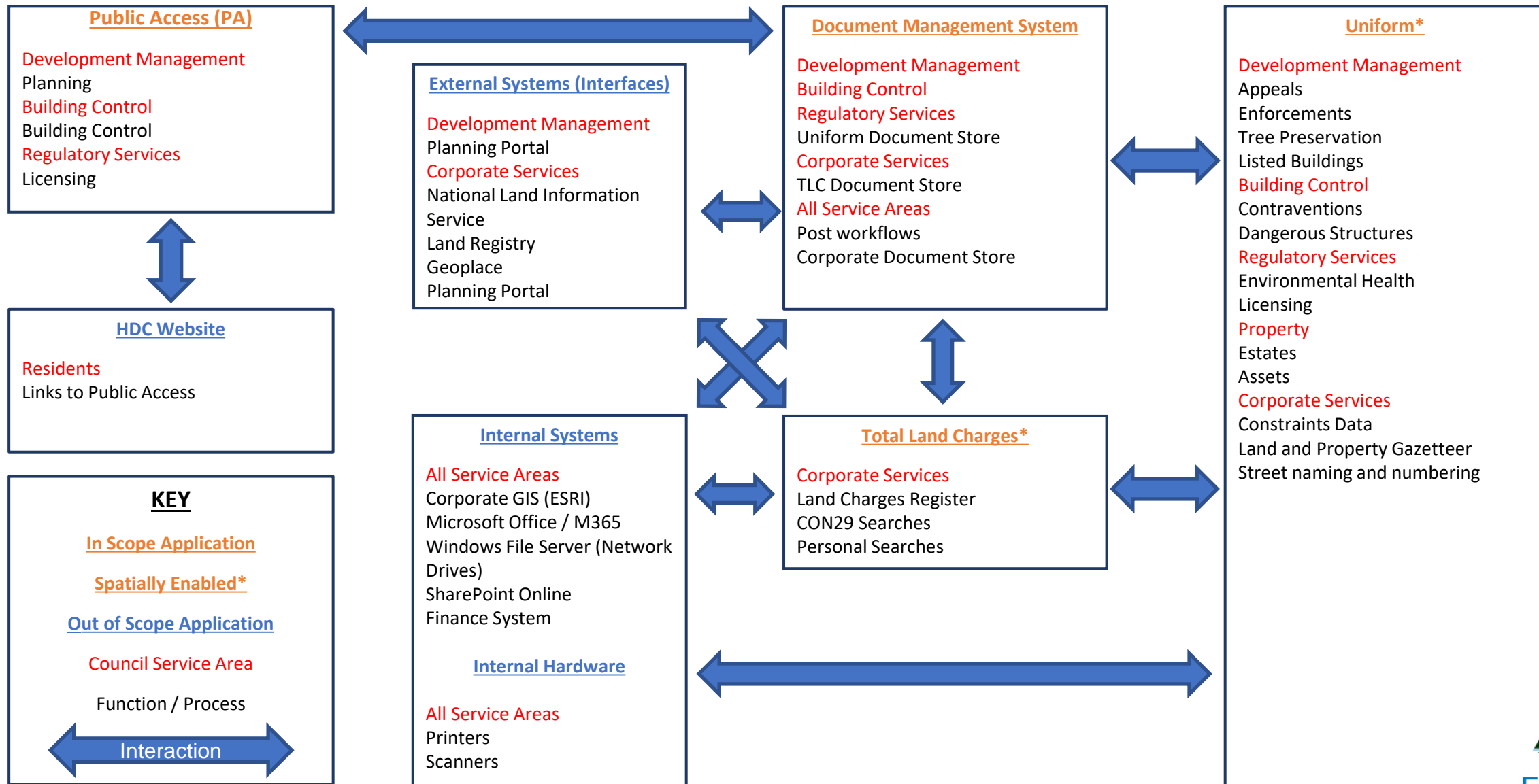
Stream	Health	S'holders	Scope	Plan	Costs	Outputs	Challenges
Part 1						<ul style="list-style-type: none"> <li>• 3x Workshops completed with 3x service areas – Dec-21</li> <li>• Options appraisal delivered to RC/RE for review – 12 Jan-22</li> <li>• Mid-Commission review – 12<sup>th</sup> Jan-22</li> <li>• Distributed RFIs to 7x suppliers – w/c 31<sup>st</sup> Jan-22</li> </ul>	<ul style="list-style-type: none"> <li>• Lower than expected response from RFIs</li> </ul>
Part 2						<ul style="list-style-type: none"> <li>• Completed an As-Is vs To-Be cost model review</li> <li>• Investment in new solution is required</li> <li>• Extensive savings to be made</li> </ul>	<ul style="list-style-type: none"> <li>• Awaiting on key decision from CMT to proceed</li> </ul>

# Part 1: Current As-Is Analysis





# System Overview





# Part 2: Strategic Case



It is critical that the future solution meets the strategic business objectives of HDC. A key driver of this is to align with the ICT Strategy: replacing older on-premise technology in favour of Cloud first solutions. This will enable more flexibility, agile working and improved resilience in business systems across the council. A market testing exercise was carried out and the results are summarized below:

	Option A – Remain As-Is	Option B – HDC Hosted	Option C – Supplier Cloud	Option D – Supplier Hosted
Description	Retain the current on-premise solution for another term (length TBA)	Migrate the current setup to a HDC Hosted Azure environment	Migrate current setup to a Cloud environment	Migrate to a fully hosted environment
Advantages	<ul style="list-style-type: none"> <li>Lowest project cost</li> <li>Low impact regards business change</li> </ul>	<ul style="list-style-type: none"> <li>Partially aligns to ICT Strategy</li> <li>Minimal business change</li> <li>Implemented before contract ends in Mar 2023</li> </ul>	<ul style="list-style-type: none"> <li>Fully aligns with the ICT Strategy</li> <li>Permits a Mobile Apps capability</li> <li>Reduced annual costs (multi-tenancy)</li> <li>Reliable and scalable</li> <li>Reduced operational costs (e.g. infrastructure, H/W &amp; resource)</li> <li>System upgrades included</li> <li>Environmental savings (with Mobile)</li> </ul>	<ul style="list-style-type: none"> <li>Fully aligns with the ICT Strategy</li> <li>Reliable and scalable</li> <li>Reduced operational costs (e.g. infrastructure, H/W &amp; resource)</li> <li>Minimal business change</li> <li>System upgrades included</li> <li>Implemented before contract ends in Mar 2023</li> <li><b>Preferred supplier</b></li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Does not align with ICT strategy</li> <li>Retains current infrastructure and challenges</li> <li>No improvement in business performance</li> </ul>	<ul style="list-style-type: none"> <li>External resources may be required to implement due to knowledge gap</li> <li>Ownership of solution remains split within with the council</li> </ul>	<ul style="list-style-type: none"> <li>Largest investment cost</li> <li>Major business change</li> <li>Longer implementation timeline (will exceed Mar 2023 deadline)</li> <li>Unknown costs will be incurred</li> </ul>	<ul style="list-style-type: none"> <li>Increased annual costs (licensing and hosting)</li> </ul>
Investment Needed	Zero	£185K	£480K	£330K
Recommendation	Not recommended	Not recommended	Not recommended	Recommended

# Part 2: Economic Case – Option D



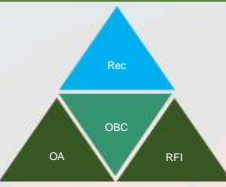
The following table outlines the estimated cost profile and return on investment for the preferred option over a period of 5 years. The costs have been established based on information from the RFI's and an assumptive plan for implementation. Final costs\* will be determined following procurement.

HDC iDox Replacement Investment						
	2022/23	2023/24	2024/25	2025/26	2026/27	5-Year Totals
	Year 1	Year 2	Year 3	Year 4	Year 5	
Current Costs						
Total As-Is Existing Revenue Costs	£ 135,735.20	£ 135,735.20	£ 135,735.20	£ 135,735.20	£ 135,735.20	£ 678,676.00
Future System Costs						
New Capital Costs	£ 189,066.67	£ 101,883.33	£ -	£ -	£ -	£ 290,950.00
Existing Revenue Costs	£ 69,579.77	£ -	£ -	£ -	£ -	£ 69,579.77
New Revenue Costs	£ -	£ -	£ 104,000.00	£ 104,000.00	£ 104,000.00	£ 312,000.00
Total Costs of Replacement	£ 258,646.43	£ 101,883.33	£ 104,000.00	£ 104,000.00	£ 104,000.00	£ 672,529.77
Savings ROI	£ -	£ 59,830.00	£ 59,830.00	£ 59,830.00	£ 59,830.00	£ 239,320.00
TOTAL COST	£ 258,646.43	£ 42,053.33	£ 44,170.00	£ 44,170.00	£ 44,170.00	£ 433,209.77

\*Final costs with chosen supplier could be further negotiated



# Recommendation Summary



Recommendation:

## **Option D:**

## **Procure Supplier Hosted with iDox**

Responds to HDC's ICT Strategy with a 'Cloud First' approach through the procurement process

Responds to BC25 legacy by challenging IDOX direct costings and includes both internal ICT and wider business savings

Strong economic position to negotiate further IDOX engagement, including savings on existing contract

Frees up HDC infrastructure by aiming to remove a 'thick client'

Improved usability and customer experience

Direct award procurement, thus reducing further unnecessary costs



# Next Steps

- Follow ups to support recommendation (if required)
- Present to CMT / Project Sponsor for formal sign-off
- Proceed to procurement



AOB

# Appendix A



## Options Appraisal Detail



# Options Appraisal

Engagement Plan and Outputs



## Who did we speak to?

Engagement	Date	Notes
SRO Engagement Planning	24/11/2021	Identification of engagement points within HDC
Interview: Richard Ellis and Nigel Bird	07/12/2021	Functional scoping of IDOX system
Interview: Elaine Bird	07/12/2021	Regulatory Services management level requirements
Interview: Adrian Eastwood and Emma Baumber	09/12/2021	Development Control management level requirements.
Workshop: Development Control	15/12/2021	Development Control key user requirements. Attended by Mark Patterson, Matt Jedruch, Michaela Barton, Debbie Lansdell and Emma Baumber
Interview: Graham Oliver	15/12/2021	HDC Development Control Shared Service scoping
Interview: Julian Howarth and Nicola Jones	16/12/2021	Greater Leicestershire Building Control Partnership Requirements
Workshop: Regulatory Services	16/12/2021	Development Control key user requirements. Attended by Ruth Hollingsworth, Ian Bartlett, Jessica Nicholls, Gareth Rees, Thomas Jones, and Nicola Riddle.
Workshop: Building Control	Descoped	No longer required due to timeline of Greater Leicestershire Building Control Partnership superseding the IDOX System Review Project

- Dependencies - BC, Planning, Land Charges changes
- Extended downtimes with unclear resolution times and escalation paths
- Inflexible configuration which blocks efficient workflows,
- Slow loading and response times,
- Poor search results
- Consistent errors presenting when interrogating spatial data
- Limited functionality for labelling evidentiary documentation, photos and videos
- Inconsistent document redaction
- A lack of required reporting metrics
- Inconsistent measuring of plans
- Malfunctioning MS Office integrations

## User Feedback





# Options Appraisal

Options Analysis



## 1: Do Nothing



- ☐ Retain existing solution
- ☐ Smallest 'project' cost profile and operational impact
- ☐ Does not take advantage of a rare opportunity to review supplier, which may not present again until 2028.
- ☐ Fails to seek better value for HDC through supplier negotiation, market testing and reduction in HDC infrastructure need.

## 2: Change



- ☐ Undertake Change Programme retaining existing solution
- ☐ DMS/GIS Module cost profile could be minimised by looking at SharePoint/ArcGIS migrations. Operational burden could be reduced through clarified support SLAs
- ☐ Potential available migrations would see HDC remain with backend thick client (TCO), largely maintaining existing cost profiles.
- ☐ Compromised position. Similar cost profile and operational impact to procuring, whilst retaining IDOX infrastructure and introducing risk of instability through untested integrations.

## 3: Procure



- ☐ Engage with market to identify, scope and cost replacement product or mix of products
- ☐ Enables a 'Cloud First' approach in a cost-controlled environment whilst giving opportunity to respond to user feedback
- ☐ Largest 'project' cost profile and operational impact
- ☐ Most effective response to BC25 and ICT Strategy. Progression of this option retains flexibility for HDC, otherwise opportunity is lost



## **CABINET – 16<sup>th</sup> JANUARY 2023**

### **Section 100A (4) Local Government Act 1972**

**The following item is suggested to be dealt with under the above legislation.**

**To comply with the Act the following resolution needs to be passed.**

“That the public and press be excluded from the remainder of the meeting on the grounds that the matters yet to be discussed involve the likely disclosure of exempt information as defined in paragraph 8/9 of Part 1 of Schedule 12A to the Local Government Act 1972”.

- **Report 6: Exempt: Appendix B – Core Business Systems Software**

