Meetings Venue:
Council Chamber, Council Offices, Priory Road, Spalding

Contact: Gregory Watkinson
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e-mail: GWatkinson@Sholland.gov.uk
Date: 19 February 2019

Dear Councillor,

A meeting of the DISTRICT COUNCIL will be held in the Council Chamber, Council Offices, Priory Road, Spalding on Wednesday, 27 February 2019, commencing at 6.30 pm at which your attendance is requested.

Yours faithfully,

Anna Graves
Chief Executive

(Quorum:13)

AGENDA

1. Apologies for absence.

2. Minutes
   To sign as a correct record the minutes of the meeting held on 23 January 2019 (copy enclosed)

3. Declaration of Interests.
   (Where a Councillor has a Disclosable Pecuniary Interest the Councillor must declare the interest to the meeting and leave the room without participating in any discussion or making a statement on the item, except where a Councillor is permitted to remain as a result of a grant of dispensation.)

4. Chairman's Announcements.

5. Announcements by Leader and Members of the Cabinet.

6. Questions asked on notice under Standing Order 6

7. Questions asked without notice under Standing Order 7
8. Committee Minutes
To receive the minutes of the following Committees and Panels:-

a) Policy Development Panel (15 January 2019) (Pages 13 - 18)
b) Planning Committee (16 January 2019) (Pages 19 - 22)
c) Performance Monitoring Panel (30 January 2019) (Pages 23 - 32)
e) Planning Committee (13 February 2019) (Pages 49 - 52)

9. Report from Cabinet meeting held on 12 February 2019
To consider recommendations of the Cabinet in respect of:

a) Pride in South Holland – To seek approval to increase resources in the Pride in South Holland initiative for 2018/2019 and 2019/2020 (Cabinet minute 67/18) (Cabinet Agenda Item 7)

b) Q3 Finance Report 2018/19 – To provide information on Quarter 3 (to 31 December 2018) and forecast full year financial position of the Council (Cabinet minute 71/18) (Cabinet Agenda items 11 and 14)

(report of the Cabinet enclosed).

10. Key Decision Plan
To receive the current Key Decision Plan (copy enclosed). (Pages 95 - 102)

11. Budget, Medium Term Strategy and Capital Strategy
To consider the General Fund and Housing Revenue Account 2019/20 revenue and capital estimates and the Financial Medium Term Strategy (report of the Portfolio Holder for Finance and the Executive Director Commercialisation enclosed) (Pages 103 - 198)

12. Corporate Plan 2019-23
To present the new proposed Corporate Plan for the period 2019-2023 to Council for formal adoption. (Report of the Portfolio Holder for Strategy, Governance and Transformation enclosed) (Pages 199 - 214)

13. Invitation to the Boundary Commission
To request the Local Boundary Commission for England to undertake a review of the council’s electoral arrangements. (Report of the Portfolio Holder for Governance and Customer and Executive Manager – Governance (Deputy Monitoring Officer) enclosed) (Pages 215 - 216)

14. Constitution
To consider variations to the constitution. (Report of the Monitoring Officer enclosed) (Pages 217 - 226)
15. Standards Arrangements
   To Consider an amendment to the Standards Arrangements. (Report of the Executive Director – Strategy and Governance enclosed) (Pages 227 - 230)

16. Reports from Outside Bodies
   North Level Internal Drainage Board – February 2019
   (Report of Councillor Brewis enclosed) (Pages 231 - 232)

17. Nominations for Committees and other Seats and Proposed Changes to the Constitution.
   To receive, from political groups, nominations for any changes to Committees and other seats and to consider any proposed changes to the Constitution.

18. Any other items which the Chairman decides are urgent

   NOTE: No other business is permitted unless by reason of special circumstances, which shall be specified in the minutes, the Chairman is of the opinion that the items(s) should be considered as a matter of urgency.

   To set the amounts of Council Tax applicable for 2019-20 for each valuation band and in each part of the district. (Report of the Portfolio Holder for Finance and the Executive Director Commercialisation enclosed) (Pages 233 - 250)

20. Exclusion of the Press and Public
   To consider resolving that, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Schedule 12 (A) of the Act.

21. Restricted Minute
   To Consider the restricted minutes of the previous meeting of South Holland District Council held on 23 January 2019 (copy enclosed) (Pages 251 - 254)

22. Report from the Cabinet meeting held on 12 February 2019 (exempt appendix)
   Agenda item 9 refers. (Pages 255 - 256)

23. Compass Point Business Services Options
   To consider key actions to enable the extension of the current arrangements with Compass Point Business Services (“CPBS”). (Report of the Deputy Leader of the Council and the Deputy Leader of the Cabinet enclosed) (Pages 257 - 286)
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Minutes of a meeting of the SOUTH HOLLAND DISTRICT COUNCIL held in the Council Chamber, Council Offices, Priory Road, Spalding, on Wednesday, 23 January 2019 at 6.30 pm.

PRESENT

R Grocock (Chairman)
H Drury (Vice-Chairman)

G R Aley
D Ashby
J R Astill
J Avery
F Biggadike
M D Booth
C J T H Brewis
P E Coupland
T A Carter
A Casson
M G Chandler
L J Eldridge
P C Foyster
R Gambba-Jones
A Harrison
C N Johnson
J D McLean
G A Porter
J L Reynolds
S-A Slade
E J Sneath
G J Taylor
A C Tennant
J Tyrrell
J Whittbourn
A R Woolf
C N Worth
S Wray

Apologies for absence were received from or on behalf of Councillors B Alcock, G K Dark, J L King, C J Lawton, A M Newton and M D Seymour,

In Attendance: Democratic Services Officer, Chief Executive, Executive Director - Strategy and Governance, Executive Director - Place, Shared Executive Director Commercialisation (S151), Executive Manager - Governance, Planning and Building Control Manager, HR Manager (Spalding) and Housing Development Programme Manager

68. MINUTES

Consideration was given to the minutes of the previous meeting of South Holland District Council which was held on 28 November 2018; including an exempt minute.

AGREED:

That the minutes be agreed as a correct record

69. DECLARATION OF INTERESTS.

There were none.

70. CHAIRMAN’S ANNOUNCEMENTS.

There were none.
71. **ANNOUNCEMENTS BY LEADER AND MEMBERS OF THE CABINET.**

The Portfolio Holder for Strategy, Governance and Transformation announced that new members’ ID cards were available, and those who had not yet collected theirs should do so from the front of the Chamber at the end of the meeting.

The Portfolio Holder for Strategy, Governance and Transformation also thanked members who donated to the Spalding Street Pastors via Designated Councillor Budget payment.

72. **QUESTIONS ASKED ON NOTICE UNDER STANDING ORDER 6**

There were no questions asked on Notice under Standing Order 6.

73. **QUESTIONS ASKED WITHOUT NOTICE UNDER STANDING ORDER 7**

There were none.

74. **COMMITTEE MINUTES**

Joint Performance Monitoring Panel and Policy Development Panel – 1 November 2018

**DECISION:**
That the minutes be received

Policy Development Panel – 7 November 2018

**DECISION:**
That the minutes be received

Licensing Committee – 8 November 2018

**DECISION:**
That the minutes be received

Committee of the Licensing Authority – 8 November 2018

**DECISION:**
That the minutes be received
Performance Monitoring Panel – 13 November 2018

DECISION:
That the minutes be received

Planning Committee – 14 November 2018

DECISION:
That the minutes be received

Planning Committee – 19 December 2018

DECISION:
That the minutes be received

75. REPORT FROM THE CABINET MEETING HELD ON 15 JANUARY 2019

Consideration was given to the report of Cabinet which sought approval for the Cabinet’s recommendations:

a) Log of Delegations to Officers – Contracts delegations and Contract Procedure Rules (Cabinet minute 58/18) (Cabinet Agenda item 9)

b) Proposed HRA development at Small Drove, Weston (Cabinet minute 61/18) (Cabinet Agenda items 10 and 13)

The Portfolio Holder for Governance and Customer Introduced the Log of Delegations to Officers – Contracts delegations and Contract Procedure Rules. The report was largely to meet recent audit recommendations.

The Portfolio Holder for Corporate Delivery and Strategic Oversight then introduced the Report concerning a proposed HRA development at Small Drove, Weston. The main terms of the proposed build contract, and in particular the construction type, were what officers believed to be the best option, considering both the cost and quality of the work. Cabinet had invited the Council to provide any comments that it may have on the proposed terms and construction type.

In addition, the constitution provided that the Council’s approval was required for the proposed terms of the grant funding.

DECISION:
a) Log of Delegations to Officers – Contract delegations and Contract Procedure Rules
That the Constitution be amended in accordance with Appendix C

b) A report concerning a proposed HRA development at Small Drove, Weston.
That approval be given for the Authority to enter into a grant agreement with Homes England in relation to grant funding through the Shared Ownership Affordable Homes Programme 2016-2021 to support the delivery of 34 homes at Small Drove, Weston

76. KEY DECISION PLAN

Consideration was given to the Key Decision Plan.

DECISION:

That the Key Decision Plan be received.

77. REPORTS FROM OUTSIDE BODIES

Consideration was given to the report of Councillor Brewis which updated the Council after the latest meeting of the Health Scrutiny for Lincolnshire Committee.

Councillor Brewis introduced the report, stating that a shortage of Healthcare staff was a National issue and that the closure of the Grantham facility had been reported to the Secretary of state.

DECISION:

That the report be noted

78. NOMINATIONS FOR COMMITTEES AND OTHER SEATS AND PROPOSED CHANGES TO THE CONSTITUTION.

The Deputy Leader announced that Councillor Astill had resigned from the South Lincolnshire Blind Society. There were no plans to appoint a replacement at the time of this meeting.

79. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT
80.  EXCLUSION OF THE PRESS AND PUBLIC

DECISION:

That, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Schedule 12 (A) of the Act.

81.  RESTRICTED MINUTES

Consideration was given to the restricted minutes of the meeting of the South Holland District Council held on 28 November 2018.

The meeting did not have to go into exempt session for the agreement of this item as they were agreed, without divulging exempt information, during discussion of item 2 of the agenda.

DECISION:

That the minutes be signed as a correct record.

82.  REPORT FROM THE CABINET MEETING HELD ON 15 JANUARY 2019 (EXEMPT APPENDICES)

The appendices feature in this item were linked to the report of Agenda Item 9. These appendices were considered in coming to the final decision on that item.

This item did not require exempt session as members came to a conclusion on Item 9 of the agenda without needing to go into exempt session.

83.  FACILITATING THE DELIVERY OF STRATEGIC WORK PROGRAMMES.

Consideration was given to the report of the Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation which sought to provide members with sufficient capacity and necessary resources to deliver key strategic work programmes.

The Portfolio Holder for Growth and Commercialisation introduced the report. A significant capital works programme was in the pipeline for the near future. To allow this to happen, significant
infrastructure needed to be put in place. An Executive Programme Manager was needed to aid in the implementation of this.

DECISION:

a) That Members approve the establishment of the post of Executive Programme Manager – Housing and Infrastructure Delivery.

b) That Members approve the principle of the use of the Investment and Growth Reserve to support the cost of this post, with the proviso that officers seek to recover these monies from the grant awarded through Homes England’s Housing and Infrastructure Fund (HIF), once secured, and other sources as appropriate (and that authority to do so is delegated to the Executive Director of Commercialisation in consultation with the Portfolio Holder).

c) That the investment identified in the report to bring forward delivery of section J of the Spalding Western Relief Road be approved; and

d) That the investment identified in the report to bring forward the Holbeach Food Enterprise Zone be approved

84. RESOURCING WITHIN THE PLANNING & BUILDING CONTROL DEPARTMENT

Consideration was given to the report of the Portfolio Holder for Place which sought the approval for a proposal to address capacity, resilience, recruitment and retention issues within the Planning and Building Control Department.

The Portfolio Holder for Place introduced the report, stating that it outlined improvements in the level of service from the planning and building control department. A 20% uplift in fees had been put in place by the government, on the proviso it be used in the planning and building control department.

Building control fees were increasing and new services would now be subject to charges.

DECISION:

a) That the Council approves the budgetary impact of the proposals set out in the report for incorporation in the 2019/20 budget; and
b) That the Council approves a 14-day consultation with staff on the proposed changes and their implementation on the basis outlined in this report unless matters change significantly following consultation.

85. SENIOR MANAGER WORKFORCE STRATEGY

Consideration was given to the report of the Executive Director – Strategy & Governance (Monitoring Officer) which invited the Council to review the Workforce Strategy and pay and terms and conditions of the Senior Management Team. The proposals took account of a number of factors, such as the Council’s ability to recruit and retain staff.

DECISION:

That the following recommendations be approved:

1) Option 2 set out in the report (Parts A, B and C)

2) Implementation of all the above takes effect from 1 April 2019.

(The meeting ended at 7.08 pm)

(End of minutes)
Minutes of a meeting of the POLICY DEVELOPMENT PANEL held in the Meeting Room 1, Council Offices, Priory Road, Spalding, on Tuesday, 15 January 2019 at 6.30 pm.

PRESENT

A R Woolf (Chairman)
J D McLean (Vice-Chairman)
D Ashby
F Biggadike
M D Booth
H Drury
P C Foyster
A M Newton
J L King

In Attendance: Food Health & Safety Manager, Housing Landlord Manager, Housing Services Manager, Place Manager and Democratic Services Officer.

Apologies for absence were received from or on behalf of Councillors J R Astill, L J Eldridge, A Harrison and J L Reynolds

41. MINUTES

Consideration was given to the minutes of the meeting of the Policy Development Panel held on 7 November 2018.

AGREED:

That the minutes be signed as a correct record.

42. DECLARATION OF INTERESTS.

There were none.

43. QUESTIONS ASKED UNDER STANDING ORDER 6

There were none.

44. TRACKING OF RECOMMENDATIONS

There were none.

45. ITEMS REFERRED FROM THE PERFORMANCE MONITORING PANEL

There were none.

46. KEY DECISION PLAN

Consideration was given to the Key Decision plan published on 7
AGREED:
That the Key Decision Plan be noted.

47. POLICY REGISTER

Consideration was given to the Policy Register dated 20 December 2019.

AGREED:
That the Policy Register be noted.

48. TENANCY AGREEMENT UPDATE

Consideration was given to the report of the Portfolio Holder for Housing and Health and the Executive Director Place which sought to advise the Panel of the consultation process required to amend the Council’s Introductory and Secure Tenancy Agreement.

The Housing Services Manager introduced the report. They stated that it was hoped that once the new agreement was approved by Cabinet, it would go out for a consultation process for a period of 28 days.

Members expressed that they were pleased to see that the agreement made provisions for setting out the rules for tenants planting trees and other large plants in the gardens of Council owned properties.

The Place Manager introduced the new Housing Landlord Manager, stating that it had been a busy introductory period but that they were making good progress and getting a good feel for the way the Authority’s housing stock worked. Members welcomed the new Housing Landlord Manager, and asked them how they felt the Housing Stock of South Holland District Council compared in quality to what they had encountered in previous roles. The Housing Landlord Manager responded that they had previously worked in inner city housing associations, rather than for local authorities, but that they felt the housing stock of South Holland was of a comparably high quality, as the vast majority were relatively recent constructions, and the Authority had, in recent years, invested in the rejuvenation of its stock.

Members asked that an email be sent out to confirm to members
who the New Housing Landlord Manager was and how to contact them.

AGREED:

That the report be noted.

49. CORPORATE ENFORCEMENT POLICY UPDATE

Consideration was given to the report of the Executive Director Place which sought to provide the Panel with an update on enforcement activity since the introduction of the new Corporate Enforcement Policy.

The Food Health & Safety Manager introduced the update. It was stated that the bulk of enforcement action had been informal, with a minority progressing into formal action. This was because it had been found that informal action in the first instance was sufficient in abating the need to take a complaint higher into formal action.

The number of informal enforcement notices had increased in the second half of 2018, this was largely due to the appointment of community wardens.

The Vice-Chairman stated that he estimated that the fixed penalty notices had earned approximately £5,000, which he understood to be £2,500 per community warden. He stated that he felt that while this was good progress, that the Council should be aiming to get to a point where the wardens were generating enough income to fund their own wages.

The Place Manager stated that this was largely due to the fact that the Community Wardens had to act as a pair due to security concerns, but that it was hoped that soon, the provision of body cameras, would mean that they would be able to operate individually, and therefore will be able to provide double the coverage.

Some members stated that they felt it wasn’t useful to compare the income of penalty notices against the wages of the Community Wardens because a great deal of their value came from the prevention of further issues.

Members agreed that requiring households to have roadside waste collections, rather than from bins, was exacerbating the issue of litter. Some further stated that they felt that the provision of waste storage ought to be a planning condition.
Members asked if there would be any issue with having CCTV systems installed in problem areas in order to gather evidence. The Place Manager responded that there were GDPR issues related to the Council having cameras installed at fixed positions.

The Vice-Chairman asked whether officer had any knowledge of what the specific GDPR issues of placing CCTV systems were. The Place Manager responded that they would gather this information. The Vice Chairman stated that he felt that there were workarounds for accepting responsibility of CCTV installations and asked officers if some of these could be examined.

The Chairman, in reference to earlier conversation, agreed that supplementary planning guidance should be looked at, but that he felt that this could be a Task Group matter. Members stated in response that there were already multiple planning condition Task Groups in the pipeline and that it would be worth consulting with the other groups to see if a larger, more comprehensive group could be formed out of them all, in order to avoid replication of work. The Chairman agreed that this would be a sensible move and that he would enquire after the other Task Groups to gather opinions on creating such a Task Group.

The Chairman suggested that a further update be presented in 6 months time. Members agreed that this would be useful as it would allow them to examine a full year’s effect from the implementation of the policy.

AGREED:

1) That the content of the report be noted.

2) That a further update be presented to the panel in 6 months time.

50. POLICY DEVELOPMENT PANEL WORK PROGRAMME

Consideration was given to the report of the Executive Manager – Governance, which set out the Work Programme of the Policy Development Panel. The Work Programme consisted of two separate sections, the first setting out the dates of the future Panel meetings along with proposed items for consideration, and the second setting out the Task Groups that had been identified by the Panel.

AGREED:

That the Policy Development Panel Work Programme be noted.
51. **ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.**

There were none.

(The meeting ended at 7.28 pm)

(End of minutes)
Minutes of a meeting of the **PLANNING COMMITTEE** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Wednesday, 16 January 2019 at 6.30 pm.

**PRESENT**

R Gambba-Jones (Chairman)  
J Avery (Vice-Chairman)

B Alcock  H Drury  J Tyrrell  
D Ashby  L J Eldridge  P A Williams  
C J T H Brewis  R Grocock  A Casson  
P E Coupland  M D Seymour

In Attendance: Development Manager, Planning and Building Control Manager, Senior Planning Lawyer, Senior Planning Officer and Democratic Services Officer

Apologies for absence were received from or on behalf of Councillors C J Lawton, J L Reynolds and A C Tennant

90. **MINUTES**

Consideration was given to the minutes of the meeting of the Planning Committee held on 19 December 2018.

**AGREED:**

That the minutes be signed as a correct record.

91. **DECLARATION OF INTERESTS.**

Councillor Brewis stated that he did not have a pecuniary interest, but in the interest of transparency declared that he knew the applicant in relation to item 5 on the agenda.

Councillor Tyrrell declared that, in relation to item 6 of the agenda, he was in competition to be awarded a contract for related works. Therefore, he agreed that he would abstain from voting on that item.

92. **QUESTIONS ASKED UNDER THE COUNCIL'S CONSTITUTION (STANDING ORDERS).**

There were none.
93. **H11-0936-18**

**Planning No. and Applicant**
H11-0936-18 Proctor Bros Ltd

**Proposal**
Outline application for a residential development of 6 affordable housing units at St James Road, Long Sutton, Spalding

Consideration was given to the report of the Development Manager upon which the above application was to be determined, including his recommendations, copies of which had previously been circulated to all members.

Members debated the matter and fully explored the details of the application in light of prevailing policies and guidance. The debate was not repeated here as Planning Committee meetings were webcast and could be viewed in full at [www.sholland.gov.uk](http://www.sholland.gov.uk) for a limited period of time following which the recording could be made available by request.

**AGREED**

That the application be deferred in order to clarify the position on identified local need for affordable housing and to determine from the applicant what arrangements are/would be in place to ensure deliverability of 100% affordable scheme and its subsequent retention.

(Moved by Councillor Drury, Seconded by Councillor Eldridge)

Oral representations were received in respect of the above application in accordance with the Council’s scheme of public speaking at Planning Committee meetings:

**Supporter** – Mr Stafford Proctor (Agent)

94. **H14-1158-18**

**Planning No. and Applicant**
H14-1158-18 Brooks Spalding

**Proposal**
Full application for the construction of industrial units, lorry and trailer storage/parking along with the associated access at Stephenson Avenue, Pinchbeck, Spalding.

Consideration was given to the report of the Development Manager upon which the above application was to be determined, including his recommendations, copies of which had previously been circulated to all members.

Members debated the matter and fully explored the details of the application in light of prevailing policies and guidance. The debate was not repeated here as Planning Committee meetings were webcast and could be viewed in full at [www.sholland.gov.uk](http://www.sholland.gov.uk) for a limited period of time following which the recording could be made available by request.
PLANNING COMMITTEE - 16 January 2019

AGREED:

That planning permission be granted subject to the conditions listed at Section 9.0 of the report.

(Moved by Councillor Avery, Seconded by Councillor Seymour)

95. H16-0930-18

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<thead>
<tr>
<th>Planning No. and Applicant</th>
<th>Proposal</th>
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<tbody>
<tr>
<td>H16-0930-18 M J L Skipmaster</td>
<td>Full application for change of use to B1, B2 and B8 at 344 Bourne Road, Pode Hole, Spalding.</td>
</tr>
</tbody>
</table>

The Chairman reported that this item had been withdrawn from the agenda.

96. H16-1213-18

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<tr>
<th>Planning No. and Applicant</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>H16-1213-18 Mrs J Wheelhouse</td>
<td>Full application for part change of use from B1 to D1 at Short Street Depot, Unit B Short Street, Short Street, Spalding.</td>
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</table>

Consideration was given to the report of the Development Manager upon which the above application was to be determined, including his recommendations, copies of which had previously been circulated to all members.

Members debated the matter and fully explored the details of the application in light of prevailing policies and guidance. The debate was not repeated here as Planning Committee meetings were webcast and could be viewed in full at www.sholland.gov.uk for a limited period of time following which the recording could be made available by request.

AGREED:

That planning permission be granted subject to the conditions listed at Section 9.0 of the report.

(Moved by Councillor Brewis, Seconded by Councillor Tyrrell)

97. PLANNING UPDATES.

There were none.

98. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.

There were none.
PLANNING COMMITTEE - 16 January 2019

(The meeting ended at 7.28 pm)

(End of minutes)
Minutes of a meeting of the PERFORMANCE MONITORING PANEL held in the Meeting Room 1, Council Offices, Priory Road, Spalding, on Wednesday, 30 January 2019 at 6.30 pm.

PRESENT

B Alcock (Chairman)
M D Booth (Vice-Chairman)

J R Astill
C J T H Brewis
G K Dark

P C Foyster
R Grocock
J D McLean

A M Newton
M D Seymour
A C Tennant

In Attendance: County Councillor Sue Woolley, Executive Manager - Governance, Business Intelligence Officer, Democratic Services Officer, Executive Manager Growth, Community Safety & Enforcement Manager, Economic Development and Inward Investment Manager, Licensing and Business Support Manager and Building Consultancy Manager and Director of Public Health (Lincolnshire County Council)

Apologies for absence were received from or on behalf of Councillors G R Aley, J L King and S Wray

3717 DECLARATION OF INTERESTS.

There were none.

3817 HEALTH INEQUALITY AND JOINT HEALTH AND WELLBEING STRATEGY

The Panel received a presentation on the Joint Health and Wellbeing Strategy for Lincolnshire 2018 from County Councillor Sue Woolley (Executive Cllr NHS Liaison & Community Engagement) and Derek Ward, Director of Public Health Lincolnshire County Council).

After the Panel had received the presentation, the following points were raised:

The Chairman asked where the authority lay in relation to the delivery of the Health and Wellbeing strategy. County Councillor Woolley stated that priorities had been developed from the ground up by what Lincolnshire residents felt were concerns.

The Chairman stated that the issues surrounding the number of carers required in the district had been a problem for years and asked what could be done. The Director of Public Health for
Lincolnshire County Council stated that a key first step would be to raise awareness of the issue and of related organisations.

Members stated that they felt that being more direct regarding health issues would be a good strategy. But that they needed also to be smart. Banning unhealthy products outright would make them more attractive.

Members stated that the issue of loneliness was in large part made worse by the area being a retirement area, wherein couples retire into the area, leaving the remaining person alone after one passes away and many miles away from family.

The Chairman thanked County Councillor Woolley and the Director of Public Health for their attendance and informative presentation and asked that an update be provided when further information became available.

3917 MINUTES

PMP

Consideration was given to the minutes of the meeting of the Performance Monitoring Panel, held on 13 November 2018.

AGREED:

That the minutes be signed as a correct record.

Joint Performance Monitoring Panel and Policy Development Panel

Consideration was given to the minutes of the meeting of the Joint Performance Monitoring Panel and Policy Development Panel, held on 1 November 2018.

AGREED:

That the minutes be signed as a correct record.

4017 QUESTIONS ASKED UNDER STANDING ORDER 6

There were none.

4117 TRACKING OF RECOMMENDATIONS

There were none.
4217 ITEMS REFERRED FROM THE POLICY DEVELOPMENT PANEL.

There were none.

4317 KEY DECISION PLAN

Consideration was given to the Key Decision Plan issued on 17 January 2019

AGREED:

That the Key Decision Plan issued on 17 January 2019 be noted.

4417 QUARTER 3 2018-19 PERFORMANCE OVERVIEW REPORT

Consideration was given to the report of the Executive Member for Strategy, Governance and Transformation, the Executive Manager for People and Public Protection, and the Portfolio Holder for Governance and Customer which provided an update on how the Council was performing for the period 1 October 2018 to 31 December 2018

Staff turnover and sickness figures were greatly reduced over Quarter 2. Both were the lowest recorded in their respective categories in a long time.

The longest void property was 27 days, with the average being 15 days

Freedom of Information request response times were slightly below target, but was still not at a concerning rate.

Members, regarding Environmental Health Consultancy Services, stated they felt that the consultancy was not generating income and being marketed to its fullest potential. The Licensing and Business Support Manager responded that there was work being done to improve the level of marketing. The Senior Business Intelligence Officer responded that it would be wise to take the revenue figures from Q4 as the more representative numbers.

The Chairman asked if there was a reason for the increase in complaints coming from the public. The Senior Business Intelligence Officer responded that the introduction of the online complaint system in the previous year had caused a slow increase in the amount of complaints received. He also further responded that recently an option had been added to contact services directly to raise concerns before getting to a formal
complaint stage and that this was expected to reduce the number of formal complaints.

**AGREED:**

That the contents of the report be noted.

### 4517 ENFORCEMENT UPDATE

Consideration was given to the report of the Executive Director for Place which provided members with an update on enforcement activity.

Community wardens had been introduced in the previous year and had been working hard to increase their presence in the area and also to raise awareness of their work.

Members asked if there was any way that the Council could do more to address fly-tipping. The Community Safety & Enforcement Manager responded that already a lot of work was done to address reported fly-tips, but that it was hard to identify the perpetrators in the majority of cases. This was another reason why it was important to raise awareness in local areas.

The Chairman asked what the regularity of inspection at food businesses was. The Licensing and Business Support Manager responded that it was based on risk, but the longest period of time between inspections would be 3 years, with the shortest period being up to every 6 months.

The Vice-Chairman asked why the target for resolution of a fly-tipping case was 3 days when this was missed fairly often. The Portfolio Holder for Place responded that this was largely due to the existence of hazardous materials in fly-tips or a requirement for a third party to be present. But that the 3 day limit was in place as a performance target.

**AGREED:**

a) That the contents of the report be noted.

b) That a further update be provided to the Performance Monitoring Panel in six months’ time.

### 4617 EMERGENCY PLANNING

Consideration was given to the report of the Portfolio Holder for Place and the Executive Director Place which provided the Panel
with an update to the Terms of Reference with the Lincolnshire Resilience Forum.

The Building Consultancy Manager introduced the report, stating that it presented the terms of reference which the Panel had requested.

The Chairman asked how many incidents had been responded to in the previous year. The Place Manager stated that the previous years’ weather issues in March had provided a good example of how the emergency planning system worked. Led by the Lincolnshire Resilience Forum, South Holland and other partners constantly engaged to provide an appropriate response.

The Chairman asked what issues were generally addressed by the Emergency Planning team. Officers responded that in the previous year there had been no serious incidents in South Holland. District Officers continue to proactively and reactively work on ‘business as usual’ incidents such as dangerous structures, fly tips on roads and so forth.

Members asked if any money was being spent on the planning for Brexit. The Building Consultancy Manager responded that national Government had made Brexit planning mandatory, but that was largely characterised by attendance at emergency planning meetings. The Executive Manager - Governance responded that members should contact relevant officers directly for further details.

**AGREED:**

That the panel note the information provided within the report.

**4717  ECONOMIC DEVELOPMENT**

Consideration was given to the report of the Executive Director Commercialisation and Section 151 Officer which provided an update on how Economic Development and inward investment was undertaken and promoted in South Holland.

The Inward Investment Manager introduced the report, stating that since the last update there had been several meetings with businesses in order to assist with profitability and viability of local businesses.

Start-up workshops were being held regularly and were well attended.
Members asked if there was any information to be had on high street retail and markets. The Inward Investment Manager responded that, unfortunately, that access did not sit within the Economic Development team. The Chairman suggested that the Panel examine whether retail and high street economic matters be brought under more close scrutiny.

The Place Manager stated that boosting high streets and town centres was a topical matter and that through the ‘Future High Street Fund’ Councils were being encouraged to put forward an expression of interest of how they may use such funds to revitalise town centres. Officers across the directorates were compiling information to put forward such an expression of interest. This would be shared with members in due course.

The Chairman asked the Panel if it was their opinion that the High Street economy should be a higher priority in economic development. There was general agreement.

**AGREED:**

a) That the panel note the contents of the report.

b) That the High Street Economy be made a larger focus of Economic Development

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**CONSTITUTION**

Consideration was given to the report of the Monitoring Officer which presented potential changes of the constitution to the Panel.

The Executive Manager – Governance stated that the purpose of bringing the report to the Panel was largely to focus on explaining the need for Recommendation A.

The Executive Manager – Governance stated that the introduction of legislation had meant that all officer decisions required publishing even if they were not key decisions. This had meant that a large number of minor decisions were now subject to call-in. The recommendations would revert the situation to the previous stance where non-key decisions did not require a call-in.

The Panel were content with this and the remaining recommendations to Council.

**AGREED:**

That the following recommendations be accepted by the panel
Call-in for Non-Key Officer Decisions – That Call-in not apply to non-Key Decisions made by officers under delegated authority, and the Constitution be amended in accordance with appendix A of the report;

Senior Information Risk Officer (SIRO) – That the Shared Executive Manager Information be appointed the Senior Information Risk Officer, and the Constitution be amended in accordance with Appendix B of the report.

Licensing Functions

- That the terms of reference of the Licensing Committee be amended to include reference to the Animal Welfare Functions, and to clarify the licensing functions for which it is responsible as shown in Appendix C of the report.
- That the terms of reference of the Licensing Panel be amended to refer specifically to Regulation 2 of the of the Local Authorities (Functions and Responsibilities (England) Regulations 2000 as shown in Appendix C of the report.
- That the Monitoring Officer be authorised to amend the Constitution to include reference to any future additional licensing matters which come under the above terms of reference, subject to a report being submitted to full Council for information.

Staffing Procedures / Appeals Panel and Grievance Panel

- That paragraph 12 of the table at paragraph 15(I) of part 3 Section F be amended to that shown in Appendix D of the report.
- That existing Paragraphs 13 to 17 be deleted and the remaining section of Part 3 Section F be renumbered accordingly.
- That the Appeals Panel and the Grievance Panel be replaced with one Appeals Panel comprising 4 members (excluding any members involved in the original decision which is subject to appeal), not appointed in accordance with the Local Government (Committees and Political Groups) Regulations 1990, with a Quorum of 3 members in accordance with standing order no. 38, and with the single term of reference detailed at Appendix D of this report.
The duplicate delegations in the Schedule of Delegation be deleted.

4917 FINAL REPORT OF THE PUBLIC TOILETS TASK GROUP

Consideration was given to the report of the Chairman of the Public Toilets Task Group which presented the Task Group’s Final report to the panel for consideration.

Councillor Dark, as the chairman of the Public Toilets Task Group introduced the report, stating that the toilets were currently not up to the standard of the council and were not fit for purpose.

The chairman wanted to thank the members and officers of the task group for the work done to reach this point.

AGREED:

That the Panel recommends the report to Cabinet for final consideration.

5017 PERFORMANCE MONITORING PANEL WORK PROGRAMME

Consideration was given to the report of the Executive Manager Governance, which set out the Work Programme of the Performance Monitoring Panel. The Work Programme consisted of two separate sections, the first setting out the dates of the future Panel meetings along with proposed items for consideration, and the second setting out the Task Groups that had been identified by the Panel.

The chairman asked whether the reliable, constant information required to resume the CCTV Task Group was available. The Place Manager responded that this was available and that the Task Group could be re-convened.

AGREED:

That the Work Programme provided by the Executive Manager – Governance be noted.

5117 ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.
PERFORMANCE MONITORING PANEL -
30 January 2019

(The meeting ended at 8.51 pm)

(End of minutes)
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Minutes of a meeting of the JOINT PERFORMANCE MONITORING PANEL AND POLICY DEVELOPMENT PANEL held in the Council Chamber, Council Offices, Priory Road, Spalding, on Tuesday, 12 February 2019 at 6.30 pm.

PRESENT

B Alcock  H Drury  J L Reynolds
D Ashby  L J Eldridge  S-A Slade
F Biggadike  P C Foyster  E J Sneath
M D Booth  R Grocock  J Tyrrell
C J T H Brewis  J L King  J Whitbourn
G K Dark  A M Newton  A R Woolf

Apologies for absence were received from or on behalf of Councillors G R Aley, J R Astill, A Harrison, J D McLean and S Wray

In Attendance: Executive Director – Strategy and Governance, Executive Manager for Information, Digital and Customer Services Manager, ICT Manager, Innovation and Change Business Partner, Housing Landlord Services Manager, Head of Operations (CPBS), Head of Service – ICT (CPBS) Head of Service – Customer Contact (CPBS).

The Portfolio Holder for Governance and Customer and the Portfolio Holder for Strategy, Governance and Transformation were also present.

16. ELECTION OF CHAIRMAN

Councillor Woolf was elected Chairman for the duration of the meeting.

17. DECLARATION OF INTERESTS

There were no declarations of interest.

18. CUSTOMER ACCESS STRATEGY, ICT & DIGITAL STRATEGY AND DIGITAL WORK PROGRAMME

The Panel agreed to take the two reports on the agenda together as one item.

Consideration was given to a report by the Portfolio Holder for Strategy, Governance and Transformation and Executive Director – Strategy and Governance which set out details of a new strategy which aimed to improve residents’ experience of contacting South Holland District Council while also increasing the efficiency of its overall operating arrangements.
Members also considered a report by the Portfolio Holder for Governance and Customer and the Executive Director for Strategy and Governance which set out details of a new strategy which aimed to improve residents’ experience of contacting South Holland District Council while also increasing the efficiency of our overall operating arrangements.

Members recalled that at the meeting of the Joint Performance Monitoring Panel (PMP) and Policy Development Panel (PDP) held on 1st November 2019, the Panel raised a number of questions and/or concerns relating to the strategies and work programme:

With specific regard to the Customer Access Strategy, further information and reassurance was sought on:

- How/if the strategy has been tailored to the specific needs of SHDC
- The involvement of CPBS, as the Council’s service delivery partner, in the strategy's development
- Consultation with East Lindsey District Council, as a shared client of CPBS, on the strategy's content – with particular regard to the proposed Customer Charter service standards The level of support that would be available to those who cannot access digital services and concern that telephone and face-to-face may not be available to those that need it

With specific regard to the ICT and Digital Strategy further information and reassurance was sought on:

- The involvement of CPBS, as the Council’s service delivery partner, in the strategy’s development
- Consultation with East Lindsey District Council, as a shared client of CPBS, on the strategy’s content
- The business case for the Digital Work Programme, including:
  - Costs and budget
  - Benefits
  - Return on Investment
  - Risk analysis
The relevance of the Council’s customer personas/insight – and how these help us to design more relevant services that people want as well as need.

In response to this feedback, a series of Member engagement sessions were held from 14-16 January 2019, which aimed to provide further detail and reassurance. The above points were also addressed in the two reports under consideration which were introduced by the Portfolio Holder for Governance and Customer and Portfolio Holder for Strategy, Governance and Transformation.

The Panel received a presentation by the Digital and Customer Services Manager which covered the following key areas:

- Initial Digital Priorities
- An illustration of how reporting a fly tip could work
- Information about how the proposals would be funded
- The governance arrangements for the proposals
- Examples of the benefits involved in the proposals in terms of cost avoidance
- An illustration of a tenant portal which would allow the automation of many manual housing processes
- A comparison of a current process and new process in relation to housing rent account management
- A PEST (Political, Economic, Social and Technical) risk assessment

A copy of the presentation is attached as an appendix to these minutes.

Councillors asked questions, discussed the draft documents and the following key points emerged:

- Councillors stressed the importance of any new systems being able to communicate with other local authorities, public bodies and government departments. It was noted that this had been built into the system and the strategy would seek to ensure that different teams would not be able to build their own incompatible systems.
Councillors also discussed whether moving to more automated systems would lead to more fraudulent activity and questioned what safeguards would be put in place, particularly with regard to housing and the issue of tenancies. The Panel heard that whilst fraudulent activity could not be eradicated it could be mitigated. In the instance of tenancies, this would be done by the requirement of a log-in and password for any details to be changed. If notice had been given by someone purporting to be a tenant then a letter would be sent to the true tenant confirming the online statement at which point the fraudulent activity would come to light. There was also an officer visit built into the process which provided a further safeguard. It was acknowledged that automated systems could sometimes better support equality and diversity principles.

The Panels were reassured that existing communications pathways would continue to be available, but it was stressed that they also needed to be just as accessible as present with telephone numbers still being prominently displayed on literature and websites for those who cannot or do not wish to engage with the Council digitally. It was acknowledged that the aim was to reduce telephone contact by 50% but that this would be achieved by being able to solve problems at the first point of contact so that further telephone calls were unnecessary. This would help to deliver financial savings. Implementation of modern systems would also provide the opportunity to redeploy staff to more meaningful work. However, it was acknowledged in the documents that telephone would remain the Council’s largest source of contact. This would be closely monitored by scrutiny in the future to make sure that systems were not developed that would make telephone contact so difficult that people didn’t use it. It would also be important to make signing up to ‘My Account’ as straightforward as possible with a simple guide for customers.

Councillors discussed that the digital agenda was based in a large part on the use of broadband. A fast and reliable broadband connection was still not available in parts of the District. The Council needed to make sure that everyone had the opportunity to use its digital services. The Portfolio Holder for Strategy, Governance and Transformation...
stressed that the Council continued to try to facilitate the availability of broadband to everyone in the District.

- The Panels discussed the development process for the new systems and noted that this was done in a staged process with features being added incrementally so that there was never anything substandard available to the public.

- It was noted that CPBS, as the Council’s provider of services, also provided services to East Lindsey District Council who had their own strategies. CPBS would continue to look at how the services provided to the two authorities could be better aligned.

- Councillors explored whether there were potential commercial opportunities for the Council from the software being developed. Although the software was not unique, the supplier, GOSS, had a system whereby newly developed software was put into their library to be shared and the Council was credited with development time in return.

- With regard to the Council’s out of hours service, this would continue to be provided for emergencies, but it was expected that as more services were available digitally for those that wished to use them, an increasing number of customers would make contact with the Council outside of core working hours in this way. It was important however to acknowledge that whilst digital reporting was 24 hour, expectations would need to be managed regarding response times.

- With regard to Governance, Councillors referred to the £300,000 implementation costs and asked for a clear idea of how this would be monitored so that the public could be assured that it was value for money. It was agreed that progress reports would be made to the Performance Monitoring Panel every six months or as appropriate.

The Panels thanked the Officers for their work on addressing their concerns and suggestions.
AGREED:

That the Joint Performance Monitoring Panel and Policy Development Panel:

1. Notes the draft Customer Access Strategy, draft ICT and Digital Strategy and Digital Work Programme;
2. Provides comment and feedback as set out in these minutes;
3. Recommends the documents to Cabinet and Council; and
4. That progress of the strategies and work programme is reported to the performance Monitoring Panel on a six monthly basis or as appropriate.

19. **ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT**

There were no urgent items.

(The meeting ended at 7.40 pm)

(End of minutes)
Customer Access Strategy & Digital / ICT Strategy
Initial Digital Priorities

Key Streams

1. Replace CPBS’ Customer Relationship Management Software
   * Rebuild all report / apply / pay processes
2. Online booking of Sports pitches / Community rooms
3. Move Revs and Bens processes online (CPBS)
4. Develop ‘Open for Business’ website
5. Integrate new Public Protection system into customer accounts
6. Integrate new Housing System into customer accounts and creation of Tenants Portal
7. Migrate EHTC site to new template
Report a Flytip – benefits of new process

- Fully automated process
- Resident updated throughout process
- Mobile friendly
- Photos of flytip can be included
- View existing flytips
- Reporting suite
- Real time information to operatives
Funding Requested

- 1 project manager - 18 months £54,975
- 2 web developers - 2 years £176,724
  - 1 Content manager
  - 1 Developer
- Up to 200 Days contract resource UX / Design - £40,414
- One off costs to deliver £59,500

Total cost of project over 2 years: £331,613
Governance for Funding

• Funded from the existing investment and growth reserve
• Each work stream needs a signed off full business case to be approved by Digital / ICT / Customer board
• Reporting into EMT – transparency
Examples of Benefits – Cost Avoidance

Contact Centre
- Telephony
- E Mails
- Face to Face - £123k

Housing
- Rent Account Administration Costs – £76K

Taxi Licensing
- Taxi Licensing - £7.26k
Tenant Portal – Allowing automation of many manual housing processes

- Council House Repairs
- Mutual Exchange
- Account Balance
- Pet Permission
- Knowledge base
- Give Notice
Housing Rent Account Management

- Blue – Officer Action
- Grey – Automated process
- Gold – Service Enhancement

**Current Process**

**Stage 1**
- Accounts balanced on a Sunday and debited on Monday
- Tenants may pay by: S/On, Direct Debit, PayPal, Housing Benefit, Universal Credit
- Housing Officers spend time setting up mandates

**Stage 2**
- Housing Officers identify Northgate – searching for all “Pending”
- Housing Officers then assess each case and make judgement on whether action is required

**Stage 3**
- Housing Officers contact tenant either by letter, text or phone call (should include a copy of rent statement)
- Numerous attempts at contact may be made
- Home visit may be required in some circumstances

**Stage 4**
- No Response
- Wait for next stage of Escalation Process
- RO gives into individual rent account to record the result of the response. (Removable phone call or cutting and pasting content from letter/tenant’s email)
- The outcome is recorded and the issues resolved

**New Process**

**Stage 1**
- Automated system assessment of whether accounts are currently “Pending” based on algorithms and credit payment arrangements

**Stage 2**
- All “Pending” are immediately visible to housing officers and do not require assessment or filtering
- Action taken by HO more quickly
- Letters and text to be generated automatically (officers will still mail out letters)

**Stage 3**
- Contat of letter/ text e-mail automatically uploaded to tenants account file
- Housing Officers return to responses
- Reduced administrative burden resulting in enhanced capacity for a more targeted approach to: • Focus more intensively on serious cases and make judgments based on circumstances e.g. putting account on hold where there are mitigating factors
• Provide greater tenant support
• Reduce arrears
• Reduce costly court action

**Stage 4**
- RO gives into individual rent account to record the result of the response. (Removable phone call or cutting and pasting content from letter/tenant’s email)
- The outcome is recorded and the issues resolved
- No officer input required
## P.E.S.T. risk assessment

<table>
<thead>
<tr>
<th>Risk of proceeding</th>
<th>Solution</th>
<th>Risk of not proceeding</th>
<th>Solution</th>
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<tbody>
<tr>
<td><strong>Political</strong></td>
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<tr>
<td>Residents resistance to change</td>
<td>Delivering tangible improvements and benefits</td>
<td>Residents and businesses viewing the Council as not being pro-active and not embracing opportunities.</td>
<td>Continued launch of new digital services that match resident’s experience in other sectors.</td>
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<td><strong>Economic</strong></td>
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<td>Significant investment won’t yield sufficient return</td>
<td>Robust analysis of opportunities, potential benefits, customer experience and experience across other authorities. Each project subject to business case and scrutiny.</td>
<td>Front line services cut due to budget cuts</td>
<td>Cost saving from digital programme allowing services to be maintained and commercial opportunities developed.</td>
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<td><strong>Social</strong></td>
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<td>Risk of Digital Exclusion</td>
<td>Existing and alternative channels (with assisted service) are built into Digital Inclusion strategy.</td>
<td>District being isolated</td>
<td>Adoption of digital where appropriate</td>
</tr>
<tr>
<td>Lack of engagements by residents</td>
<td>Systems so easy to use that residents will want to</td>
<td>Residents being isolated</td>
<td>Adoption of digital where appropriate</td>
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<td>Lack of engagement by services</td>
<td>Launch of staff engagement strategy</td>
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<tr>
<td><strong>Technological</strong></td>
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<tr>
<td>Failure to deliver programme</td>
<td>ICT infrastructure already in place. Dedicated programme / project management- Governance of Digital board</td>
<td>Council getting left behind - not being able to catch up</td>
<td>Continued programme of improvements</td>
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<tr>
<td>Failure to attract suitable new staff</td>
<td>Utilisation of contract staff</td>
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Minutes of a meeting of the PLANNING COMMITTEE held in the Council Chamber, Council Offices, Priory Road, Spalding, on Wednesday, 13 February 2019 at 6.30 pm.

PRESENT

R Gambba-Jones (Chairman)

B Alcock   C J Lawton   J Tyrrell
C J T H Brewis  J L Reynolds   J R Astill
H Drury   M D Seymour   F Biggradike
L J Eldridge   A C Tennant   A Casson

In Attendance: Development Manager, Planning and Building Control Manager, Senior Planning Lawyer and Democratic Services Officer

Apologies for absence were received from or on behalf of Councillors D Ashby, J Avery, P E Coupland and R Grocock

99. MINUTES

Consideration was given to the minutes of the meeting of the Planning Committee held on 16 January 2019

AGREED:

That the minutes be agreed as a correct record.

100. DECLARATION OF INTERESTS.

There were none

101. QUESTIONS ASKED UNDER THE COUNCIL'S CONSTITUTION (STANDING ORDERS).

There were none.

102. H11-0936-18

Planning No. and Applicant  Proposal
H11-0936-18 Proctor Bros Ltd  Outline application for a residential development of 6 affordable housing units at St James Road, Long Sutton, Spalding

The Chairman announced that this item had been withdrawn from the agenda.
103. **H16-0469-18**

**Planning No. and Applicant**  
H16-0469-18 Minster Building Company

**Proposal**  
Full application for change of use of the existing building from use class D2 to Use Class C3, to include one 1-Bedroom apartment and four 2-Bedroom apartments and two 1-Bedroom apartments, proposed new four storey apartment building including twelve 1 Bedroom apartments, and associated external works and infrastructure at The Fitness Company, 38 Spring Gardens, Spalding.

_The Chairman reported that this item had been withdrawn from the agenda._

104. **H16-1202-18**

**Planning No. and Applicant**  
H16-1202-18 South Holland

**Proposal**  
Listed Building application for internal and external works to Ayscoughfee Hall at Ayscoughfee Hall, Church Gate, Spalding.

Consideration was given to the report of the Development Manager upon which the above application was to be determined, including his recommendations, copies of which had previously been circulated to all members.

Members debated the matter and fully explored the details of the application in light of prevailing policies and guidance. The debate was not repeated here as Planning Committee meetings were webcast and could be viewed in full at [www.sholland.gov.uk](http://www.sholland.gov.uk) for a limited period of time following which the recording could be made available by request.

**AGREED:**

That Listed Building Consent be granted subject to the Conditions listed at Section 9.0 of the report.

(Moved by Councillor Drury, Seconded by Councillor Eldridge)

105. **H16-0019-19**

**Planning No. and Applicant**  
H16-0019-19 Mr G Wiseman

**Proposal**  
Full application for a front single storey extension at 19 Severn Road, Spalding.
PLANNING COMMITTEE - 13 February 2019

Consideration was given to the report of the Development Manager upon which the above application was to be determined, including his recommendations, copies of which had previously been circulated to all members.

Members debated the matter and fully explored the details of the application in light of prevailing policies and guidance. The debate was not repeated here as Planning Committee meetings were webcast and could be viewed in full at www.sholland.gov.uk for a limited period of time following which the recording could be made available by request.

AGREED:

That planning permission be granted subject to the conditions listed at Section 9.0 of the report.

(Moved by Councillor Eldridge, Seconded by Councillor Tyrrell)

106. PLANNING APPEALS

Councillors considered the report of the Development Manager which provided an update on recent appeal decisions.

DECISION:

That the report be noted.

107. PLANNING UPDATES.

The Chairman stated that the local plan was about to be implemented. The Planning and Building control Manager briefed the committee that the plan was planned to be adopted at a meeting of the South East Lincolnshire Joint Strategic Planning Committee on 8 March 2019. It was stated that all applications received after that date would be subject to the new plan.

108. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.

There were none.

(The meeting ended at 6.52 pm)

(End of minutes)
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SOUTH HOLLAND DISTRICT COUNCIL

Report of: Cabinet

To: South Holland District Council Wednesday, 27 February 2019

(Author: Christine Morgan Democratic Services Officer)

Subject Report from Cabinet meeting held on 12 February 2019

Purpose: To consider recommendations of the Cabinet in respect of:

a) Pride in South Holland – To seek approval to increase resources in the Pride in South Holland initiative for 2018/2019 and 2019/2020 (Cabinet minute 67/18) (Cabinet Agenda Item 7)

b) Q3 Finance Report 2018/19 – To provide information on Quarter 3 (to 31 December 2018) and forecast full year financial position of the Council (Cabinet minute 71/18) (Cabinet Agenda items 11 and 14)

Recommendations to Council:

a) Pride in South Holland

1. That additional resources are made available to increase the Pride in South Holland initiative by releasing funds of £24,891 in 2018/19 and £246,843 for 2019/20

b) Q3 Finance Report 2018/19

2. That an increase in the General Fund Capital programme is approved in accordance with para. 5.5.2 and Appendix B of the report;

3. That the revised 2018-19 capital programme for the General Fund and HRA be approved.

1.0 BACKGROUND

1.1 Article 4 of the Council’s Constitution provides that only the full Council may exercise the functions of approving, adopting or amending the policy framework and budget, and adopting or changing the Constitution. Staffing matters are also a Council function. The Cabinet however has a responsibility for advising the Council on such matters. At its meeting on 12 February 2019, the Cabinet made
recommendations to Council in respect of the above items which may affect the budget and policy framework, Constitution or comprise staffing issues.

1.2 The remainder of this report details the recommendations of the Cabinet which must be read in conjunction with the individual reports to Cabinet, copies of which are attached as appendices. Please note that Appendix B relating to the Q3 Finance Report 2018/19 is enclosed at agenda item 22 due to its confidential content.

2.0 PRIDE IN SOUTH HOLLAND
(Report submitted to Cabinet – Item 7 attached)

2.1 Consideration was given to the report of the Portfolio Holder for Place and the Executive Director - Place which sought approval to increase resources in the Pride in South Holland initiative for 2018/19 and 2019/20.

Members commented that there had been a number of issues in the local press recently - the Council welcomed such feedback. It was agreed that additional resources should be invested in the initiative and that these resources would be used effectively to ensure that the Council’s objectives were met.

DECISION:

That the new Pride in South Holland Initiative is reviewed in 6 months and by the end of 2019/20 to consider whether to further extend the period of activity.

(Other options considered:
  • To do nothing.
Reasons for decision:
  • To provide increased resource to improve the overall cleanliness and pride in South Holland, addressing four key areas identified by evidence held by the Authority and feedback from members and residents – Litter and Street Cleanliness; Public Toilets; Communal Collections Points; and Litter Bins).

3.0 Q3 FINANCE REPORT
(Report submitted to Cabinet – Item 11 attached. Exempt Appendix B (by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) – Item 14 of the Cabinet agenda, is attached at item 22 of the Council agenda).

3.1 Consideration was given to the report of the Portfolio Holder for Finance and the Executive Director - Commercialisation (S151) which provided information on Quarter 3 (to 31 December 2018) and forecast full year financial position to the Council.

DECISION:

a) That the report and Appendix A be noted.
b) That the estimated position with regard to the contributions to and use of Reserves be noted.

(Other options considered:
• To note the report and not approve the recommendations detailed in Appendix A;
• To do nothing.
Reasons for decision:
• To provide members with information on the Council’s overall financial performance to date in 2018-19 and to provide an updated financial position on reserves for 2018-19.)

Background papers:- None

Lead Contact Officer
Name and Post: Christine Morgan Democratic Services Officer
Telephone Number 01775 764454
Email: cmorgan@sholland.gov.uk

Key Decision: N
Exempt Decision: N

Appendices attached to this report:
Appendix A Cabinet Agenda Item 7
Appendix B Cabinet Agenda Item 7 – Appendix A
Appendix C Cabinet Agenda Item 7 – Appendix B
Appendix D Cabinet Agenda Item 11
Appendix E Cabinet Agenda Item 11 – Appendix A

Exempt Appendix B to Cabinet Agenda Item 11 is attached as Item 22.
Report of: Portfolio Holder for Place and Executive Director - Place

To: Cabinet – Tuesday, 12 February 2019,
South Holland District Council, 27 February 2019

(Author: Charlotte Paine Environmental Services Manager)

Subject Pride in South Holland

Purpose: To seek approval to increase resources in the Pride in South Holland initiative for 2018/19 and 2019/2020.

Recommendation to Council:

1) That additional resources are made available to increase the Pride in South Holland initiative by releasing funds of £24,891 in 2018/19 and £246,843 for 2019/20

Recommendation to Cabinet:

2) That the new Pride in South Holland Initiative is reviewed in 6 months and by the end of 2019/20 to consider whether to further extend the period of activity.

1.0 BACKGROUND

1.1 In September 2014 South Holland District Council first approved the release of £100,000 from the Council’s reserves to invest in a clean-up programme targeting specific areas across the district called ‘Pride in South Holland’. This programme comprised of work over and above the day to day street cleansing duties carried out by the Environmental Services team as well as additional grounds maintenance work such as the cutting back of overgrown paths.

1.2 Over time, the growth in the District, and the increase in environmental crime that is being seen across the Country, has meant that much of the Pride work is now delivered between the original ambitions for the team and supporting the day to day requirements of the street cleansing team which are currently unachievable without the support of Pride.

1.3 The initial programme of works for Pride established a series of ‘priority areas’ requiring attention, such as grot spots and untidy sites. The ‘priority areas’ were themselves identified by Members in conjunction with officers. A programme of works was produced, accompanied by a communications plan.

1.4 Most recently the Pride team have been working closely with Parishes to understand the areas in the District that require dedicated targeting from the Pride team and there have been many positive outcomes and lots of encouraging media coverage regarding the work that has been achieved.
1.5 However, the last few months have seen an increase in the number of complaints received by residents who are unhappy with the condition of the towns, most specifically Spalding and Holbeach. Recently we have seen numerous photos and articles in the media regarding littering, early presentation of waste and fly tipping. It has become necessary for the Pride team to be directed to clear these areas, however this is a reactive rather than proactive position that is not preventing the environmental crime that is impacting the cleanliness of the District.

1.6 Environmental crimes such as fly tipping, littering alongside the early presentation of waste are well known for attracting the accumulation of more waste if not addressed quickly, so it is vital that we remove these swiftly. It is also well evidenced that a combined approach to street cleaning, enforcement and education can improve the perception of the cleanliness of an area and prevent the amount of environmental crimes that are perpetrated.

2.0 OPTIONS

2.1 Increase the resources available to the pride team to allow for a programmed approach to street cleanliness including litter and street cleanliness, toilet cleaning, communal collection points, litter and dog bin emptying and untidy sites across the District.

2.2 Do nothing.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 Currently Pride in South Holland consists of

- 3 ‘Pride’ cleansing operatives
- 1 vehicle
- A variety of street cleansing equipment (brushes, hedge cutters etc.)

3.2 The Pride team has been able to deliver some fantastic results, clearing many sites across the District and improving a variety of areas including clearing pathways that were unusable, making passageways clearer and therefore providing an extra sense of safety when using these.

3.3 It is vital that this work continues, but it is clear that there is more that needs to be done to meet the demands of our residents and support our environment. In order to do this, we need to grow the current Pride offering, and with that provide a programmed approach to deliver the expectations of members and residents.

3.4 Therefore the proposals of this report request the following resources, this list includes the current Pride resource listed above;

- 2 Pride Teams, each consisting of;
  - 2 operatives, a vehicle and variety of street cleansing equipment
- 1 sweeper and sweeper driver
- 1 operative and vehicle to focus on litter and dog bin clearing and releasing resource of the toilet cleaners

3.5 This resource is requested based on the evidence we have, and member and resident feedback, which clearly show that there are four key areas that require addressing currently
3.6 Addressing each of these areas is vital to improving the overall cleanliness and pride in South Holland. Each of these are tackled in the proposals of this report to increase the resources available.

3.7 **Litter and Street Cleanliness.** Throughout the District there is a need to address the amount of litter that is dropped and ensure our pathways, parks and open spaces and roads are cleaned to an acceptable standard. Currently we tackle this through the street cleansing team of 7 street cleansing operatives, 3 mechanical sweeper drivers and 1 supervisor. Pride is then tasked to address the work that is required in areas that is above and beyond the day to day requirements of the street cleansing team.

3.8 It is now necessary to grow the Pride team to provide the resources required to address the amount of litter and street cleansing work that is necessary to keep our District suitably clean. By providing the additional resources to create two pride teams, consisting of two operatives and a vehicle for each team, as well as provision of a mechanical sweeper and driver, the issues arising around street cleansing can be targeted in a programmed approach.

3.9 A targeted approach would see one pride team have a focused and methodical programme of works in the Spalding and Holbeach areas whilst the remaining pride team would continue to focus on the other towns and villages of the district. The reasoning behind this approach is due to the larger concentration of public in the Spalding and Holbeach areas, of both residents and visitors. The code of guidance on litter and refuse recommends that areas are zoned and those that are classed as high intensity; ‘Areas which, through intense pedestrian and/or vehicular movements, are prone to fluctuations in litter and refuse and require both high levels of monitoring and frequent cleansing’, are duty bound to be addressed within a much quicker timescale than others, though medium intensity zones would also receive a prompt response through the second pride team.

3.10 The creation of two pride teams would ensure that the types of works currently undertaken by Pride in South Holland would continue and be expanded. This will ensure that pride also covers the general street cleansing and removal of litter in a greater depth and across more of the district, which is currently unable to be achieved within current resources. Some of the key deliverables would include

- Two hit teams to efficiently clear the litter in the towns, villages and laybys;
- A programmed work plan to clear litter alongside the roads (in conjunction with the required traffic management protocols);
- Improved litter clearing alongside the riverbanks (in line with the health and safety requirements necessary for this which currently limit this work)
- Bring the standard of our District to Grade A, clear of litter and detritus as set in the code of guidance;
- Programmed approach of street sweeping in Spalding and Holbeach to ensure the towns are fully swept each year;
• Cleaning of street furniture such as road signage, removal of bird poo, graffiti and chewing gum;
• Assist with the cleaning and maintenance of public toilets with programmed deep cleans;
• Support addressing the ‘grey area’ land that falls between SHDC and business or private land owners that need both clearing and enforcing;
• Clearing of more open spaces around the District including more of the excellent work already seen by the Pride team;
• Reduction in the number of complaints and level of dissatisfaction with the cleanliness of Spalding and the District;
• Improved perception of the cleanliness of the District;
• Consider working towards achievement of an award for the cleanliness of our District (should there be a desire to do so).

3.11 In order to effectively delivery on these objectives, pride would need to continue to be supported by members and residents who see and report areas that need addressing and therefore welcomes the continued support of members and resident who provide this intelligence by reporting issues online.

3.12 Public Toilets. The provision of public toilets is of vital importance to our members and residents and ensuring that they are clean and available for use is imperative for the public that look to use them. Currently we have a number of public toilets that have been raised as needing a deeper level of cleaning, which again has been difficult to maintain within current resources.

3.13 There are two elements of this proposal which would address the ongoing cleanliness of the public toilets of SHDC. Firstly, by providing the newly resourced pride teams the specific use of a mechanical sweeper and driver, equipped with jet washing facilities, the pride teams would be able to deliver a programme of deep cleans to the toilets on a more regular basis. This would support the ongoing cleaning of the toilets and provide a better quality of cleanliness to the users.

3.14 Secondly, the current operative responsible for cleaning the Spalding toilets is tasked with a number of other jobs which limit the time and resource available solely for cleaning the toilets. By providing a resource to cover the additional tasks the operative is responsible for, it would allow more time to clean the toilets to a higher standard. This additional resource would be available from the proposed operative whose main responsibility is detailed in the section below named Litter Bins.

3.15 This targeted approach to the toilets would be the first step in reviewing the current provision of public conveniences to ensure a suitable standard remains whilst the review commences and looks to consider further recommendations.

3.16 Communal Collection Points. The areas where refuse and recycling bags are placed on the morning of collection for multiple homes, such as flats or at the curtilage for private drives, are known as communal collection points. Refuse and recycling should only be placed in these collection points the morning of scheduled collection day. However it is becoming increasingly common for these collection points to have refuse and recycling presented early, which causes a number of issues including accumulation of waste up to a week prior to collection and blocking of pavements.
3.17 Addressing this issue as a collective across council services including environmental services and the enforcement team will ensure a proactive approach. This work has commenced alongside working jointly to address the environmental crimes of littering and fly tipping. The proactive approach will look to investigate the options we have for hot spot and repeat areas of concern, whilst ensuring effective policies and procedures to enable enforcement opportunities.

3.18 The availability of additional resource in pride and the operative working on litter and dog bins, will allow for a better reactive approach to the current issue. These resources will ensure that areas that need addressing urgently can be, whilst providing intelligence to the enforcement team regarding ongoing issues and concerns.

3.19 This joined up approach will enable the council to work in an intelligent way to address the issues of communal collection points as well as littering and fly tipping.

3.20 Litter Bins. As previously highlighted in this proposal, there is a recommendation to provide additional resource to address the emptying of litter and dog bins in the district. This would not be the only responsibility of this operative, indeed the work that would be undertaken in this role would release resource in the toilet cleaning role and support the collection of waste across the district through either missed collections or early presentation.

3.21 There are approximately 700 litter and dog bins located across the district. These are emptied in the most efficient way possible, whether by the refuse loaders as part of their routes or street cleansing team in their work day. However, a number of the litter and dog bins are being reported as needing more regular emptying and resource is being pulled from other areas to enable this work to be carried out, ultimately removing resource from other areas of work, such as the toilet cleaning in Spalding.

3.22 The proposal to introduce an operative to ensure the regular emptying of the litter and dog bins, including those which are in need of more regular emptying, will ensure that the resources of other areas of environmental services remain in place, such as allowing the toilet cleaner to focus on their cleaning duties. The role will also support by providing evidence of areas where either additional bins need to be added or current bins that may require increasing in size, to support the work to keep litter off the streets.

3.23 This proposed addition of an operative and vehicle within this report will also allow for more focus to be provided to keeping the litter bins of the laybys regularly emptied and litter picked within the areas which are safe to work. This role is vital in ensuring that the proposals of this report are achievable by releasing resource to deliver substantive roles and ensuring a cleaner district is realised.

4.0 EXPECTED BENEFITS

4.1 The proposals to increase resource in the Pride team, and the commitment to fund this, tackles the growth across the District where the population has increased by around 38% (approx. 26,000 people) since 1991.

4.2 The proposals address not only the reactive approach needed to keep the district clean and remove the litter but will support the current work being undertaken to ensure a joined up approach within the services of SHDC to tackle the issues causing the litter, fly tipping and
early presentation being addressed by this increase in resources. It is essential that
services collaborate in a joined up approach to identify and address these issues that make
the growth of Pride so crucial to our District. The recent Waste and Resources Strategy
calls on more collaborative working and highlights areas of good practice such as the
Hertfordshire Waste Partnership which saw an 18% reduction in fly tipping following
adoption of a collaborative approach.

4.3 Already some key benefits have been identified from investing time and ensuring
collaborative working in the following areas;

- Education
- Enforcement
- Communication

4.4 As part of an effective, collaborative and proactive work against environmental crime, the
following areas will be considered;

- How to best work with volunteering groups, parishes and members;
- Staff littering clean up opportunities, such as those done in corporate clean up days;
- SHDC or Lincolnshire specific campaigns along the lines of the ‘spring clean’ and the
‘big clean’;
- Engaging with recognised best practice areas such as Hertfordshire Waste Partnership;
- Working with the PCC in a fly tipping roundtable discussion;
- Addressing collection points and how to ensure they are not misused with waste
presented early, such as Albert Street Holbeach

4.5 The proposals of this report request a level of investment which makes it clear that SHDC
is committed to achieving the ambition of the corporate plan and the manifesto commitment
regarding Pride in South Holland to ‘Ensure that resources are available to provide a swift
and effective response to issues of littering, early presentation of sacks, fly tipping, graffiti
and all forms of blight on the environment.’

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the
decision - particularly in terms of Carbon Footprint / Environmental Issues;
Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection;
Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk
Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales;
Transformation Programme; Other. Where the report author considers that there may be
implications under one or more of these headings, these are identified below.

5.1 Carbon Footprint / Environmental Issues
5.1.1 The proposals of this report ensure that SHDC are working hard to deliver its
responsibilities as part of the Environmental Protection Act and codes of guidance.

5.2 Corporate Priorities
5.2.1 Within the current and proposed corporate plan there is an ambition to ensure a cleaner,
greener, safer District. The proposals of this report address this ambition whilst tackling the
complaints received from the residents of the District by ensuring work is undertaken to achieve both the prevention and the reactive response to environmental crime.

5.3 **Crime and Disorder**
5.3.1 A collaborative and proactive approach will look to address environmental crime being seen in SHDC these proposals align with the government ambitions on tackling environmental crime and addressing collaborative working as seen in the Waste and Resources Strategy.

5.4 **Financial**
5.4.1 The proposals of this report request a level of investment for the remaining weeks of 2018/19 and 2019/20. The details of this are available as a proforma B which can be seen in Appendix A and also highlighted briefly in the table below.

<table>
<thead>
<tr>
<th>Costs – Current Pride Team</th>
<th>Year 1*</th>
<th>£ Year 2</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>2018-19*</td>
<td>2019-20</td>
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<tr>
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<td>Total</td>
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</table>

* Part year 8 weeks costings

5.5 **Health & Wellbeing**
5.5.1 It is considered that clean streets lead to improved public health and quality of life, the proposals of this report look to improve the cleanliness of the district and encourage residents to utilise public spaces.

5.6 **Reputation**
5.6.1 The aim of these proposals is improve the quality of the street scene and open spaces in South Holland which will improve reputation and demonstrate that the Council strives for South Holland to be a place to live, work and socialise.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All wards and communities will benefit from this programme.

7.0 **ACRONYMS**

7.1 PCC – Police and Crime Commissioner

7.2 SHDC – South Holland District Council
Background papers:-

**Lead Contact Officer**
Name and Post: Christine Morgan Democratic Services Officer
Telephone Number 01775 764888
Email: cmorgan@sholland.gov.uk

**Key Decision:** N
**Exempt Decision:** N

This report refers to a Discretionary Service

**Appendices attached to this report:**
Appendix A  Proforma B
Appendix B  Pride Works
**APPENDIX B**

**Appendix A - PROFORMA B**

**SOUTH HOLLAND DISTRICT COUNCIL FINANCIAL COMMENTS & APPRAISAL**

THIS DOCUMENT PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED REPORT

**FROM:** Charlotte Paine  
**REPORT:** Pride in South Holland  
**REPORT DATE:** 18th January 2019

<table>
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<th>Costs – Current Pride Team</th>
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<td>Untidy Sites and Land Initiative</td>
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<td></td>
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<td>Van Leasing</td>
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<tr>
<td><strong>Costs –</strong></td>
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**Page 65**
* Part year 8 weeks costings

The ambition to increase the resources for the Pride initiative is being driven by members who appreciate that in order to address the level of litter and required street cleanliness in South Holland, additional income is required to increase the scope of the initiative.

The above table sets out the costings for 2018/19 which accounts for 8 weeks of costs to cover from 4th February to the end of March. These costings are being requested in year because members would like to see the work to address the issues of street cleanliness dealt with as a matter of urgency. Therefore the funding is being sought as part of an officer delegated decision for 2018/19.

The costs for 2019/20 are for the full financial year and are looking to be requested as part of the report to full council in February 2019 as part of the 2019/20 budget.

Considered By:

Date:

This appraisal is valid for 1 month from issue date.
If there are changes to the original report it may invalidate this document & must be reviewed by Finance.
If approved, this additional funding would be provided via South Holland District Council's Council Tax Reserve. However, this only provides a short term solution and consideration must be given as to how this will be funded in the long term.

**Financial Risk**

N/A

This appraisal is valid for 1 month from issue date. If there are changes to the original report it may invalidate this document & must be reviewed by Finance.

__/__/2018

Page 2 of 2
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The table below list categories of works that have been undertaken by the Pride team across the district alongside some of the proposed works that could be undertaken if the additional resource requested is available. The types of works currently undertaken would still continue to be delivered.

<table>
<thead>
<tr>
<th>Works Undertaken by Pride</th>
<th>Additional Works Proposed</th>
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</thead>
<tbody>
<tr>
<td>Bus Shelter sweeping</td>
<td>Programmed work to clear litter alongside roads</td>
</tr>
<tr>
<td>Car park litter picking and clearing</td>
<td>Programmed litter clearing alongside the riverbank</td>
</tr>
<tr>
<td>Clearing of back edges and steps</td>
<td>Programmed grade A cleaning, clear of litter and detritus</td>
</tr>
<tr>
<td>Fly tip removals across the district</td>
<td>Programmed street cleaning of Spalding and Holbeach</td>
</tr>
<tr>
<td>Footpath and bus stop clearing</td>
<td>Programmed cleaning of street furniture such as road signage</td>
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<tr>
<td>Footpath clearing across the district</td>
<td>Programmed removal of bird poo and graffiti with jet wash</td>
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<tr>
<td>Graffiti removal</td>
<td>Programmed removal of chewing gum</td>
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<tr>
<td>Layby deep clean and moss removal</td>
<td>Programmed deep cleans of toilets</td>
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<td>Layby Litter picking</td>
<td>Programmed clearing more open spaces around the district</td>
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<tr>
<td>Layby Litter picking &amp; deep clean</td>
<td>Programmed approach to litter bin emptying</td>
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<tr>
<td>Layby Litter picking and clear back edges</td>
<td>Programmed approach to dog bin emptying</td>
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<tr>
<td>Litter bin cleaning</td>
<td>Programmed approach to layby litter picking</td>
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<tr>
<td>Litter bin monitoring and emptying</td>
<td>Release of resource to give focussed toilet cleaning in Spalding</td>
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<tr>
<td>Litter bin repair</td>
<td>Problem communal collection point clearing</td>
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<td>Litter picking &amp; deep clean</td>
<td>Additional resources to investigate and react to missed collections and blocked access</td>
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<td>Litter picking and back edge clearing</td>
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<td>Litter picking and bushes cut back</td>
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<td>Litter picking in car park</td>
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<tr>
<td>Litter picking, footpath clearing and edging</td>
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<tr>
<td>Litter picking, hedge row cutting and de-weeding</td>
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<td>Mechanical sweeping across the district</td>
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<td>Passage way clearing and trimming</td>
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<tr>
<td>Path De-weeding</td>
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<td>Re-painting of play areas across the district</td>
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<td>Root ball removal</td>
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<td>Toilet Deep clean</td>
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<td>Toilet deep clean and graffiti removal</td>
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</tbody>
</table>
Examples of Work Undertaken So Far

- **Pinchbeck**

  Enterprise way
  
The Path had all but disappeared with the foliage from the fencing. The team cut back all the intruding foliage, edged the grass area, and swept the path. All waste was cleared and the area litter picked.

  Vernatts Nature Reserve
  
The sign for the reserve was heavily marked with graffiti. The team cleared all the paint from the sign. This track leads from West Elloe to Enterprise Way and the team litter picked, cut back all foliage and removed all waste from site.

- **Gosberton**

  Gosberton Parish Council asked the Pride in the Parish to clear the pathway on the corner of High Street and Salem Street. The pathway was thick with leaves from the surrounding trees, and also mud from the local agricultural vehicles. The team cleared and removed all the leaves. A path sweeper was used to remove the rotting leaves and dirt build up. Finally the area was swept and litter picked. The team also cleared and removed all of the leaves from around the war memorial opposite while they were on site.
Holbeach

Holbeach underpass
All the overhanging foliage was cut back, the edges have been de-weeded and the pathway mechanically cleaned, the whole area was litter picked and all rubbish and debris removed. There was also graffiti sprayed on the underpass walls, this was also removed and the wall cleaned.

The Tenters passage way.
The edges of the pathway have been cleared and cut back, the hedge row was tidied up and trimmed, the path was mechanically swept and the area was litter picked and all waste cleared from site.

Hallgate
All the the full hedge whole area cleared

Passageway
foliage was cut back to reveal path, the pathway was mechanically swept. The rows were cut back and the litter picked. All waste was and removed from site.
• **Long Sutton**

Seating Area

This seated area is heavily used so we wanted to make it clean and easily accessible. The team started with the foliage and hedges, they were cut and sculpted. The border was dug over and the pathway was edged. The block pathing was weeded with the moss removed. After mechanically sweeping the whole area was litter picked and all waste removed.

Long Sutton Nature Reserve

The nature reserve had been left untouched for a long period. The pride team weeded and cleared all the pathway and cut back the foliage, de-littered and then cleared all waste from site.

• **Tydd St Mary**

Common Road

There was approximately 1 mile of obstructed pathway of which the pride team cleared. The pathway was mechanically swept to remove the grass and leaves. The edges were cut back to reveal the full path width. The team litter picked the whole area and all waste was removed from site.
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APPENDIX D

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance and Executive Director - Commercialisation (S151)

To: Cabinet 12 February 2019

Author: Jane Crosby, Head of Finance; Ray Fleming, Interim Strategic Business Partner

Subject: Q3 Finance Report 2018-19

Purpose: This report provides information on Quarter 3 (to 31 December 2018) and forecast full year financial position of the Council

Recommendations:

1) That the report and Appendix A be noted.

2) That the estimated position with regard to the contributions to and use of Reserves be noted.

Recommendations to Council:

3) That an increase in the General Fund Capital programme is approved in accordance with para. 5.5.2 and Appendix B.

4) Recommend the approval of the revised 2018-19 capital programme for the General Fund and HRA

1.0 BACKGROUND

1.1 This report provides information on the full year financial forecasts at 31st December 2018 in the following areas:

- The Revenue Budget for the General Fund (GF) and Housing Revenue Account (HRA),
- The General Fund and HRA Reserves Position,
- The Capital Programme for 2018/19 (GF and HRA), and
- The Treasury Management Performance for the year.

2.0 OPTIONS

2.1 To note the report and to approve the recommendations detailed at Appendix A.

2.2 To note the report and not approve the recommendations detailed in Appendix A.

2.3 Do nothing.
3.0 REASONS FOR RECOMMENDATION(S)

3.1 To provide members with information on the Council's overall financial performance to date in 2018-19 and to provide an updated financial position on reserves for 2018-19.

4.0 EXPECTED BENEFITS

4.1 To ensure that members are updated regularly on the Council's overall financial position and have the information required to assist in future financial decision making.

5.0 IMPLICATIONS

5.1 This report is financial in nature. The forecast outturn position in respect of the General Fund, HRA, Capital Programme, Reserves and Treasury Management are summarised within the following paragraphs with further detail provided at Appendix A.

5.2 General Fund Revenue Outturn

5.2.1 The Q3 report is currently forecasting a net service underspend in the General Fund of £436k. This represents a favourable movement £251k on the overspend position of £185k reported in Q2.

5.2.2 This is made up of a number of variances across services. The forecast outturn position by Directorate is detailed at Appendix A – Table 1 together with an analysis of service variations. The main estimated budget variations are:

**Pressures**
- A net service pressure of £276k in Environmental Services resulting from:
  - Staff cost pressures due to the level of demand in the Waste service and the need to cover sickness and vacancies;
  - Income pressures in the area of car parking;
  - Vehicle running cost pressures from increased fuel costs;
  - Garden waste income below budget due to lower-than-expected demand as a result of seasonal variation.
- Staff cost pressures in Housing £38k.
- Corporate Management staff and operating costs £24k.
- A pressure of £5k in Spalding Special Expenses due to re-wiring costs for the Halley Stewart Pavilion.
- A net service pressure in IT Services of £11k due to additional hardware maintenance and contractor costs.

**Savings/ Additional Income**
- Additional Fee income forecast in Planning of £170k and savings in agency and contractor costs of £109k;
- Additional Building Control fee income of £34k;
- Additional Investment Income of £70k;
- Additional Government S31 grant income and renewable energy income of £161k;
- A £347k beneficial position on Business Rates, the main element being the accounting relating to a £331k additional tariff payment to the Government.
Various other forecast pressures and savings across a number of services giving a net £436k service underspend, as detailed in Appendix A.

5.2.3 There are £105k of potential pressures in Moving Forward savings that have been built into the budget but which have currently not been allocated to specific projects.

5.2.4 The position above also assumes that a number of moving forward savings that have been built into service budgets will be fully delivered. More detail on the Moving Forward programme is provided below.

5.2.5 The following revenue budget journals have been processed during Quarter 3 and reflected in the outturn report:

<table>
<thead>
<tr>
<th>Service</th>
<th>Detail</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery Unit</td>
<td>Asset Review – Resourcing Budget Stage 2 Technical Advice and Project Support funded from Investment and Growth Reserve</td>
<td>£68,000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Additional phase 3/ITrent work funded from Transformation Reserve for 18-19</td>
<td>£5,400</td>
</tr>
<tr>
<td>ICT</td>
<td>Innovation and Change programme manager funded for 24 months from 03/09/18 from Transformation Reserve</td>
<td>£19,000</td>
</tr>
<tr>
<td>ICT</td>
<td>Office 365 Additional Revenue Spend</td>
<td>£2,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>£94,900</strong></td>
</tr>
</tbody>
</table>

5.3 Housing Revenue Account (HRA) Revenue Outturn

5.3.1 The HRA is forecasting an £81k reduction in its surplus budget. This is mainly due to cost pressures in supervision and management and Depreciation, off-set by additional investment and service charges income. More detail is provided at Appendix A - Table 2.

5.4 Reserves (GF and HRA)

5.4.1 General Fund Specific Reserves are currently forecast to reduce from £7.6m to £7.0m based on the forecast use of reserves in 2018/19. However, at this stage in the year this position is likely to change depending upon future changes in revenue and capital commitments. Further details are set out in Appendix A - Table 3.

5.4.2 In addition the General Fund Reserve Balance remains at £2.078m. During 2018/19 a review of the level of the General Fund Reserve will be carried out relative to the Council’s overall risks and members will be informed if any change is proposed to the level of this reserve.

5.4.3 The HRA General Reserve balance is forecast to increase from £12.8m to £15.8m. The Major Repairs balance is forecast to reduce from £6.4m to £4.2m as a result of capital funding requirements in excess of the annual contribution from Depreciation. More detail is provided at Appendix A – Table 4.
5.5 Capital – General Fund

5.5.1 The revised approved General Fund Capital Programme for 2018-19 is £5.5m of which £5.2m has received specific scheme approval. Appendix A Table 5 and the explanatory notes detail the current forecast outturn (£4.896m) against the revised capital programme of approved schemes (£5.165m), a forecast underspend of £269k. The main areas of projected underspend relate to DFGs, the purchase cost of the new garden waste vehicle and reduced spend by Welland Homes.

5.5.2 There have been some recommended changes to the capital programme since it was last reported to cabinet, that will require approval by Council, these are as follows:

   a) Asset Investment - £143k
   b) Members ICT refresh - £45k

5.5.3 There are a number of potential capital schemes that are being developed and which may come forward for inclusion in the 2018/19 or 2019/20 capital programme. These include:

   o Replacement of the CRM system (2019/20)
   o Implementation of vehicle Charging Points
   o LED Lighting upgrades
   o Digitalisation programme – funding requirements

5.6 Capital – HRA

5.6.1 Table 6 and the explanatory notes provide detail on the forecast outturn expenditure of £5.3m, and the projected underspend of £2.4m. The main reasons for this projected underspend relate to the revised profiling/phasing of the Purchase of Units Scheme, a prior year adjustment and underspend on Chimneys expenditure for Decent Homes. IT plans are still being worked through with a view to implementation on 2019/20.

5.8 Capital - Other

5.8.1 To date the Council has received £865k in capital receipts, from 14 right to buy sales.

5.9 Treasury Management

5.9.1 Appendix A provides more information on the investments held by the Council at 31 December 2018 (£46.4m). The average level of investments held during the year was £44.7m.

5.9.2 Interest earned on investments at the end of Quarter 3 is expected to be approximately £301k compared to the profiled budget of £194.4k. This increase can be attributed to higher levels of investment balances being held and also higher than anticipated interest rate levels in the market, in particular the inter-authority rates which are now higher than those offered by financial institutions.
5.9.3 The 2018/19 budget for investment interest was set at £258k and the estimated outturn is £410k.

5.9.4 Members are asked to note the Treasury Management position. A mid-term treasury report was submitted to the Governance and Audit Committee on 18 October 2018 and Council on 28 November 2018.

5.10 Moving Forward Programme

5.10.1 The Moving Forward Programme has a savings target of £985k in 2018-19. As at Q2, £880k has been allocated to services as savings or additional income targets and we anticipate these will be achieved.

5.10.2 The target has been reviewed and a balance of £105k is sitting in Corporate Improvement, an unallocated target is as a result of double counting and savings already being built into the base budget, this position will be continuingly reviewed throughout the year and resolved as part of the year end process.

5.10.3 The Council will continue to develop and implement its programme of service improvements. It will use its reserves to finance those projects which are aimed at delivering future savings and income generation and a process is in place to facilitate this.

6 WARDS/COMMUNITIES AFFECTED

6.1 Income and expenditure affect all wards of the Council.

7 ACRONYMS

7.1 GF General Fund
HRA Housing Revenue Account
CPBS Compass Point Business Services
RTB Right to Buy
ICT Information and Communications Technology
MTFP Medium term Financial Plan

Background papers: The 2018/19 Estimates Report to Council February 2018

Lead Contact Officer:
Name and Post: Jane Crosby, Head of Finance
Email: cmorgan@sholland.gov.uk
Key Decision: No
Exempt Decision: Yo

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Q3 Financial report for 2018/19 with details of the GF and HRA revenue spend, Reserves, Capital expenditure and Treasury Management.
Please note that the following appendix is not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix B Asset Investment (Exempt)
South Holland District Council

Financial Report for the Quarter Ending 31 December 2018

This report has five sections
- Section 1 – General Fund Revenue budget
- Section 2 - HRA Budget
- Section 3 - Reserves
- Section 4 – Capital budget
- Section 5 – Treasury update

General Fund Revenue Outturn

The forecast outturn as at 31 December 2018, including the unallocated Moving Forward savings target, is an estimated underspend of £436k against the approved budget for 2018-19 of £13m.

This is comprised as follows:

- Net Service Underspend £ (33k)
- Additional Financing Income £  (508k)

**Net Service Underspend** £ **(541k)**

- Moving Forward Savings Target £  105k*

**Net Underspend** £ **(436k)**

*The original moving forward target of £985k has been reviewed and a balance of £105k is sitting in Corporate Improvement, an unallocated target is as a result of double counting and savings already being built into the base budget, this position will be continuously reviewed throughout the year and resolved as part of the year end process.

The following revenue budget journals have been processed during Quarter 3 and reflected in the outturn report:

<table>
<thead>
<tr>
<th>Service</th>
<th>Detail</th>
<th>Amount (£)</th>
</tr>
</thead>
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<tr>
<td>ICT</td>
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<td>£2,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>£94,900</strong></td>
</tr>
</tbody>
</table>

Based on the information as at 31 December 2018, Table 1 below details the forecast outturn against the approved budget.

Significant variances to the approved budget and movements are detailed in the notes below.
<table>
<thead>
<tr>
<th>Service Area</th>
<th>Note</th>
<th>Revised Budget at Q3 £'000</th>
<th>Forecast Out-turn at Q3 £'000</th>
<th>Forecast Variance at Q3 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercialisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercialisation</td>
<td>1</td>
<td>397</td>
<td>345</td>
<td>(52)</td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues and Benefits</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total – Commercialisation</strong></td>
<td></td>
<td></td>
<td></td>
<td>(52)</td>
</tr>
<tr>
<td>Place</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets and Property</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Control</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Services</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spalding Special Expenses</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total – Place</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy and Governance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Improvement and Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Management</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT and Customer Services</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total - Strategy and Governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory recharge to the HRA for support services (**)</td>
<td></td>
<td>(1,461)</td>
<td>(1,440)</td>
<td>21</td>
</tr>
<tr>
<td>Internal Drainage Boards &amp; Parish Precepts</td>
<td></td>
<td>3,178</td>
<td>3,178</td>
<td>0</td>
</tr>
<tr>
<td>Investment Income</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and Other Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to/from Reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost of Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Grants</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Business Rates</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Service Variance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving Forward Savings Target (**)</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Variance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Support service recharges are a non-controllable cost to budget holders, and are therefore not reported as part of the service analysis above. An adjusting line has been added to show the value of recharges to the HRA, for support services and corporate management (including the debt management recharge); a corresponding debit entry is showing in the HRA table below.

The Moving Forward Service Target represents Moving Forward savings assumptions built into the budget but not yet allocated to services or work streams. Managers will be tasked with identifying projects and activities to meet this savings target, but until then it is a risk to the Council.

Notes to Table 1:

1. **Commercialisation (£52k) underspent.**
   - The Delivery Unit is forecast to be overspent by £11k. Staff costs (including Agency) in the Delivery Unit are forecast to be £74k under budget due to continuing issues with recruitment to the team. In addition, contractor costs are forecast to be £31k below budget and Shared Management income £11k over budget. This is off-set by a forecast reduction in use of reserves by £127k to fund the team.
   - Planning Policy is forecast to be underspent by £41k due to vacant posts partially off-set by agency staff and recruitment costs.
   - Strategy and Enabling is forecast to be underspent by £22k due to delays in recruitment partially off-set by agency staff costs, reduced Shared Management income and reduced recharges to the HRA, Capital and Welland Homes.

2. **Revenues and Benefits (£1k) underspent**
   - A net overspend in Rent Rebate payments of £14k is off-set by a saving in External Audit fees, reduction in Bad Debt allowance and additional DWP Grant income.

3. **Building Control (£57k) underspent**
   - The forecast reflects lower contractor costs for external plan checking now being carried out in-house, fee income above budget and other minor underspends across a range of expenditure codes.

4. **Community Development +£32k overspent**
   - An overspend in staff costs of £36k is due to variances relating to salaries, vacancy factor, agency and other staff related costs.
   - There are various other off-setting over and under spends netting to (£4k) underspend.

5. **Environmental Services +276k overspent**
   - Salary Efficiency Target £49k, allocation of this target to be reviewed for positions that must be filled all year for core service delivery and is currently unachievable;
   - Loss of car park income of £63k resulting from delay in replacement of car park machine and reduction in car parking ticket purchases;
   - Market stall income £24k reduction due to a decreased uptake of market stall rentals throughout the year;
   - Premises costs overspent £16k due to increased water consumption for road sweepers during hot weather;
   - Fuel cost pressure £45k given the increasing fuel costs;
   - Garden Waste £42k shortfall due to reduced take up and changes in service provision
   - Sharps collection pressure £11k as an increase in the request for boxes has been seen;
   - Insurance pressures of £16k
   - Other operational cost pressures across the service netting to £10k.
6. Housing +£38k overspent
   - Additional resourcing requirements for the team, due to additional work as a result of the Homelessness Reduction Act, partially funded from Homelessness grants. Also Homelessness B & B Accommodation up significantly again due to the implications of the Homelessness Reduction Act.

7. Planning (£292k) underspent
   - Planning Application fees have increased by £170k due to an increased number of large housing applications, although prudently forecast in Q2 the income level remains buoyant.
   - Forecast Agency costs have reduced by £72k and professional & contractors by £37k.
   - Other minor changes in over and underspends netting to £13k underspent.

8. Spalding Special Expenses +£5k overspent
   - There is a budget pressure relating to re-wire of the Halley Stewart pavilion £9k. There are other minor under and over spends totalling £4k net under budget.

9. Corporate Management +£24k overspent
   - This reflects the vacancy savings target built into the budget of £15k, recruitment costs of £12k, agency costs of £8k and travel cost of £13k, partially off-set by an increased recharge to the HRA.

10. IT and Customer Services +£11k overspent
    - This is due to additional hardware maintenance and contractor costs.

11. Investment Income (£37k) over-achieved
    - This figure is the same as that reported in Quarter 2, based on based on current investment returns. The position is likely to improve if LA investment rates hold at current levels.

12. Government Grant (£161k)
    - Forecast additional s31 grant relating to Business Rates and central government levy account repayment

    - The Council was required to pay an additional tariff of £331k to the government due to a change in the business rates revaluation adjustment. This was a late notification as part of the settlement for 2018/19 and it was budgeted for as part of the 2018/19 budget. However, as part of the closure of accounts this was accrued back into the 2017/18 accounts. CIPFA issued advice that this is how it should be treated in the 2017/18 accounts as the adjustment related to the revaluation with effect from 1 April 2017.
Housing Revenue Account

The Q3 forecast position is a £95k decrease in the budgeted surplus for the year, which is an £8k adverse change on the outturn position reported in Q2. The notes below Table 2 explain the main variances to the Budget.

Table 2 – HRA Revenue Outturn

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Note</th>
<th>Budget £’000</th>
<th>Forecast Outturn £’000</th>
<th>Forecast Variance £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Income – Dwellings</td>
<td></td>
<td>(14,713)</td>
<td>(14,713)</td>
<td>-</td>
</tr>
<tr>
<td>Charges for Services and Facilities</td>
<td>1</td>
<td>(1,154)</td>
<td>(1,195)</td>
<td>(41)</td>
</tr>
<tr>
<td>Contributions to Expenditure</td>
<td>2</td>
<td>(37)</td>
<td>(17)</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>(15,904)</td>
<td>(15,925)</td>
<td>(21)</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>3</td>
<td>3,156</td>
<td>3,152</td>
<td>(4)</td>
</tr>
<tr>
<td>Supervision and Management</td>
<td>4</td>
<td>2,693</td>
<td>2,754</td>
<td>61</td>
</tr>
<tr>
<td>Rents, rates, taxes and other charges</td>
<td>5</td>
<td>77</td>
<td>61</td>
<td>(16)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6</td>
<td>2,923</td>
<td>3,058</td>
<td>135</td>
</tr>
<tr>
<td>Movement in the allowance for bad debts</td>
<td>7</td>
<td>169</td>
<td>169</td>
<td>-</td>
</tr>
<tr>
<td>Statutory recharge to the HRA for support</td>
<td>8</td>
<td>1,461</td>
<td>1,461</td>
<td>-</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td></td>
<td>10,479</td>
<td>10,655</td>
<td>176</td>
</tr>
<tr>
<td>Contribution from Operations</td>
<td></td>
<td>(5,425)</td>
<td>(5,270)</td>
<td>155</td>
</tr>
<tr>
<td>Investment Income</td>
<td>9</td>
<td>(62)</td>
<td>(122)</td>
<td>(60)</td>
</tr>
<tr>
<td>Interest Payable on £67.456m</td>
<td></td>
<td>2,348</td>
<td>2,348</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditure charged in year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net (Surplus)/Deficit</strong></td>
<td></td>
<td>(3,139)</td>
<td>(3,044)</td>
<td>95</td>
</tr>
</tbody>
</table>

Notes to Table 2:

1. **Charges for Services and Facilities (£41k) underspent** – Lifeline income within sheltered housing is £55K above budget but in line with last year. Income from Community centres is demand driven and is forecasting to be £13k below budget.

2. **Contributions to Expenditure** – +£20k overspent - £10k recharge of costs to outside bodies will be recovered under repairs and maintenance below and court income is expected to be £10k lower and related expenditure will be comparatively less.

3. **Repairs and Maintenance (£4k) underspent** – Residual costs on last year’s place review (£69k) are offset by lease payments savings on CSU vans (£47k) and savings on Furniture and Equipment (£24k).

4. **Supervision and Management** +£47k overspent – £47k for the HRA Accountant was agreed to be funded by the HRA, post last years budget, and a General Fund charge for £30k for footpath lighting has been added. This is set off by savings on Cesspool emptying £19k, and £11k income from a restricted Covenant. Following a review of the allocation of Bank Charges, an additional £14k has been allocated to the HRA.

5. **Rents Rates Taxes and Other Charges (£16k) underspent** – Actual levels for sheltered housing council tax less than budgeted and budgeted charges for Short Street not materialising.

6. **Depreciation** – +£135k Overspent. Effect of revaluations, additional ICT Infrastructure last year and amortisation of Intangible assets.

7. **Movement in the allowance for bad debts +0k** – Provision was set high due to impact of universal credit but could be reassessed following information received regarding the collection of tenants rent post-UC, forecast kept at budget level.

8. **Statutory recharge to the HRA for support services** – The forecast is as budgeted

9. **Investment Income (£60k) additional income** - Increased interest rate returns.
## RESERVES
### Table 3 – General Fund Reserves

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Balance 31 March 2018 £'000</th>
<th>Contributions to Reserve £'000</th>
<th>Use of Reserve £'000</th>
<th>Balance 31 March 2019 £'000</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformation</td>
<td>(599)</td>
<td></td>
<td>509</td>
<td>(90)</td>
<td></td>
</tr>
<tr>
<td>Investment and Growth</td>
<td>(5,218)</td>
<td>(1,007)</td>
<td>1,371</td>
<td>(4,854)</td>
<td></td>
</tr>
<tr>
<td>Earmarked Grants</td>
<td>(313)</td>
<td></td>
<td>107</td>
<td>(206)</td>
<td></td>
</tr>
</tbody>
</table>

**Transformation**
- **Use** – Priory Road self-serve portals £10k; GIS system £13k; Car Park machines £38k; Strategic Property advice £25k; Leisure provision £19k; National Graduate Trainee Scheme £32k; EMT Development fund £4k; iTrent Phase 3 £5k; Interim Programme Manager £19k Asset Review £100k; Moving Forward initiatives to be identified £244k

**Investment and Growth**
- **Contributions** - New Homes Bonus £1,007k
- **Uses** – Grounds Maintenance vehicles £46k; HIF programme manager £53k; Kings Road access legal costs £13k; Garden Waste collection service expansion £90k; Garden Waste vehicles £160k; Northern Spalding SUE £10k; Delivery Unit resourcing £110k; Priory Road Accommodation £10k; Grounds Maintenance Equipment Replacement £46k; Priory Road Heating and Access £160k; Planning for Growth £15k; Asset Review £68k; Capital purchases £500k; Office 365 capital £45k

**Earmarked Grants**
- **Uses** – HCA Capacity Funding £64k; Flexible Homelessness Reduction £43k
<table>
<thead>
<tr>
<th>Reserve</th>
<th>Balance 31 March 2018 £'000</th>
<th>Contributions to Reserve £'000</th>
<th>Use of Reserve £'000</th>
<th>Balance 31 March 2019 £'000</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax</td>
<td>(1,299)</td>
<td>(722)</td>
<td>374</td>
<td>(1,647)</td>
<td><strong>Contributions</strong> – Business Rates Surplus from 2017/18 £722k&lt;br** Uses – South Holland Centre Emergency Works £250k; Spalding Special £5k; Data Protection Officer (Shared) £28k; Pride in South Holland £91k;</td>
</tr>
<tr>
<td>Replacement &amp; Refurbishment</td>
<td>(189)</td>
<td>(136)</td>
<td>161</td>
<td>(164)</td>
<td><strong>Contributions</strong> – annual budget contribution (£136k).&lt;br** Uses - Planned Maintenance use of Reserve to support in-year annual programme £77k; Ayscoughfee Hall fire safety works £53k; Condition Surveys £31k</td>
</tr>
<tr>
<td>Total Specific GF Reserves</td>
<td>(7,618)</td>
<td>(1,865)</td>
<td>2,522</td>
<td>(6,961)</td>
<td></td>
</tr>
<tr>
<td>General Reserve</td>
<td>(2,078)</td>
<td></td>
<td></td>
<td>(2,078)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td>(9,696)</td>
<td>(1,865)</td>
<td>2,522</td>
<td>(9,039)</td>
<td></td>
</tr>
</tbody>
</table>
Table 4 – Housing Revenue Account Reserves

<table>
<thead>
<tr>
<th></th>
<th>Balance 31 March 2018</th>
<th>Contributions to Reserve</th>
<th>Use of Reserve</th>
<th>Balance 31 March 2019</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRA Working Balance:</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>Transfer to MRR of forecast HRA surplus</td>
</tr>
<tr>
<td>HRA Insurance Reserve</td>
<td>(12,752)</td>
<td>(3,044)</td>
<td></td>
<td>(15,796)</td>
<td></td>
</tr>
<tr>
<td>Major Repairs Reserve</td>
<td>(6,435)</td>
<td>(3,058)</td>
<td>5,065</td>
<td>(4,428)</td>
<td>HRA depreciation contribution to MRR is used to fund the capital programme in future years. The transfer from MRR in-year is being used to fund 18/19 capital programme spend</td>
</tr>
</tbody>
</table>

| TOTAL                          | (19,387)                | (6,102)                  | 5,065          | (20,424)               |                                                                          |
Table 5 and 6 below and the following notes detail the forecast outturn position for the GF and HRA capital programmes. This is based on the revised capital programmes as approved in the Q1 finance report.

Table 5 – General Fund Forecast Capital Outturn

<table>
<thead>
<tr>
<th>Project</th>
<th>Note</th>
<th>Revised Budget 2018/19 £’000</th>
<th>Forecast Outturn 2018/19 £’000</th>
<th>Variance (under)/overspend £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabled Facilities Grants</td>
<td>1</td>
<td>585</td>
<td>400</td>
<td>(185)</td>
</tr>
<tr>
<td>Decent Homes Unfit and Disrepair</td>
<td>2</td>
<td>75</td>
<td>25</td>
<td>(50)</td>
</tr>
<tr>
<td>Welland Homes</td>
<td>3</td>
<td>1,708</td>
<td>1,696</td>
<td>(12)</td>
</tr>
<tr>
<td>GIS System</td>
<td>4</td>
<td>18</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>ICT Infrastructure</td>
<td></td>
<td>205</td>
<td>205</td>
<td>-</td>
</tr>
<tr>
<td>Office 365 Additional Spend</td>
<td>5</td>
<td>45</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>Self Serve Reception</td>
<td></td>
<td>10</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Smart Screens</td>
<td></td>
<td>27</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>Members ICT Equipment Refresh</td>
<td></td>
<td>45</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>Garden Waste (vehicle)</td>
<td>6</td>
<td>181</td>
<td>160</td>
<td>(21)</td>
</tr>
<tr>
<td>Car Park Machines</td>
<td></td>
<td>46</td>
<td>46</td>
<td>-</td>
</tr>
<tr>
<td>Grounds Maintenance</td>
<td>7</td>
<td>38</td>
<td>34</td>
<td>(4)</td>
</tr>
<tr>
<td>Grants for Growth</td>
<td></td>
<td>896</td>
<td>896</td>
<td>-</td>
</tr>
<tr>
<td>South Holland Centre</td>
<td></td>
<td>250</td>
<td>250</td>
<td>-</td>
</tr>
<tr>
<td>Castle Sports</td>
<td></td>
<td>18</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Shared Public Protection Software</td>
<td></td>
<td>109</td>
<td>109</td>
<td>-</td>
</tr>
<tr>
<td>Crease Drove Industrial Project</td>
<td></td>
<td>70</td>
<td>70</td>
<td>-</td>
</tr>
<tr>
<td>Priory Road – Heating and Access</td>
<td></td>
<td>160</td>
<td>160</td>
<td>-</td>
</tr>
<tr>
<td>Priory Road – Fire Doors and Access</td>
<td></td>
<td>24</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>Capital Acquisitions re Growth &amp; Commercialisation</td>
<td>8</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Asset Investment</td>
<td></td>
<td>143</td>
<td>143</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Approved Schemes</strong></td>
<td></td>
<td>5,153</td>
<td>4,884</td>
<td>(269)</td>
</tr>
</tbody>
</table>

**Financed By:**

- Capital Receipts                           | 302  | 302                         | -                             |
- Capital Grants and Contributions            | 1,620 | 1,385                       | (235)                         |
- Internal Borrowing                          | 1,708 | 1,696                       | (12)                          |
- Revenue Resources                           | 1,523 | 1,501                       | (22)                          |
| **Total**                                    |      | 5,153                       | 4,884                         | (269)                           |

**Schemes Subject to Approval**

Digital Vision                               | 302  | -                           | (302)                         |
| **Total**                                    |      | 302                         | -                             | (302)                          |

**Financed By:**

- Capital Receipts                           | 302  | -                           | (302)                         |
- Revenue Resources                           | -    | -                           | -                             |
| **Total**                                    |      | 302                         | -                             | (302)                          |

**Total All Schemes**                         |      | 5,455                       | 4,884                         | (571)                          |
Notes to Table 5:

1. **Disabled Facilities Grants (£185k)** – Forecast expenditure is based on current scheme referrals from LCC. (Any unused grant will be transferred to the capital grants unapplied reserve for future spend).
2. **Decent Homes – Unfit and Disrepair (£50k)** – Review of forecasted spend
3. **Welland Homes – (£12k)** Estimated £1,638k spend on Parkside £980 and London Road £716k.
4. **GIS System +£3k** – Upon system implementation further requirements were identified. 50% of the additional sums required has been funded by a capital contribution from Breckland.
5. **Office 365 Additional Spend** – Amendment to the Capital programme to support deployment of Office 365
8. **Commercialisation** – New budget has been created to facilitate the regeneration, commercialisation and delivery of housing and commercial return.

Other potential future schemes identified through Capital Working Group and ICT/Customer Governance Board

Several schemes have been identified at the various working groups which may require the Capital programme to be amended in the future. These include:

1. Replacement of the CRM system (2019/20)
2. Implementation of vehicle Charging Points
3. LED Lighting upgrades
4. Digitalisation programme – funding requirements
<table>
<thead>
<tr>
<th>Project</th>
<th>Note</th>
<th>Revised Budget 2018/19 £'000</th>
<th>Forecast Outturn £'000</th>
<th>Variance (under)/overspend £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Heating Upgrade</td>
<td>1</td>
<td>1,614</td>
<td>1,540</td>
<td>(74)</td>
</tr>
<tr>
<td>Kitchen and Bathroom Replacement</td>
<td>2</td>
<td>1,169</td>
<td>1,160</td>
<td>(9)</td>
</tr>
<tr>
<td>Electrical Upgrade</td>
<td>3</td>
<td>156</td>
<td>130</td>
<td>(26)</td>
</tr>
<tr>
<td>Gutters</td>
<td></td>
<td>263</td>
<td>298</td>
<td>35</td>
</tr>
<tr>
<td>Council House – Re-Roofing</td>
<td></td>
<td>425</td>
<td>425</td>
<td>-</td>
</tr>
<tr>
<td>Doors and Windows</td>
<td>4</td>
<td>3</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Chimneys</td>
<td>4</td>
<td>252</td>
<td>-</td>
<td>(252)</td>
</tr>
<tr>
<td>Paths and Drives</td>
<td>4</td>
<td>36</td>
<td>30</td>
<td>(6)</td>
</tr>
<tr>
<td>Boundary Walls</td>
<td>4</td>
<td>90</td>
<td>-</td>
<td>(90)</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td>201</td>
<td>201</td>
<td>-</td>
</tr>
<tr>
<td><strong>Decent Homes</strong></td>
<td></td>
<td>4,209</td>
<td>3,785</td>
<td>(425)</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td></td>
<td>100</td>
<td>97</td>
<td>(3)</td>
</tr>
<tr>
<td>Car Parks</td>
<td></td>
<td>65</td>
<td>-</td>
<td>(65)</td>
</tr>
<tr>
<td>The Square</td>
<td></td>
<td>187</td>
<td>95</td>
<td>(92)</td>
</tr>
<tr>
<td><strong>Major Area Schemes</strong></td>
<td></td>
<td>352</td>
<td>192</td>
<td>(160)</td>
</tr>
<tr>
<td>Housing IT System</td>
<td>5</td>
<td>150</td>
<td>41</td>
<td>(109)</td>
</tr>
<tr>
<td>ICT Strategy</td>
<td>5</td>
<td>51</td>
<td>-</td>
<td>(51)</td>
</tr>
<tr>
<td>IT/System</td>
<td></td>
<td>201</td>
<td>41</td>
<td>(160)</td>
</tr>
<tr>
<td><strong>Major Adaptations</strong></td>
<td></td>
<td>408</td>
<td>350</td>
<td>(58)</td>
</tr>
<tr>
<td><strong>Aids &amp; Adaptations</strong></td>
<td></td>
<td>408</td>
<td>350</td>
<td>(58)</td>
</tr>
<tr>
<td>CSU Vehicle Replacement</td>
<td>7</td>
<td>253</td>
<td>-</td>
<td>(253)</td>
</tr>
<tr>
<td><strong>CSU Vehicle Replacement</strong></td>
<td></td>
<td>253</td>
<td>-</td>
<td>(253)</td>
</tr>
<tr>
<td>Ground Maintenance</td>
<td></td>
<td>12</td>
<td>12</td>
<td>-</td>
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<tr>
<td><strong>Environmental Services</strong></td>
<td></td>
<td>12</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Weston Redevelopment Scheme</td>
<td></td>
<td>250</td>
<td>244</td>
<td>(6)</td>
</tr>
<tr>
<td>Purchase of Units</td>
<td>8</td>
<td>2,000</td>
<td>647</td>
<td>(1,353)</td>
</tr>
<tr>
<td>Severn Road Development Scheme</td>
<td>9</td>
<td>30</td>
<td>-</td>
<td>(30)</td>
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<tr>
<td><strong>Affordable Housing</strong></td>
<td></td>
<td>2,280</td>
<td>891</td>
<td>(1,389)</td>
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<td><strong>Total Approved Schemes</strong></td>
<td></td>
<td>7,715</td>
<td>5,271</td>
<td>(2,444)</td>
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<tr>
<td><strong>Financed By:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Receipts</td>
<td></td>
<td>604</td>
<td>72</td>
<td>(532)</td>
</tr>
<tr>
<td>Shared Ownership Sales Proceeds</td>
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<td>134</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td>Direct Revenue Funding</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Major Repairs Reserve</td>
<td></td>
<td>7,111</td>
<td>5,065</td>
<td>(2,046)</td>
</tr>
<tr>
<td>Grants and Contributions</td>
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<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td></td>
<td>7,715</td>
<td>5,271</td>
<td>(2,444)</td>
</tr>
</tbody>
</table>
Notes to Table 6:

1. **Central Heating (£74k)** – Programme valuation reduced.
2. **Kitchen and Bathroom Replacement (£9k)** – Capital forecast reviewed as a result of tenant refusals during Qtr.1 and Q2. Programme revised and updated for Qtr.3.
3. **Electrical Upgrade (£26k)** – Smoke Alarm and Electrical upgrade Capital Schemes combined to achieve savings.
4. **Chimneys, Paths/Drives, Boundary Walls, Car Parks, Smoke alarms and The Square** – Contracts on procurement planner, intention to spend the budget but will need monitoring to see when the works start on site and revising this figure if necessary. Smoke alarms forecast included in electrical upgrade programme resulting in variance.
5. **ICT Strategy (£160k)** – £51k - Revised infrastructure replacement Capital Bids submitted for 2019/20 Estimate process. £109k - Additional Funding approved for Northgate Housing System
6. **Aids & Adoptions (£58k)** - Programme is demand-led due to the nature of the works.
7. **CSU Vehicle Replacement** – Replacement of current leased vehicles with purchased vehicles. This will now carry over into 2019-20.
8. **Weston Redevelopment** - *Original budget was £1.0m.* The project is behind plan and only £244k will be spent this year. The project should be completed in 2019/20 within the business Plan timescale
9. **Purchase of Units** – (£1,353k) Only one of the identified three proposed S106 sites will be delivered in 2018/19, a further site will be delivered in 2019/20 (£782k) and the third in 2020/21 (£280k), leaving £291k of the £2.0m available.

**Capital Receipts**

There have been 14 right-to-buy receipts in the year to date, resulting in total net receipts of £865k. There is £682k of 1-4-1 receipts available up to the end of Q3 2018/19.
Treasury

Security

The Council has not adopted any formal benchmarks for the management of risk as Officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend positions and amend the operational strategy to manage risk as conditions change. The Council uses the creditworthiness service provided by Link Asset Services which provides a maximum duration for investments depending on the colour rating calculated for each financial institution.

All investments held by the Council were within the recommended maximum duration.

The chart below shows how the Council’s funds are spread between differing counterparties.

![Counterparty Exposure Chart]

Cash

The Council’s average level of deposits during 2018/19 to date was £44.7m. As at 31 December 2018 investments held were £46.4m of which £6.15m was instant access cash available to meet cash flow requirements. Longer term investments were made up of:

- £37m - short term investments up to 12 months
- £1.13m - Welland Homes equity
- £50k – Municipal Bond Agency Equity
- £2.128m - loans to Welland Homes

The following chart shows the amounts held in relation to the remaining period to maturity.
Yield

Budgeted Interest for 2018/19 £258,000 (£196,000 GF, £62,000 HRA)
Actual Interest achieved to Q3 2018/19 £301,471 (£212,136 GF, £89,335 HRA)
Projected Outturn 2018/19 £410,000 (£287,520 GF, £122,480 HRA)
Target yield (Average 3 month LIBID) 0.650%
Actual Yield achieved for 2018/19 0.894%
Actual Yield achieved for 2017/18 0.590%

The increased levels of investment interest achieved can be attributed to higher levels of investment balances being held and also higher than anticipated interest rate levels in the market, in particular the inter-authority rates which are now higher than those offered by financial institutions.

External Borrowing

The Council borrowed £67.456m from the PWLB on 28th March 2012 to meet its obligations under the Housing Revenue Finance Reforms. This was borrowed for a period of 50 years on a maturity basis at a rate of 3.48%. No new borrowing has been undertaken during the financial year.
Representations in respect of all the matters shown should be sent in writing, at least one week before the date or period the decision is likely to be made, to:

Democratic Services, Council Offices, Priory Road, Spalding, Lincolnshire, PE11 2XE
Telephone: 01775 764451 Fax: 01775 711253 Email: demservices@sholland.gov.uk

The Key Decision Plan shows all Key decisions that the Council is likely to make over the next twelve months.

The Key Decision Plan is updated on a rolling basis and shows the decisions that will be considered and the date when the decision is expected to be made. In accordance with the Council’s Constitution the DECISIONS detailed within this document, unless otherwise stated, come into force and may then be implemented on the expiry of a 5 working day call-in period from the date of publication of any decision.

**Key decisions are:** “A decision which, in relation to an executive function, has a significant effect on communities in two or more Wards of the Council and/or is likely to result in the Authority incurring expenditure, generating income or making savings in any single financial year above the threshold of £75,000 in respect of revenue expenditure and £180,000 in respect of capital expenditure.”

**Significant decisions are:** 1. A decision made in connection with setting the Council Tax; 2. A decision to approve any matter relating to a Policy or Strategic Plan; 3. Any non-Executive decision which significantly affects the community in two or more wards or electoral divisions. Some of the decisions will be recommendations to full Council, particularly if they impact on the Budget and the Policy Framework (comprising of statutory plans and strategies)

<table>
<thead>
<tr>
<th>PORTFOLIO HOLDER / SUBJECT</th>
<th>PURPOSE OF DECISION</th>
<th>CONSULTTEES AND METHOD OF CONSULTATION</th>
<th>SUPPORTING DOCUMENTS</th>
<th>LIKELY DATE OF DECISION AND WHO WILL MAKE DECISION</th>
</tr>
</thead>
</table>

Agenda Item 10.
<table>
<thead>
<tr>
<th>PORTFOLIO HOLDER / SUBJECT</th>
<th>PURPOSE OF DECISION</th>
<th>CONSULTEES AND METHOD OF CONSULTATION</th>
<th>SUPPORTING DOCUMENTS</th>
<th>LIKELY DATE OF DECISION AND WHO WILL MAKE DECISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>To award a contract for Sewage Treatment Works- Repair and Maintenance following an open tender process</td>
<td></td>
<td></td>
<td>Housing Landlord Manager Before 28 Feb 2019</td>
</tr>
<tr>
<td>Proposed award of contract for Sewage Treatment Works- Repair and Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compass Point Business Services Options</td>
<td>To agree key actions to enable the extension of the current arrangements with Compass Point Business Services (&quot;CPBS&quot;)</td>
<td></td>
<td></td>
<td>Leader Not before 5th Mar 2019</td>
</tr>
<tr>
<td>Portfolio Holder for Place</td>
<td>To review the recommendations for car parking provision in SHDC owned car parks prior to statutory consultation</td>
<td></td>
<td></td>
<td>Cabinet 12 Mar 2019</td>
</tr>
<tr>
<td>PORTFOLIO HOLDER / SUBJECT</td>
<td>PURPOSE OF DECISION</td>
<td>CONSULTEES AND METHOD OF CONSULTATION</td>
<td>SUPPORTING DOCUMENTS</td>
<td>LIKELY DATE OF DECISION AND WHO WILL MAKE DECISION</td>
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<tr>
<td>Leader</td>
<td>To approve a shared Records Management Policy (incorporating Retention Policy) for both South Holland District Council and Breckland District Council</td>
<td>Retention Policy</td>
<td>Cabinet 12 Mar 2019</td>
<td></td>
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<tr>
<td>Records Management Policy</td>
<td></td>
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<tr>
<td>Deputy Leader of the Cabinet</td>
<td>Review of the occupancy of the Council's offices.</td>
<td></td>
<td></td>
<td>Cabinet 12 Mar 2019</td>
</tr>
<tr>
<td>Future occupancy of the South Holland District Council's Office at Priory Road, Spalding</td>
<td></td>
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<td>PORTFOLIO HOLDER / SUBJECT</td>
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<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>Flat Roof replacement and repairs Contract</td>
<td>For the replacement of various types of flat roofs to Council Dwellings, outbuildings and garages, which have reached the end of their lifespan and require replacement or repairs.</td>
<td></td>
<td>Housing Landlord Manager Before 31 Mar 2019</td>
</tr>
<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>Chimney repairs, repointing and removal Contract</td>
<td>For the Chimney repairs, repointing and removal including Pitched roof repairs to various council dwellings as identified in reaching the end of their lifespan, or the chimney is no longer required.</td>
<td></td>
<td>Housing Landlord Manager Before 31 Mar 2019</td>
</tr>
<tr>
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<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>For the external general repairs for concrete footpaths, roadways and boundary walls, serving council dwellings and garages, which have reached the end of their lifespan and require replacement or repairs.</td>
<td></td>
<td></td>
<td>Housing Landlord Manager Before 31 Mar 2019</td>
</tr>
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<td>General Repairs - Maintenance of footpaths, roadways and boundary walls.</td>
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<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>To award a contract.</td>
<td>Portfolio Holder for Housing. Meetings and discussions.</td>
<td></td>
<td>Housing Landlord Manager Before 30 Apr 2019</td>
</tr>
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<td>CSU Building Materials Contract</td>
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</tr>
<tr>
<td>Portfolio Holder for Housing and Health</td>
<td>To award the EMSC to the successful supplier from the outcome of the procurement process</td>
<td>Meetings and discussions</td>
<td>Officer Decisions Before 30 Apr 2019</td>
<td></td>
</tr>
<tr>
<td>CSU Electrical Materials Supply Contract (EMSC) 2017 - 2021</td>
<td></td>
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</tr>
</tbody>
</table>

*Cabinet Membership*

The Lord Porter of Spalding CBE (Leader)
Councillor C N Worth (Deputy Leader of the Council)
Councillor M G Chandler (Deputy Leader)
Councillor T Carter (Portfolio Holder)
Councillor A Casson (Portfolio Holder)
Councillor P E Coupland (Portfolio Holder)
Councillor R Gambba-Jones (Portfolio Holder)
Councillor C Johnson (Portfolio Holder)
Councillor C J Lawton (Portfolio Holder)
Councillor G J Taylor (Portfolio Holder)
<table>
<thead>
<tr>
<th>PORTFOLIO HOLDER / SUBJECT</th>
<th>PURPOSE OF DECISION</th>
<th>CONSULTEE ANDs AND METHOD OF CONSULTATION</th>
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<th>LIKELY DATE OF DECISION AND WHO WILL MAKE DECISION</th>
</tr>
</thead>
</table>

If you have any comments or queries regarding any of the entries in the Key Decision Plan please contact:

Democratic Services, Council Offices, Priory Road, Spalding, Lincolnshire, PE11 2XE
Telephone: 01775 764451 Fax: 01775 711253 Email: demservices@sholland.gov.uk
Report of: Portfolio Holder for Finance and the Executive Director Commercialisation (S.151)

To: Council 27 February 2019

Author: Carl Holland – Strategic Business Partner (Compass Point Business Services)

Subject: Budget, Medium Term Strategy and Capital Strategy

Purpose: To consider the General Fund and Housing Revenue Account 2019/20 revenue and capital estimates and the Financial Medium Term Strategy

Recommendations:

1. That Council approves:
   a. The Revenue Estimates for the General Fund, Housing Revenue Account and Spalding Special Expenses for 2019/20 (Appendices A, B and C) be approved.
   b. That the use of reserves (Appendix D) be approved.
   c. That the Council Tax for a Band A property in 2019/20 be set at £116.52 a £3.30 per annum increase on 2018/19 levels (band D £174.78 for 2019/20, a £4.95 per annum increase on 2018/19 levels).
   d. That the Spalding special expense for a Band A property be set at £15.78 for 2019/20, (previously £15.66 in 2018/19) and Band D £23.67 for 2019/20, (previously £23.49 in 2018/19).
   e. That the Medium Term Financial Strategy (Appendix B) be approved.
   f. That the Housing Revenue Account weekly dwelling rents reduce by 1% over the previous year, 2018/19, rent with effect from Monday 1st April 2019. This is in line with current government guidelines and legislation.
   g. That the Capital Strategy and Capital Programme (Appendices E and F) be approved.
   h. That the Treasury Management Strategy, including the Minimum Revenue Provision policy and Investment Strategy be approved. (Appendix G).
   i. That the fees and charges shown in Appendix H be approved for adoption from 1 April 2019.

2. Approve the increase in the establishment of 1.0 FTE (shared with BDC, 60% BDC and 40% SHDC), to create a post that adds capacity to support the Chief Executive and Directors at a senior level to move forward a number of strategic priorities and helps to identify the key impacts of emerging national and local policy on the organisation(s) from a corporate point of view, enabling effective mitigation as required (as detailed in Appendix A, paragraph 3.7.2).

3. Approve the additional council tax premium for long term empty properties as detailed in 1.21.
1.0 GENERAL FUND

Purpose of Report

1.1 This report sets out the 2019/20 Budget and associated Medium Term Financial Strategy (MTFS) for the South Holland District Council General Fund and Housing Revenue Account (HRA). The Budget and MTFS are based on the latest information currently available. The budget has been through a budget consultation process with the public and members, draft budget proposals were subject to review by Scrutiny at its meeting on 9th January 2019. Cabinet have reviewed the proposals and approved the recommendation to Full Council. Full Council are asked to consider and approve the associated Council Tax level for 2019/20.

1.2 Since the report was considered by Cabinet the following changes have been required to be made to the estimates:

- The Value of the Internal Drainage Board levies have now been confirmed at £2.447m (an overall increase on 2018/19 values of 2.67%, £63.7k)
- An extension in funding of £146.8k (additional to the £100k approved in previous years) for Pride in South Holland.
- A contribution towards Spalding Western Relief Road costs and capital expenditure of £300k for the Food Enterprise Zone project, approved by Council on 23rd January 2019.
- Income from the Leisure Management Contract taken to reserves.
- A net increase of £494k in the use of specific reserves as a result of the above.

Summary of the 2019/20 Budget and MTFS

1.3 For 2019/20 the Council is able to present a balanced budget position taking into account the following main budget issues and changes from 2018/19:

- An increase in Council Tax for a Band D Property of £4.95 (2.91%) to £174.78.
- In addition there is a projected Business Rates surplus of £1.276m in the 2019/20 budget, as a result of an in year review of appeals provision, with a zero balance assumed in future years.
- An increase in Internal Drainage Board Levies payable of 2.67%.
- An increase in Pay budgets to reflect the 2% pay awards, annual increments and pension cost pressures.
- Budget reductions and growth in income across a number of budgets identified through budget challenge sessions with managers.

Background

1.4 2019/20 is the fourth and final year of Government's four year Local Government Finance Settlement, for which the Council successfully applied in 2016/17, using the Moving Forward programme as the basis of the required efficiency plan. The future of funding, however, is extremely uncertain with an unprecedented level of change anticipated in 2020/21 and onwards.
1.5 The Moving Forward Programme builds on prudent financial management of the council and innovative income generation, with savings targets in phase 1 of the programme totalling £1.105m by 2020/21 as a result of transforming Council Services to:

- generate additional revenue streams via **commercial activities** (Welland Homes, Garden Waste), **investment assets** (Investment and Growth reserve, Holbeach Food Enterprise Zone), and **economic and housing growth** (Investment & Growth reserve) and
- invest in service improvements to improve value for money through **Digitalisation** (online payments, improvements in ICT), **partnership and collaboration** (Co-location, Breckland District Council, Department of Works and Pensions and Priory Road project) and **organisational design**.

1.6 A number of projects from phase 1 of the Moving Forward programme are now substantially complete including the Place Review and the initial investment in Welland Homes, which is progressing well against the Business Plan.

1.7 In 2015/16 £1.1m of funding was agreed and set aside to provide up-front investment for the Moving Forward phase 1 programme, which is now in progress. The current forecast assumes all the available funding held in reserves will be used by the end of 2019/20.

1.8 Phase 2 of the Moving Forward programme will extend the savings agenda to address a number of additional significant projects to deliver further ongoing savings within the MTFS. These projects reflect the Council’s developing agenda for growth and commercialisation with projected savings for some aspects of the proposed programme built into current forecasts.

1.9 As part of Moving Forward phase 2 this draft budget continues the principle of contributing to an “Investment & Growth” fund to deliver on-going revenue income streams over the medium term. This will reduce the reliance on uncertain sources of funding and will make the Council a more stable organisation, able to deliver services to residents with more certainty in the longer term.

**2019/20 Draft Budget & Medium Term Financial Strategy (MTFS)**

1.10 The key elements of the draft 2019/20 Budget and MTFS are summarised in the following paragraphs and set out in detail in the attached appendices which show:

- the 2019/20 revenue and capital estimates for the General Fund and Housing Revenue Account (Appendices A & B),
- draft budgets in relation to Spalding Special Expenses (Appendix C),
- the schedule of movements in Council Reserves (Appendix D),
- the Capital Strategy and Capital Programme (Appendix E & F),
- the Treasury Management Policy and Strategy (Appendix G), and
- the fees and charges schedule (Appendix H).
The final Finance Settlement for 2019/20 was released on 29 January 2019. There were a few areas of change affecting the 2019/20 budget and future years including:

- In 2018/19 the District was part of a successful bid to the Government to trial 100% business rates retention for 2018/19 only. The Lincolnshire Pilot authorities submitted a further bid to try and extend the existing pilot arrangements for 2019/20, but this was not successful. However, South Holland still benefit from the substantive Lincolnshire Business Rates Pooling arrangements that are in place. The 2019/20 estimates are therefore based on the retention of business rates growth at 50%. The Government has indicated that Business Rates retention will be set at 75% from 2020/21 onwards and Revenue Support Grant will be incorporated into the baseline level of funding. Uncertainties still remain around the exact design of future schemes.
- Revenue Support Grant (RSG) and Rural Services Support Grant (RSDG) are included as per the values indicated by the Government in the four year settlement. These Government grants are not assumed to continue beyond 2019/20.
- New Homes Bonus (NHB) has been modelled on the assumption that this is the final year of any new awards for growth, and that future year levels are only made up of the declining legacy payments.

### 2019/20 Council Tax Base

The Council Tax base for 2019/20 is 27,931 properties, an increase of 629 (2.3%) properties over the 2018/19 tax base giving additional income of approximately £245k illustrating the current uplift in housing delivery. An ongoing increase at 1.5% per annum is assumed over the MTFS period.

The Band D Council Tax has been budgeted at £174.78. This is a £4.95 (2.91%) increase on 2018/19 and in line with that previously recommended by members to be included as an annual increase within the MTFS. The Finance Settlement confirms there has been no change to the capping regime for local authorities.

### 2019/20 Collection Fund Surplus

Each year the Council is required to calculate the balance on its Collection Fund, current estimates indicate a £100k surplus in 2019/20 for council tax with a zero balance assumed in future years.

In addition there is a projected Business Rates surplus of £1.276m in the 2019/20 budget, as a result of an in year review of appeals provision, with a zero balance assumed in future years. Volatility in business rates is a feature of the system design of funding for local authorities. As was proposed in the 2018/19 budget if future one-off surpluses are created these will be allocated to reserves to assist with the funding of future deficits. This is a prudent approach for managing Business Rates income volatility and has been approved by the External Auditor and S151 Officer.

### SHDC Detailed Budget Changes

Key assumptions made within the current four year MTFS include:

- An annual increase in Council Tax of £4.95 and a 1.5% assumed growth in the tax base.
• An anticipated reduction in retained Business Rates due to loss of pilot status and the projections for levels of business rates collection for 2019/20.
• The impact of a 2% pay award, incremental growth, an increase in the pension fund deficit charge, and other staffing changes.
• Allowance for unavoidable growth on services (i.e. new statutory obligations and pay & contractual inflation) but no allowance for any increase for general inflation.
• Additional Investment interest income.
• Savings from the new Leisure Services management contract.
• Maximising income generation through Investment & Growth.
• Maximising income from fees and charges through undertaking a cross cutting service review.
• Ongoing Budget challenge to ensure that budgets are aligned with corporate priorities.

1.17 The 2019/20 estimates currently shows a balanced position, although this is subject to any final budget adjustments.

1.18 All budgets have been subject to “budget challenge” by the Section 151 officer which has allowed operational budget reductions to be made in order to deliver a balanced budget in 2019/20. There has been a further budget verification process to ensure that final budgets are robust for the next financial year.

1.19 The current forecast for 2020/21 to 2022/23 shows a deficit up to 2022/23 when a surplus is estimated. This position is subject to further work to develop the Council’s investment and growth strategy as it impacts on business rates, commercial income and growth in the tax base. It is also subject to the final scheme that is developed for the retention of business rates and the proposed business rates reset.

1.20 As has been previously approved by members any underspends in the current year will be transferred to the Council Tax Reserve to help mitigate future budget volatility, particularly in relation to Business Rates income over the course of the MTFS.

1.21 Council Tax – Long Term Empty Premium

Since April 2013 Councils have the discretion to charge up to 50% empty homes premium for properties that have been empty for over 2 years. In offering these new powers the Government were seeking to influence owners to bring empty homes back into use as well as the ability for councils to increase Council Tax income.

As part of the 2017 Budget it was announced that the Government would be implementing new flexibilities in respect of charging an additional 50% Council Tax premium on Long Term Empty properties, bringing the total Council Tax to 200%. Additionally the changes would allow further premiums of 100% for Long Term Empty properties of greater than 5 years from 1 April 2020 and a further additional premium of 100% for Long Term Empty Properties of greater than 10 years from 1 April 2021.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act received Royal Assent on 1st November 2018 and is now an act of parliament. It is proposed as part of the MTFS to increase the premium on long term empty dwellings as follows: -

• An additional 50% Council Tax premium on Long Term Empty properties, raising the Council Tax to 200%, from 1 April 2019
• An additional 100% Council Tax premium on Long Term Empty properties longer than 5 years, raising the Council Tax to 300%, from 1 April 2020.
• An additional 100% Council Tax premium on Long Term Empty properties longer than 10 years, raising the Council Tax to 400%, from 1 April 2021.

The direct financial benefits from Council Tax income for this proposal are small for South Holland (around £6k per year) and if this proposal is approved this will be included within the collection fund. The main benefits are non-financial, to encourage homes back into use.

2.0 Housing Revenue Account

2.1 The draft Housing Revenue Account (HRA) budget shows a forecast deficit of £0.754m. This reflects:
• The annual rent reduction of 1% from 2018/19 to 2019/20 and nil inflation imposed by the Government,
• Expenditure for Capital investment of £3.447m has been charged to revenue for 2019/20,
• An assumed rent loss of 1% for void properties and 1.5% for bad debts,
• Estimated additional net rent arising from new units included within the HRA capital programme from 2019/20 onwards, which are in excess of Right to Buy sales numbers forecasted.
• A review of charges where appropriate.

3.0 Reserves

3.1 General Fund Specific Reserves are budgeted to reduce by £818k in 2019/20. This figure may change depending on the out-turn for 2018/19.

3.2 It is anticipated that the 2018/19 General Fund position will generate a further surplus which will be transferred to the Council Tax Reserve and be available to support the 2019/20 budget as required.

3.3 HRA Reserves are projected to decrease by £5.183m (net) during 2019/20 due to the increased use of the Major Repairs Reserve to finance capital investment within the HRA.

3.4 A breakdown of the Reserve movements for both the General Fund and Housing Revenue Account are included in Appendix D to this report and paragraph 7.1 of Appendix A.

4.0 Capital Programme

4.1 The Council’s Capital Strategy is shown in Appendix E and focuses on the core principles of capital investment.

4.2 The draft four year General Fund capital programme (Appendix F) has been amended to reflect a revised 2018/19 forecast outturn, known slippage requests, Capital Working Group input and scheme estimates.
The General Fund programme includes provision for ICT investment, Priory Road enhancements, Capital grants (DFG and G4G), Crease Drove, Food Enterprise Zone and housing investment. It also includes a new provision for commercial acquisitions over the term of the programme.

The HRA summary programme is included in Appendix F. A re-phased Affordable Housing Programme has been established to replace units sold through increased right to buy (RTB) sales and to maximise the use of resources available through retained RTB receipts and opportunities to access additional grant funding through Homes England. The programme will be delivered through new build and the purchase of affordable housing units. A total of £17.124m has been allocated over the MTFS, including:

- 34 units at Small Drove, Weston;
- A development at Severn Road, Spalding;
- Acquisition of units of affordable housing from developers;
- Other scheme developments for additional units;
- Major area works - environmental improvements on estates;
- Essential improvements to Sewage Plant works; and
- the upgrade of key housing IT Systems.

5.0 OPTIONS

5.1 That the draft capital and revenue budget estimates, the Medium Term Financial Strategy and the Capital Strategy be recommended to Council for approval.

5.2 There are no alternative options presented, however amendments may be made by Cabinet for recommendation to Council.

6.0 REASONS FOR RECOMMENDATION

6.1 To comply with the budgetary and policy framework.

7.0 EXPECTED BENEFITS

7.1 To set an affordable and balanced budget for 2019/20 that ensures delivery of the priorities of the Council.

8.0 IMPLICATIONS

8.1 Carbon Footprint & Environmental Issues
8.1.1 None

8.2 Constitution & Legal
8.2.1 None

8.3 Contracts
8.3.1 None

8.4 Crime and Disorder
8.4.1 None

8.5 Equality and Diversity & Human Rights
8.5.1 None
8.6 **Financial**
8.6.1 The report is of a financial nature and further financial details are included within the appendices.

9.0 **Risk Management**
9.1 Risks are highlighted within the appendix.

10.0 **WARDS/COMMUNITIES AFFECTED**
10.1 Budget implications affect all wards.

11. **ACRONYMS**

11.1 AGS Annual Governance Statement
CPBS Compass Point Business Services
CSU Construction Services Unit
DCLG Department for Communities & Local Government
DFG Disabled Facilities Grant
ESIF European Structural Investment Funding
HRA Housing Revenue Account
ICT Information & Communications Technology
IDB Internal Drainage Boards
LCC Lincolnshire County Council
LCTRS Local Council Tax Reduction Scheme
MTFS Medium Term Financial Strategy
NHB New Homes Bonus
NHS National Health Service
NI National Insurance
NNDR National Non Domestic Rates (Business Rates)
RSDG Rural Services Delivery Grant
RSG Revenue Support Grant
RTB Right to Buy

Background papers:-
Appendix B – General Fund and HRA Medium Term Financial Strategy.
Appendix C – Spalding Special Expenses Budget
Appendix D - Use of Reserves Schedule
Appendix E – Capital Strategy
Appendix F – Capital Programme
Appendix G1 – Treasury Management Policy Statement
Appendix G2 – Treasury Management Strategy
Appendix H – Fees and Charges Schedule

**Lead Contact Officer:**
Name/Post: Carl Holland, Strategic Business Partner (CPBS)
Telephone Number: 01775 764681
Email: Carl.Holland@cpbs.com

**Key Decision:**
No

**Exempt Decision:**
No

1. Introduction

1.1 This appendix sets out the draft combined 2019/20 budget estimates and Medium Term Financial Plan (MTFP) for the period 2019/20 to 2022/23 for the Council’s General Fund and Housing Revenue Account. The Medium Term Plan sets out the current and forecast future costs of the Council and is linked to the Corporate Plan, which sets out the aims and ambitions of the Council, agreed with our partners:

- To be a financially independent Council and free of reliance on Government Funding by 2020/21,
- To transform Council Services through the Moving Forward Programme to:
  - generate additional revenue streams via commercial activities (Welland Homes, Garden Waste), investment assets (Investment and Growth reserve, Holbeach Food Enterprise Zone), and economic and housing growth (Investment & Growth reserve) and
  - invest in service improvements to improve value for money through Digitalisation (online payments, improvements in ICT), partnership and collaboration (Co-location, Breckland District Council, Directorate of Works and Pensions and Priory Road project) and organisational design (10% reduction in costs over 4 years)

1.2 The MTFP establishes a set of financial policies and principles which provide a sound basis for maintaining the financial integrity of the Council over the medium term and includes both the General Fund and the Housing Revenue Account Budget.

1.3 This Appendix sets out:

- The Council’s Medium Term Financial Strategy for the period 2019/20 to 2022/23
- The 2019/20 General Fund Revenue Budget & Financing,
- The General Fund Reserves Position,
- The General Fund Capital Programme and Financing,
- The 2019/20 Housing Revenue Account (HRA) Revenue Budget,
- The HRA Reserves Position,
- The HRA Capital Programme and Financing,
- Risks, key issues, sensitivity and monitoring,
- Consultation proposals, timetable and links to other strategies, and
- Treasury management policy and investment strategy,
- Fees and Charges Schedule for services provided by the Council.

2. Medium Term Financial Strategy

2.1 Strategy, Aspirations and Forward Projections

2.1.1 The objectives of the Council’s Medium Term Financial Strategy are to:

- manage a budget process that will make progress in re-directing and focusing resources in line with corporate priorities and, in so doing, recognise the intrinsic link between this strategy, the Capital Strategy, and the Treasury Management Strategy,
- adopt a corporate approach to budget preparation and continue to provide strong timely budget control,
• use sound modern financial systems procedures and principles and promote electronic record keeping and approval processes,
• ensure financial performance reporting remains integrated with financial reporting and business planning,
• ensure there is rigorous scrutiny of the financial planning process and work towards a more effective consultation process to engage the public and stakeholders,
• maintain balances and reserves that will provide for known risks and liabilities and provide capacity for managing peaks in expenditure,
• operate strategies on capital and external funding that supports the Council’s corporate objectives,
• undertake a risk assessment of material items of income and expenditure and report the risks to Members as part of the budget setting process,
• manage and use our resources to deliver value for money and better sustainable outcomes and efficiencies for local people,
• set realistic targets for trading accounts and if services fail to achieve these they will be subject to a more fundamental review,
• aim for a minimum balance on the Collection Fund,
• prepare robust and realistic income and resource requirement plans for the next five years,
• promote take-up of benefits and reliefs,
• maximise income collection, and
• recognise the Council’s role in the community throughout and beyond the period of economic hardship by providing assistance to individuals, groups and businesses.

2.1.2 In 2010 the Council created Compass Point Business Services (East Coast) Ltd, (CPBS) in partnership with East Lindsey District Council in order to deliver greater efficiency in the provision of back office services. The two partner councils have now agreed to extend this contractual arrangement beyond March 2020 and the Council have approved a Transformation Plan for CPBS aimed at delivering further financial savings.

2.1.3 The Council’s strategies will be achieved through the working practices set by the relevant departments. The effectiveness of these strategies and the underlying principles can be monitored by key outputs such as:

• Annual audit letter,
• Financial plan,
• Governance and Audit Committee reports,
• Annual Governance Statement (AGS),
• Grants returns submitted to deadlines, and
• Governance and performance reports.

2.2 Budget principles:

2.2.1 The following principles have been used in the budget preparation process in order to:

• Provide a consistent and authorised approach to the preparation of revenue and capital estimates,
• Ensure estimates are prepared in line with available resources, and
• Ensure that estimates are prepared to reflect corporate priorities.
Key budget principles:

- Detailed working sheets are maintained for all budget headings and these are prepared by the budget manager, with the exception of central items.
- Central items are calculated by the CPBS accountancy team. The central items include items such as: salaries, insurance, support service recharges, capital accounting entries, interest paid and received, pensions, National Insurance (NI), special expenses, mobile phones and postage.
- The full effect of known pay awards is incorporated into the estimates and a provision made for future years, based on national guidance (taking into account any Central Government policies).
- Staffing estimates are prepared on the basis of approved staffing levels as provided by Human Resources and have been signed off by budget managers. These estimates include an allowance for employers NI, superannuation contributions and lump sum amounts.
- Controllable expenditure is defined as expenditure on employees, premises (excluding business rates), transport and supplies and services - but excluding internal recharges.
- There will be no allowance for inflation, unless contractual or related to salaries.
- We seek additional scrutiny and challenge for accessing capital resources to ensure that the programme only reflects schemes that are sufficiently scoped to allow delivery.
- A review of fees and charges to ensure optimisation of income where consistent with policy.
- Some service areas of high or unpredictable spend in previous years have been considered in detail; other less volatile have not been zero-based.
- Working papers have been prepared by budget managers for each controllable budget. This will assist future challenge.
- To set a balanced budget with no long term dependency on General Balances.
- To work towards a zero balance on the Collection Fund.
- Only the 2019/20 budget will be formally approved. Future years are indicative only for both revenue and capital but form an important picture of our financial sustainability.

2.3 Budget Requirement and Forward Estimates

2.3.1 Outline estimates through to 2022/23 are shown in Appendix B. In compiling these figures we have followed the assumptions included in this report and made specific adjustments to service budgets as and where budget holders have advised of a change over the medium term.

2.3.2 There is an unprecedented level of uncertainty around the future design of the system for business rates retention from April 2020 and future funding arrangements generally. It is anticipated that there may need to be some significant reductions in expenditure or increases in income in order to be able to deliver future balanced budgets. Work is continuing to be carried out with services to challenge budget costs in order to reduce both in-year and on-going base budgets without impacting on core service levels. However, in addition to the uncertainty about future funding levels the Council will also experience increasing inflationary pressures on core budgets.

2.3.3 As part of the budget review, a number of potential schemes have been explored at officer level to generate savings and increase income. Areas being considered which currently have a high level of spend or which require a greater review to reduce costs and provide services differently include:

- Consideration of fees and income policies (including Internal review and benchmarking exercise),
• Review of publicly owned assets including a strategic asset plan review and consideration of alternative management models,
• Grants Review,
• Further shared service opportunities,
• Growth opportunities including generating income streams from increasing asset ownership, and
• Welland Homes.


3.1 External Financing – 2019/20 Settlement

3.1.1 Background

The Provisional Settlement for 2019/20 was issued in December 2018 and the agreed final Settlement was announced by the Government on 29 January 2019. There were no changes made to the values in the Provisional Settlement. These values are reflected in the information below.

The Council was re-admitted to the Lincolnshire Business Rates Pooling arrangement for 2018/19. This pooling arrangement benefits the level of business rates returned to the District. In addition for 2018/19 the District was part of a successful bid to the Government to trial 100% business rates retention for 2018/19 only. The Lincolnshire Pilot authorities submitted a further bid to try and extend the existing pilot arrangements for 2019/20, but this was not successful. However, South Holland still benefits from the substantive Pooling arrangements that are in place.

The draft estimates for 2019/20 have been based on the retention of business rates growth at 50%. The Government has indicated that Business Rates retention will be set at 75% from 2020/21 onwards and Revenue Support Grant will be incorporated into the baseline level of funding.

As well as the potential for the authority to attract additional income through increased retained business rates there is also the risk of uncertainty through a reduction in the amount of business rates that it collects. One of the key areas of uncertainty relates to appeals against rateable values for business premises, with the potential for successful appeals being backdated for a number of years. The 2018/19 Settlement confirmed that there would be a re-set of the Business Rates Baseline in 2020/21. This presents a potentially significant risk to future levels of funding.

However, the Government has launched further consultation, through its support of a Fairer Funding Review, into ways to simplify the process of funding local authorities. The outcome of this is not known at this stage, but there is a general acceptance that the current system for retention of business rates has become increasingly complex and is only really understood by a few specialists. Work to simplify the system, whilst still retaining the original principles of devolving funding through business rates, will continue over the next year ahead of the 2020/21 deadline.
3.1.2 Revenue Support Grant (RSG)

SHDC did not receive RSG in 2018/19 due to it being part of the successful Business Rates Pilot. For 2019/20 RSG is included for one final year, at the significantly reduced value of £271k. RSG will cease from 2020/21, the MTFS includes the following values:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>RSG Receivable £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18 (for information)</td>
<td>(1,072)</td>
</tr>
<tr>
<td>2018/19</td>
<td>Nil</td>
</tr>
<tr>
<td>2019/20</td>
<td>(271)</td>
</tr>
<tr>
<td>2020/21</td>
<td>Nil</td>
</tr>
<tr>
<td>2021-22</td>
<td>Nil</td>
</tr>
<tr>
<td>2022-23</td>
<td>Nil</td>
</tr>
</tbody>
</table>

3.1.3 New Homes Bonus (NHB)

For 2017/18, 2018/19 and again for 2019/20, NHB allocations have only rewarded growth above 0.4% of baseline housing levels. It is strongly believed that NHB will not survive in its current form beyond 2020/21 but the detail of any future arrangements have not been released.

The level of NHB awarded in the settlement for 2019/20 is £1.002m made up as follows:

- 2016/17 (yr6) £364,838
- 2017/18 (yr7) £225,172
- 2018/19 (yr8) £128,345
- 2019/20 (yr9) £283,970

TOTAL £1,002,235

The MTFS currently assumes that legacy payments will be honoured but no new in-year allocation will be received. The total estimated values of NHB over the MTFS are given below. The estimates also assume that all NHB is paid into the Investment and Growth Reserve, therefore there is no General Fund reliance on this funding.

<table>
<thead>
<tr>
<th>£'000</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>365</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>225</td>
<td>225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>128</td>
<td>128</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>2019/20</td>
<td>284</td>
<td>284</td>
<td>284</td>
<td>284</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,002</td>
<td>638</td>
<td>412</td>
<td>284</td>
</tr>
</tbody>
</table>
3.1.4 Rural Services Delivery Grant (RSDG)

This grant is paid to the upper quartile of local authorities based on the super-sparsity indicator. Similar to the position with Revenue Support Grant the Council did not receive RSDG in 2018/19 by virtue of its Pilot status. It is not known if this grant will continue beyond 2019/20 so the MTFS does not currently include any values for those future years. The amount awarded for 2019/20 is £159k.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>RSDG Receivable £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18 (for information)</td>
<td>(128)</td>
</tr>
<tr>
<td>2018/19</td>
<td>0</td>
</tr>
<tr>
<td>2019/20</td>
<td>(159)</td>
</tr>
<tr>
<td>2020/21</td>
<td>0</td>
</tr>
<tr>
<td>2021-22</td>
<td>0</td>
</tr>
<tr>
<td>2022-23</td>
<td>0</td>
</tr>
</tbody>
</table>

3.1.5 Business Rates (NDR)

As noted at para 3.1.1 above there is considerable uncertainty around the future arrangements for local government funding and how the Fairer Funding Review that is taking place will translate into any reallocation of resources to reflect need. The Government has already announced its intention to move to a 75% business rate retention value for 2020/21. Decisions on the reset detail of the business rates baseline in 2020/21 are still to be made.

The values for retained business rates in the 2019/20 budget are based on the NNDR1 values submitted to the Government and on assumptions regarding the provision required for appeals, as detailed below. The Surplus on the collection fund has been paid into the Council Tax Reserve in order to support future year budgets in the event of further business rate volatility. The variation in figures relate to the different arrangements that have been in place, e.g. Pilot, Pool, 75% retention.

<table>
<thead>
<tr>
<th></th>
<th>2018/19 (Pilot) £000</th>
<th>2019/20 (50% Pool) £000</th>
<th>2020/21 (75% Pool) £000</th>
<th>2021/22 (75% Pool) £000</th>
<th>2022/23 (75% Pool) £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Business Rates</td>
<td>(14,202)</td>
<td>(9,897)</td>
<td>(10,090)</td>
<td>(10,285)</td>
<td>(10,486)</td>
</tr>
<tr>
<td>S31 Grants</td>
<td>(1,207)</td>
<td>(1,094)</td>
<td>(1,260)</td>
<td>(1,285)</td>
<td>(1,300)</td>
</tr>
<tr>
<td>Tariff</td>
<td>9,580</td>
<td>5,798</td>
<td>5,906</td>
<td>6,024</td>
<td>6,144</td>
</tr>
<tr>
<td>Pre-levy Income</td>
<td>(5,829)</td>
<td>(5,193)</td>
<td>(5,444)</td>
<td>(5,546)</td>
<td>(5,641)</td>
</tr>
<tr>
<td>Levy to Lincs CC(^2)</td>
<td>0</td>
<td>259</td>
<td>255</td>
<td>249</td>
<td>243</td>
</tr>
<tr>
<td>Estimated Deficit/(Surplus) on Collection Fund(^3)</td>
<td>(402)</td>
<td>(1,276)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Retained Business rates Income</td>
<td>(6,231)</td>
<td>(6,210)</td>
<td>(5,189)</td>
<td>(5,297)</td>
<td>(5,398)</td>
</tr>
<tr>
<td>Net gain from the Pool(^4)</td>
<td>NA</td>
<td>(388)</td>
<td>(383)</td>
<td>(374)</td>
<td>(364)</td>
</tr>
</tbody>
</table>

Notes to Table:
\(^1\) Based on the NNDR1 values, Lincolnshire Pool and 50% Retention.
\(^2\) No Levy in 2018/19 as part of the Pilot
\(^3\) Surplus value has been paid into the Council Tax Reserve
\(^4\) Value for information only. Represents the value of additional business rates retained as a result of being in the Lincolnshire Business Rates Pool.
\(^5\) Included allowance for RSG, due in that year, as a result of the Pilot.
In 2018/19 only, the Council benefited from being in the Pilot and overall the Council was able to make a £722k contribution to its Council Tax Reserve. As noted above there is currently a one-off projected surplus on the Business Rates Collection Fund, with SHDC’s share being £1.276m as a result of an in year review of appeals provision, with a zero balance assumed in future years. The volatility that Councils are experiencing with business rates income is a feature of the structure of local government funding. For 2019/20 a review of the level of appeals that have been submitted and projected success rates indicates that this value can be reduced. This has had a positive effect on the values assumed to be retained in the collection fund at the end of 2018/19 and available to support the budget for 2019/20. Members are advised that it is likely that there will be future swings in business rates income over the MTFS and as such it is proposed that the Council Tax reserve be used to smooth these swings in the Collection Fund. As such it is proposed that the 2019/20 collection fund surplus is contributed into this reserve and be available for future year budget support if required.

3.2 Collection Fund

3.2.1 Each year the Council is required to calculate the balance on its Collection Fund.

3.2.2 Current estimates indicate a £100k surplus in 2019/20 for council tax with a zero balance assumed in future years.

3.3 Council Tax Base

3.3.1 Delegated authority was given to the S151 Officer to approve the tax base, as, by law, this must be set in the period 1 December to 31 January each financial year. The local Tax Base reflects:

- Changes to the baseline number of properties during 2018,
- The impact of the Local Council Tax Support Scheme (no change for 2019/20 other than inclusion of relief for carers), and
- Assumed growth.

3.3.2 The Council Tax base for 2019/20 is currently estimated at 27,931 properties, an increase of 629 properties (2.3%) over the final 2018/19 tax base giving additional income of approximately £245k. An ongoing annual increase of 1.5% per annum is assumed over the MTFS period.

3.4 Council Tax

3.4.1 In 2016/17 Council Tax levels for Band D property were approved to increase by up to £5 per annum over the life of the MTFS which equates to an approximate 3% increase in each year. The Finance Settlement confirmed that the referendum cap for local authorities remains in place for 2019/20, with the exception of Police and Crime Commissioners. The 2019/20 budgets assume a £4.95 increase which equates to a 2.91% increase. The MTFS assumes an ongoing increase of £4.95 per annum.
3.4.2 The following table shows the estimated level of Council Tax for the MTFS period.

<table>
<thead>
<tr>
<th></th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
<th>2021/22 £000</th>
<th>2022/23 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Council Tax base (band D equivalents)</td>
<td>27,302</td>
<td>27,931</td>
<td>28,350</td>
<td>28,755</td>
<td>29,207</td>
</tr>
<tr>
<td>B  Council Tax band D (£.p.)</td>
<td>169.83</td>
<td>174.78</td>
<td>179.73</td>
<td>184.68</td>
<td>189.63</td>
</tr>
<tr>
<td>C  Annual increase (£.p.)</td>
<td>4.99</td>
<td>4.95</td>
<td>4.95</td>
<td>4.95</td>
<td>4.95</td>
</tr>
<tr>
<td>C  Annual increase %</td>
<td>3.03%</td>
<td>2.91%</td>
<td>2.83%</td>
<td>2.75%</td>
<td>2.68%</td>
</tr>
<tr>
<td>D  Annual Council tax collected (a x b)</td>
<td>(4,638)</td>
<td>(4,881)</td>
<td>(5,091)</td>
<td>(5,312)</td>
<td>(5,536)</td>
</tr>
<tr>
<td>D  Surplus on Collection Fund</td>
<td>(79)</td>
<td>(100)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>D  Gross Council Tax (c + d)</td>
<td>(4,717)</td>
<td>(4,981)</td>
<td>(5,091)</td>
<td>(5,312)</td>
<td>(5,536)</td>
</tr>
</tbody>
</table>

3.4.3 The following table sets out the estimated 2019/20 Council Tax for each Property Band and the changes over 2018/19 values:

<table>
<thead>
<tr>
<th>Band</th>
<th>Ratio</th>
<th>2018/19 £</th>
<th>2019/20 £</th>
<th>2018/19 to 2019/20 change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Annual</td>
<td>Weekly</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>£</td>
<td>£</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>6/9</td>
<td>113.22</td>
<td>116.52</td>
<td>3.30</td>
</tr>
<tr>
<td>B</td>
<td>7/9</td>
<td>132.09</td>
<td>135.94</td>
<td>3.85</td>
</tr>
<tr>
<td>C</td>
<td>8/9</td>
<td>150.96</td>
<td>155.36</td>
<td>4.40</td>
</tr>
<tr>
<td>D</td>
<td>9/9</td>
<td>169.83</td>
<td>174.78</td>
<td>4.95</td>
</tr>
<tr>
<td>E</td>
<td>11/9</td>
<td>207.57</td>
<td>213.62</td>
<td>6.05</td>
</tr>
<tr>
<td>F</td>
<td>13/9</td>
<td>245.31</td>
<td>252.46</td>
<td>7.15</td>
</tr>
<tr>
<td>G</td>
<td>15/9</td>
<td>283.05</td>
<td>291.30</td>
<td>8.25</td>
</tr>
<tr>
<td>H</td>
<td>18/9</td>
<td>339.66</td>
<td>349.56</td>
<td>9.90</td>
</tr>
</tbody>
</table>

3.4.4 The table below details the proposed council Tax band D information for the precepting authorities in South Holland DC (Subject to formal confirmation).

<table>
<thead>
<tr>
<th>Authority</th>
<th>Proposed band D 2019/20 (£.p)</th>
<th>Increase over 2018/19 (£.p)</th>
<th>Increase over 2018/19 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincolnshire County Council (TBC)</td>
<td>1,292.40</td>
<td>60.93</td>
<td>4.95%</td>
</tr>
<tr>
<td>Police and Crime Commissioner (TBC)</td>
<td>241.38</td>
<td>23.94</td>
<td>11.01%</td>
</tr>
<tr>
<td>South Holland DC</td>
<td>174.78</td>
<td>4.95</td>
<td>2.91%</td>
</tr>
<tr>
<td>Parishes including Spalding Special (average)</td>
<td>38.10</td>
<td>1.27</td>
<td>3.45%</td>
</tr>
</tbody>
</table>
3.4.5 The following chart shows the Band D Council Tax levels (excluding parish precepts) for Lincolnshire Councils for 2018/19.

![Band D Council Tax by Lincolnshire Authority (2018/19), excluding parish precepts]

3.5 Budget Summary 2019/20

3.5.1 Total Financing – 2018/19 to 2022/23

The table below shows the impact of the 2019/20 settlement (to be confirmed) within the overall financing of the authority:

<table>
<thead>
<tr>
<th>Source of Financing</th>
<th>2018/19 £'000</th>
<th>2019/20 £'000</th>
<th>2020/21 £'000</th>
<th>2021/22 £'000</th>
<th>2022/23 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax</td>
<td>(4,637)</td>
<td>(4,881)</td>
<td>(5,091)</td>
<td>(5,312)</td>
<td>(5,536)</td>
</tr>
<tr>
<td>Non Domestic Rates</td>
<td>(5,829)</td>
<td>(4,935)</td>
<td>(5,189)</td>
<td>(5,297)</td>
<td>(5,398)</td>
</tr>
<tr>
<td>Revenue Support Grant (RSG)</td>
<td>0</td>
<td>(271)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rural Service Delivery Grant</td>
<td>0</td>
<td>(159)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New Homes Bonus Grant</td>
<td>(1,007)</td>
<td>(1,002)</td>
<td>(638)</td>
<td>(412)</td>
<td>(284)</td>
</tr>
<tr>
<td>Spalding Special Expenses</td>
<td>(211)</td>
<td>(218)</td>
<td>(218)</td>
<td>(218)</td>
<td>(218)</td>
</tr>
<tr>
<td>Town &amp; Parish Councils</td>
<td>(794)</td>
<td>(847)</td>
<td>(863)</td>
<td>(881)</td>
<td>(898)</td>
</tr>
<tr>
<td>Collection Fund Deficit/(Surplus) -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Domestic Rates</td>
<td>(402)</td>
<td>(1,276)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Collection Fund Deficit/(Surplus) -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Tax</td>
<td>(79)</td>
<td>(100)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Financing</td>
<td>(12,959)</td>
<td>(13,689)</td>
<td>(11,999)</td>
<td>(12,120)</td>
<td>(12,334)</td>
</tr>
<tr>
<td>Band D Charge</td>
<td>£169.83</td>
<td>£174.78</td>
<td>£179.73</td>
<td>£184.68</td>
<td>£189.63</td>
</tr>
<tr>
<td>Tax Base</td>
<td>27,302</td>
<td>27,931</td>
<td>28,330</td>
<td>28,755</td>
<td>29,186</td>
</tr>
<tr>
<td>Band D cost per week</td>
<td>£3.26</td>
<td>£3.36</td>
<td>£3.45</td>
<td>£3.55</td>
<td>£3.64</td>
</tr>
</tbody>
</table>
3.6 Draft 2019/20 General Fund Estimates

The table below shows the budget estimates for 2019/20 analysed by type of expenditure/income as shown in Appendix B.

3.6.1 The estimates show a net balanced position for 2019/20, after transfers to and from reserves, the following main variances from 2018/19 should be noted:

- An estimated surplus on the NDR Collection Fund of £1.276m, transferred to reserves. This is as a result of a reduction in the level of appeals provision that has been assumed.
- The impact of an assumed 2% pay award and incremental pay progression on employee budgets together with a new banding structure,
- An increasing pension fund deficit,
- 2.67% increased costs of Internal Drainage Board levies
- Additional Investment Income.
- Additional Council tax income due to growth in the tax base, the increased Band D charge and a surplus on the collection fund (£100k)
- Some budget reductions taken from services as part of the Star Chamber process

3.6.2 All budgets have been subject to “budget challenge” by the S151 and Deputy S151 officers which has allowed operational budget reductions to be made in order to deliver a balanced budget in 2019/20.
3.6.3 Notes providing further explanations of major variances between the two years are given below the table.

<table>
<thead>
<tr>
<th>Description</th>
<th>2018/19 Original Estimate £’000</th>
<th>2018/19 Revised Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>Variance from OE £’000</th>
<th>Variance from RE £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>7,582</td>
<td>8,265</td>
<td>9,320</td>
<td>1,738</td>
<td>1,055</td>
</tr>
<tr>
<td>Premises</td>
<td>947</td>
<td>926</td>
<td>1,039</td>
<td>92</td>
<td>113</td>
</tr>
<tr>
<td>Transport</td>
<td>772</td>
<td>790</td>
<td>988</td>
<td>216</td>
<td>198</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>3,517</td>
<td>3,611</td>
<td>3,369</td>
<td>(148)</td>
<td>(242)</td>
</tr>
<tr>
<td>Transformation</td>
<td>273</td>
<td>104</td>
<td>336</td>
<td>63</td>
<td>232</td>
</tr>
<tr>
<td>Drainage Board Levies</td>
<td>2,384</td>
<td>2,384</td>
<td>2,447</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Parish Precepts</td>
<td>794</td>
<td>794</td>
<td>847</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Third Party Payments</td>
<td>3,259</td>
<td>3,254</td>
<td>3,185</td>
<td>(74)</td>
<td>(69)</td>
</tr>
<tr>
<td>Transfer Payments</td>
<td>20,491</td>
<td>20,509</td>
<td>17,222</td>
<td>(3,269)</td>
<td>(3,287)</td>
</tr>
<tr>
<td>(including Housing Benefits)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Impairment Charges</td>
<td>1,030</td>
<td>1,030</td>
<td>945</td>
<td>(85)</td>
<td>(85)</td>
</tr>
<tr>
<td>Direct Revenue</td>
<td>100</td>
<td>684</td>
<td>2,102</td>
<td>2,002</td>
<td>1,418</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital – Contra Entries</td>
<td>(1,105)</td>
<td>(1,105)</td>
<td>(1,020)</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>Transfers to/from reserves</td>
<td>672</td>
<td>40</td>
<td>(818)</td>
<td>(1,190)</td>
<td>(1,118)</td>
</tr>
</tbody>
</table>

**Total Expenditure:**

|                           | 40,716                          | 41,285                         | 39,962                 | (754)                  | (1,323)                |

| Rents & Service Charges    | (1,021)                         | (1,021)                        | (1,164)                | (143)                  | (143)                  |
| Fees & Charges            | (3,788)                         | (3,846)                        | (4,146)                | (359)                  | (301)                  |
| Grants, Reimbursements & Contributions | (20,930)                         | (20,927)                        | (17,885)                | 3,045                  | 3,042                  |
| Investment Income         | (196)                           | (196)                          | (359)                  | (163)                  | (163)                  |
| Recharges                 | (1,823)                         | (2,336)                        | (2,719)                | (896)                  | (383)                  |

**Total Income:**

|                           | (27,758)                        | (28,326)                       | (26,273)                | 1,485                  | 2,053                  |

**Net Expenditure:**

|                           | 12,959                          | 12,959                         | 13,689                 | 730                    | 730                    |

3.6.4 As shown at Appendix B the MTFS current forecast for 2020/21 to 2022/23 shows a deficit in each year as follow:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Expenditure</td>
<td>13,689</td>
<td>12,238</td>
<td>12,150</td>
<td>12,181</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>(13,689)</td>
<td>(11,999)</td>
<td>(12,120)</td>
<td>(12,334)</td>
<td></td>
</tr>
<tr>
<td>Transfer to/from reserves</td>
<td>(0)</td>
<td>(239)</td>
<td>(30)</td>
<td>153</td>
<td></td>
</tr>
</tbody>
</table>
3.7 **Explanation of 2019/20 Budgets:**

3.7.1 **Moving Forward Savings**

The Council has delivered some significant savings from its original Moving Forward Programme. These savings from the Council’s original £1.105m target are now built into base budgets. The budgets for 2019/20 have a remaining savings target of £135k to be delivered in year. The proposals for Moving Forward phase 2 will extend the Council’s developing Growth and Commercialisation agenda, with some significant projects to deliver further ongoing savings within the MTFS.

3.7.2 **Employee Related Expenses**

The overall increase in employee costs is as a result of changes across a number of areas, notably:

- Incremental pay progression and the national pay award (2% and other pay grade uplifts),
- Corrections of previous establishment budgeting errors.
- Reductions in Agency costs to reflect the revised establishment.
- Growth in the homelessness services as a result of new legislation, which will be funded from government grants.
- Movements between shared management costs and direct salaries.
- An increase in the pension deficit costs (£48k);

Staffing budgets include a salary vacancy factor, this presents a potential budget risk depending upon the level of vacancies within the establishment and may require proactive management of staffing vacancies to achieve this target saving.

The staffing structure for 2018/19 currently includes a one year fixed term secondment Senior Policy Officer role. This report requests to increase the establishment by 1 FTE (shared with SHDC at 60% BC and 40% SHDC) to create a post that adds capacity to support the Chief Executive and Directors at a senior level to move forward a number of strategic priorities and helps to identify the key impacts of emerging national and local policy on the organisation(s) from a corporate point of view, enabling effective mitigation as required.

In line with the pension triennial valuation through to 2019/20 the employer’s contribution rate is 16.7% for 2019/20. The secondary rate (deficit payment) increases by £67k from £571k (2018/19) to £638k in 2019/20 of which £455k relates to General Fund and £164k to the HRA. The amount for 2020/21 is not known and will be subject to the next triennial review of the pension fund. A 2% increase has been built into the MTFS.

3.7.3 **Premises Related Expenses**

The main increase relates to a forecast increase in the value of required repairs and maintenance costs of council assets £84k. A review of the required programme of works over the MTFS has identified an increased level of spend in 2019/20 with a tapering level of spend over the remaining years of the MTFS back to current levels of expenditure.

3.7.4 **Transport**

Vehicle running costs (fuel and maintenance) have increased by £42k. Although prices of fuel have been reducing recently there is a pressure within 2018/19 budgets which requires this budget to be increased for 2019/20.
Car lump sum and mileage allowance combined estimates show an increase of £71k. Some of this relates to a realignment of costs from shared management to mileage and also reflect the increase in the value of the allowance to officers to offset the HMRC additional tax liability. Mileage costs are estimated to increase £19k.

### 3.7.5 Supplies & Services

Supplies and Services budgets have been mostly contained at the same values as those for 2018/19. The main changes to these budgets reflect:

- A £74k increase in computer software and licence costs (£30k for Office 365, £10k in housing for new Jigsaw Software, £13k for other inflationary costs or additional tool, £9k increased charges for the Shared Breckland systems (with offsetting additional income) and £10k for an increase in Spektrix costs at South Holland centre.
- Moving Forward savings target reduced by £105k compared to the 2018/19 value
- Moving forward expenditure (funded from reserves) is projected to be only £74k (a £270k reduction on the 2018/19 budgeted expenditure) with a corresponding reduction in reliance upon reserves.
- Impairment allowances for bad debts have been reviewed and reduced by £80k

### 3.7.6 Third Party Payments

CPBS budgets have been increased in 2019/20, (£109k) which is in line with the proposals put forward to the Stakeholders group to reflect the revised base contract for CPBS from which future Transformation savings will be delivered. These savings will be reflected through the Council’s MTFS budgets. The increase reflects South Holland’s share of two additional HR business partners, a Housing Benefits Overpayment officer, an annual pay award of 1% and incremental growth, additional pension member costs, uplifts in Senior Management Team post grades and some inflationary pressure on some budgets.

The budget for Third Party Payments has reduced as a result of savings from the new Leisure Service Management contract.

### 3.7.7 Transfer Payments

This budget consists of Housing Benefits, grant payments and other allowances. The large reduction in these budget reflects:

- A £2.548m reduction in the rent allowance and rent rebate budget to bring this in line with anticipated spend (there is an offsetting reduction in benefit income budgets).
- A reduction in the Grants for Growth expenditure budgets compared to that for 2018/19, this reflects the revised profile of expenditure (and income).

### 3.7.8 Depreciation and Impairment Charge

The decreased depreciation and impairment charges are due to changes in the values of Council properties.

### 3.7.9 Drainage Board Levies

The Council’s 2019/20 budget and forward estimates include amounts for Internal Drainage Boards (IDB). These are levies charged to the authority over which the Council has little control and form part of the revenue budget. The budget is based on actual charge levied for 2019/20 (£2.447m), a 2.67% (£63.7k) increase on the values levied for 2018/19.
<table>
<thead>
<tr>
<th>Internal Drainage Board</th>
<th>2018/19 Levy on South Holland DC £</th>
<th>2019/20 Levy on South Holland DC £</th>
<th>Increase over 2018/19 £</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Sluice</td>
<td>126,090</td>
<td>126,222</td>
<td>132</td>
<td>0.11</td>
</tr>
<tr>
<td>King’s Lynn</td>
<td>23,278</td>
<td>23,745</td>
<td>467</td>
<td>2.05</td>
</tr>
<tr>
<td>North Level District</td>
<td>138,369</td>
<td>142,000</td>
<td>3,631</td>
<td>2.67</td>
</tr>
<tr>
<td>South Holland</td>
<td>1,263,572</td>
<td>1,301,870</td>
<td>38,298</td>
<td>3.11</td>
</tr>
<tr>
<td>Welland and Deepings</td>
<td>832,393</td>
<td>853,597</td>
<td>21,204</td>
<td>2.58</td>
</tr>
<tr>
<td>Total</td>
<td>2,383,702</td>
<td>2,447,434</td>
<td>63,732</td>
<td>2.67</td>
</tr>
</tbody>
</table>

3.7.10 Transfer to and from earmarked reserves

The following table sets out the net contributions to and from earmarked reserves in 2019/20 with further information on reserves and balances provided in paragraph 4:

<table>
<thead>
<tr>
<th>Contributions To Reserves</th>
<th>2019/20 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax Reserve:</td>
<td></td>
</tr>
<tr>
<td>NDR Collection fund surplus</td>
<td>1,276</td>
</tr>
<tr>
<td>Investment &amp; Growth Reserve:</td>
<td></td>
</tr>
<tr>
<td>Repayment of previous investment in the garden waste service</td>
<td>52</td>
</tr>
<tr>
<td>New Homes Bonus</td>
<td>1,002</td>
</tr>
<tr>
<td>Kings Road cost (recoverable)</td>
<td>14</td>
</tr>
<tr>
<td>Leisure Management (recoverable)</td>
<td>28</td>
</tr>
<tr>
<td>Replacement and Refurbishment Reserve:</td>
<td></td>
</tr>
<tr>
<td>Contribution from Revenue</td>
<td>136</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,508</strong></td>
</tr>
</tbody>
</table>

| Contributions from Reserves                                    |              |
| Council Tax Reserve:                                           |              |
| District Council Election                                      | (130)        |
| Pride in South Holland project                                 | (246)        |
| Funding of shared Data Protection officer                      | (15)         |
| Investment & Growth Reserve:                                  |              |
| Delivery Unit contribution                                     | (120)        |
| Establishment of Community Reserve                             | (500)        |
| Priory Road Works                                              | (137)        |
| ICT Infrastructure                                             | (65)         |
| Grounds maintenance equipment                                  | (35)         |
| Crease Drove Investment                                       | (835)        |
| Commercial Acquisition                                         | (500)        |
| Executive Programme Manager Post                              | (75)         |
| Food Enterprise Zone                                           | (300)        |
| Transformation Reserve:                                        |              |
| 3 National Graduate Trainee                                    | (30)         |
| Shared Public Protection Software                              | (17)         |
| IT Interim Programme Manager Post                              | (31)         |
| CPBS Transformation funding requirement                        | (213)        |
| Replacement and Refurbishment Reserve:                         |              |
| Programmed use of Replacement and Refurbishment Reserve        | (77)         |
| **TOTAL**                                                      | **(3,326)**  |

| Net Contribution From Reserves                                  | (818)        |
3.7.11 Direct Revenue Financing

This budget relates to the direct revenue funding of capital expenditure on Priory Road, ICT investment, Welland Homes and Grounds maintenance. (see capital programme at Appendix F).

3.7.12 Rents and Service Charges

This reflects an increase in income from commercial and operational assets including, Short Street Depot, Broadgate Managed Homes and homelessness rented properties.

3.7.13 Fees & Charges

Income from fees and charges is an important source of revenue income for the Council. Charges have a central role to play in service delivery, raising income, controlling access, responding to competition, funding investment and affecting public behaviour.

The Council will seek to maximise its income from fees and charges in 2019/20 and proposes to undertake a cross cutting review across all areas with a view to implementing some changes from October 2019. As part of this strategy the Council will:

- Maximise the return from the Council's asset holdings and continue to attract rental income by optimising the usage of office space at Priory Road;
- Ensure that the yield from fees and charges matches the increase in base budget for services that levy fees and charges, otherwise the shortfall will fall upon the Council Tax payer;
- Annually review fees and charges for discretionary services;
- Ensure that statutory charges are implemented;
- Monitor compliance with the corporate charging policy and corporate debt policy;
- Set targets for income collection and level of arrears and monitor performance against these targets;
- Treat windfall income as a corporate resource;
- Use enforcement remedies effectively; and
- Seek to minimise benefit subsidy losses.

The base budget for 2019/20 has been reviewed in some places and statutory increases have been made in Building Control, Planning, and Environmental Health.

- Additional Income in Building Control from street naming and numbering activities (£10k)
- Increased Shared Management Income (£28k)
- Additional income in Environmental Health from commercial activities (£46k)
- Funding from DWP for security costs (£24k)
- Income from Breckland towards system costs (£11k)

3.7.14 Grants, Contributions & Reimbursements

This budget includes the following adjustments:

- Further funding from the Government for Homelessness activities (£90k)
- 2nd phase Grant for Growth income reduced by £663k offset by reduced grant spend and other costs.
- Reduced income for housing benefits £2.557m – offset by reduced expenditure noted above
- Anticipated £32k (10%) reduction in Government Benefit Administration grant.
3.7.15 Investment Income

Forecast interest rates have now risen in the longer term, in addition, the Council is earning a commercial rate of interest on its investment in Welland Homes Limited. As a result, this income budget has increased by £162k to £358k compared to the previous year. There is the possibility that this could increase more. However, the impact of Brexit on the market is a potential risk.

3.7.16 Recharges

Recharges have been reviewed and adjusted as required to reflect inflationary and activity increases. These include an increased recharge to the Housing Revenue Account, to reflect its share of the Corporate and Democratic Core and its share of support services.

3.8 Other Budget Assumptions

3.8.1 The budget estimates and Medium Term Plan cover the period 2019/20 to 2022/23. Over this timescale it is important that we make realistic assumptions as to how costs will rise or fall, this section details the key assumptions made.

3.8.2 The key assumptions used are:

- Revenue budgets will be used to deliver services during the year for which they are approved,
- There will be an allowance for unavoidable growth on services (i.e. new statutory obligations and contractual inflation) but no allowance for any increase for general inflation,
- Estimates are prepared on the understanding that appropriate service budgets were produced for the previous year (2018/19) which will then be adjusted to reflect the changing financial circumstances that the public sector is required to prepare for,
- Where service delivery is dependent on a specific grant we will only assume continuation of the grant and expenditure where such notification has been received, and
- In 2016-17 Council Tax levels were approved to increase by up to £5 per annum over the life of the MTFS which equates to an approximate 3% increase in each year.

3.9 Spalding Special Expenses

3.9.1 Spalding Special Expenses are a separate charge to the residents of Spalding for services provided in their town and are charged as a supplement to the main council tax. The Spalding Special Expenses budget for 2019/20 was considered by Spalding Town Forum, on 22nd January 2019. A budget of £217,650 was recommended (2018/19, £216,000, including a contribution from reserves of £4,500). Detailed estimates are shown at Appendix C, including the calculation of the Council Tax charge of £23.67 (2018/19 £23.49).

4 General Fund Reserves and Balances

4.1 In order to comply with the requirements of the Local Government Act 2003, the Council undertakes a review of the level of reserves as part of the annual budget preparation. The forecast balances on the reserves are considered to be appropriate for the Council’s future requirements.
4.2 **Appendix D** outlines the current position with regard to reserve balances. The proposed budget does not require any long term support from reserve balances, however the challenging economic environment has required us to undertake a robust sensitivity analysis should these events require us to draw on balances. Whilst it is apparent that these risks could be financially significant, Council reserves are currently at a reasonable level.

4.3 The proposed Council’s budget for 2019/20 makes some assumptions about future increases in income from fees and charges, commercial income and budget savings. The timing of the delivery of these savings may mean that full year savings are not delivered as profiled in the budget. In this event the Council will have to call on its reserves to help smooth any timing differences in the delivery of the proposed savings.

4.4 Moving forward, the General Fund has a forecast working balance of £2.064m at 1st April 2018. The Council has an assessed minimum prudent working balance of £2.000m.

4.5 The table below gives a summary of General Fund Specific Reserve movements (excluding the General Reserve):

<table>
<thead>
<tr>
<th>General Fund Specific Reserves (inc Spalding Special Estimates)</th>
<th>2018/19 £’000 Estimated Outturn</th>
<th>2019/20 £’000</th>
<th>2020/21 £’000</th>
<th>2021-22 £’000</th>
<th>2022-23 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought Forward</td>
<td>7,618</td>
<td>6,891</td>
<td>6,073</td>
<td>5,249</td>
<td>4,066</td>
</tr>
<tr>
<td>Transfer In</td>
<td>1,579</td>
<td>2,508</td>
<td>894</td>
<td>669</td>
<td>541</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(2,306)</td>
<td>(3,326)</td>
<td>(1,718)</td>
<td>(1,852)</td>
<td>(1,453)</td>
</tr>
<tr>
<td>Carried Forward</td>
<td>6,891</td>
<td>6,073</td>
<td>5,249</td>
<td>4,066</td>
<td>3,154</td>
</tr>
</tbody>
</table>

**Notes to Reserves table:**

- In addition to specific reserves, shown above, the general fund balance at 1 April 2018 was £2.078m. This is currently forecast to remain unchanged,
- This table includes the current estimated effect of the 2018/19 out-turn (Q3 Forecast of a surplus £436k). If, as anticipated, there is a net underspend at the end of the current year, this will be placed into reserves and be available to help support any slippage in the projections for savings in 2019/20.
- Transfers to Reserves include an annual contribution of £136k to the Replacement and Refurbishment Reserve to assist the Council in maintaining its asset base,
- All New Homes Bonus Scheme grant received has been taken to the Investment & Growth Reserve. Within this reserve a sum of £500k has been ring fenced as a Community Reserve. Further information will be brought forward for members to consider.
- The balance of the Investment and Growth Reserve, after the allocation of £500k for a community reserve fund, will be used to fund feasibility work relating to the development of commercial opportunities and funding of capital schemes aligned to the commercialisation agenda (such as FEZ, Crease Drove and other commercial acquisitions).

4.6 In setting the level of General Balances, consideration has been given to the adequacy of financial control, the overall financial position, medium-term financial plans and the strategic, operational and financial risks facing the Council.
5 General Fund Capital Strategy and General Fund Capital Estimates

5.1 The Council’s Capital Strategy is shown in Appendix F and focuses on the core principles of capital investment. The Council has an ambitious transformation programme and is scheduled to carry out a review of Council-owned assets. This will result in the asset strategy being revised during 2019/20.

5.2 Appendix F details the updated capital programme of schemes currently in progress or approved to be delivered for 2019/20 and future years, taking into account the anticipated outturn for 2018/19. All such schemes are actively monitored through the Capital Programme Working Group. The values for 2019/20 may change depending upon the ultimate level of spend and delivery in 2018/19 and other initiatives.

5.3 The main schemes included in the approved 2019/20 programme relate to ICT investment, Priory Road enhancements, Grants for Growth, Disabled Facility Grants – funded work, Crease Drove, Food Enterprise Zone and housing investments via Welland Homes and Commercial Acquisitions. The Council has also been successful in securing HIF funding for the South Western Relief Road project and this will be incorporated into the Capital Programme following approval.

5.4 Under the Moving Forward phase 2 programme, it is a priority of the Council that future capital investment must be directed at generating future growth in housing and economic development. Additionally the Council needs to make more effective use of its assets to secure future income streams and make revenue savings. Investment in Priory Road is a key example where this has been made possible through working with partners such as the Department for Work and Pensions.

5.5 Appendix F also sets out a number of potential schemes where further detailed work is required before formal approval to proceed will be requested.

5.6 The Council’s Delivery Unit has been established to progress investment opportunities which contribute to the above objectives. The team is working on a number of key future schemes which could require funding from the Council’s Investment and Growth Reserve. Some of these projects will need detailed feasibility studies to be carried out before they are approved to ensure they meet the Council’s Commercialisation priorities.

5.7 The Council will consider the use of borrowing to fund investment if the interest rates attached to such borrowing still enable a scheme to be financially viable.
6 Housing Revenue Account

6.1 The Budget for 2019/20 and the medium term financial plan are shown in Appendix B.

6.2 The following table shows the summary HRA for 2019/20 compared to the 2018/19 position:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018/19 Budget</th>
<th>2019/20 Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Income – Dwellings</td>
<td>(14,713)</td>
<td>(14,646)</td>
<td>67</td>
</tr>
<tr>
<td>Charges for Services &amp; facilities</td>
<td>(1,154)</td>
<td>(1,169)</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>(15,867)</strong></td>
<td><strong>(15,815)</strong></td>
<td><strong>52</strong></td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>3,276</td>
<td>2,999</td>
<td>(277)</td>
</tr>
<tr>
<td>Supervision &amp; Management</td>
<td>2,790</td>
<td>3,347</td>
<td>647</td>
</tr>
<tr>
<td>Rents Rates Taxes and Other Charges</td>
<td>72</td>
<td>64</td>
<td>(9)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,923</td>
<td>3,124</td>
<td>201</td>
</tr>
<tr>
<td>Special Services</td>
<td>1,130</td>
<td>1,010</td>
<td>(121)</td>
</tr>
<tr>
<td>Provision for Doubtful Debts</td>
<td>169</td>
<td>221</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>10,360</strong></td>
<td><strong>10,854</strong></td>
<td><strong>494</strong></td>
</tr>
<tr>
<td><strong>Contribution from Operations</strong></td>
<td><strong>(5,507)</strong></td>
<td><strong>(4,961)</strong></td>
<td><strong>(546)</strong></td>
</tr>
<tr>
<td>Investment Income</td>
<td>(62)</td>
<td>(161)</td>
<td>(99)</td>
</tr>
<tr>
<td>Debt Management Costs</td>
<td>82</td>
<td>82</td>
<td>-</td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>2,348</td>
<td>2,348</td>
<td>-</td>
</tr>
<tr>
<td>Capital Expenditure charged to Revenue</td>
<td>-</td>
<td>3,447</td>
<td>3,447</td>
</tr>
<tr>
<td><strong>Net operating (surplus)/Deficit</strong></td>
<td><strong>(3,140)</strong></td>
<td><strong>754</strong></td>
<td><strong>3,894</strong></td>
</tr>
</tbody>
</table>

6.3 Explanation of Budget Variations

6.3.1 Rent Income - Dwelling Rents

- 2019/20 will be the final year of the 1% rent reductions imposed by the government. The leap year in 2020 will result in extra rental income over the budgeted 2018/19 amount.
- The Council had 3,804 HRA dwellings at 1st April 2018, with 15 houses sold under the right to buy and 4 new builds during 2018/19.
- An assumed rent loss of 1% for void properties and 1.5% for bad debts.

6.3.2 Charges for Services and Facilities

Sewage Charges

Historically charges for sewage have been increased in line with the annual increase applied by Anglian Water. Charges were increased by 2.5% in 2017-18 to catch up for several years’ increases which had not been actioned. As for 2018/19 for 2019/20 it is proposed that charges be increased in line with the annual increase applied by Anglian Water. This figure is not yet known. For the 2019/20 estimates this has been based on 2018/19 actuals.
**Hire of Guest Rooms**

Charges for the hire of Guest Rooms for tenant guests were increased by 1.6% in 2017/18. Charges will be reviewed in 2019 but probably not in effect until 2020/21, when it is likely they will be increased in line with CPI. No increase has been included in the 2019/20 budget.

**Other Service Charges**

Prior to 2017-18 other Service Charges had not been increased for several years as the HRA has been able to defer any increase. In 2017-18 it was considered prudent that the charges be increased on an annual basis in line with the December CPI. This process needs completing again and a detailed review of service charges will be done in 2019 to reflect updated budget and service charges, but is unlikely to take effect until 2020/21. No increases have been included in the 2019/20 budget at this stage.

6.3.3 **Repairs & Maintenance**

A fall in the total spend on Repairs and Maintenance is mainly due to the reallocation of Salaries to Supervision and Management. Current spend levels are expected to remain at 2018/19 levels, although risk remains regarding the price of materials following Brexit. This may also affect other contract renewals within Building Maintenance.

6.3.4 **Supervision & Management**

This service includes sheltered housing, alarm monitoring, community facilities, estate management and sewerage works, managing HRA Assets and delivery of the HRA affordable Housing Programme. The increased budget is due to reallocation of Salaries from Repairs and Maintenance above.

6.3.5 **Rents Rates taxes and other Charges**

This is predominately Council tax paid on Sheltered and void Properties.

6.3.6 **Depreciation**

The net depreciation charge to the HRA has increased from £2.923m to £3.124m in line with the HRA Business Plan. This amount, is currently charged to the HRA and credited to Major Repairs Reserve, and used to fund capital expenditure. In 2017-18 the basis of calculation has changed nationally to reflect an increase in the social housing factor (the proportion of open market value used for calculation) from 34% to 42%, and this has also been used in 2019/20.

6.3.7 **Provision for Doubtful Debts**

The phased roll out of Universal Credit is likely to have significant impact on the Housing Revenue Account. Further modelling is required to quantify the impact, however, at this stage the provision for doubtful debts has been increased within the MTFS by £50k per annum.

6.3.8 **Special Services**

A review of the Recharge and Allocation of costs within the HRA has taken place as part of the budgeting process. This has resulted in a decrease in charges of £120k.
6.3.9 Capital Expenditure charged to Revenue

In previous years the annual revenue contribution to the capital programme has been credited to the Major Repairs Reserve and has been unspent due to delays in the delivery of the HRA Affordable Housing Programme. The Major Repairs Reserve of over £6m will be used to fund capital expenditure in 2019/20 without the need for a revenue contribution. A revenue contribution from the HRA Working Balance will be required in 2020/21 to support the delivery of the re-phased capital programme as the forecasted Major Repairs Reserve Balance at the end of 2019/20 is only £74k.

7 HRA Reserves

7.1 The table below shows the unallocated reserve balances as at 31st March 2018 and the estimated movements to 31st March 2020. The balances within the table are funds that can be used to finance both revenue and capital expenditure, for example, one-off investment to save projects and to meet expenditure arising from unexpected events.

<table>
<thead>
<tr>
<th></th>
<th>HRA Working Balance £’000</th>
<th>Insurance Reserve £’000</th>
<th>Major Repairs Reserve £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1st April 2018</td>
<td>12,752</td>
<td>200</td>
<td>6,436</td>
</tr>
<tr>
<td>Transfers in</td>
<td>3,139</td>
<td>-</td>
<td>3,058</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
<td>(5,065)</td>
</tr>
<tr>
<td>Balance at 31st March 2019</td>
<td>15,891</td>
<td>200</td>
<td>4,429</td>
</tr>
<tr>
<td>Transfers in</td>
<td>2,693</td>
<td>-</td>
<td>3,124</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(3,447)</td>
<td>-</td>
<td>(7,552)</td>
</tr>
<tr>
<td>Balance at 31st March 2020</td>
<td>15,137</td>
<td>200</td>
<td>-</td>
</tr>
</tbody>
</table>

7.2 The Major Repairs Reserve will be used to finance capital investment within the HRA. (See Appendix E).
8. HRA Capital

8.1 The HRA summary programme is shown in Appendix E.

8.2 Detailed planned maintenance programmes have been compiled from asset management data to address key decent homes criteria.

8.3 The Council had previously accrued £6.4m in its Major Repairs Reserve over the last few years due to slippage in the planned Affordable Housing Programme. A re-phased Affordable Housing Programme, with staffing resources, has now been established and this will replace units sold through right to buy (RTB) sales in order to:

- ensure that reserves are spent effectively,
- maximise the use of resources available through retained RTB receipts, and
- access opportunities for additional grant funding through Homes England.

8.4 The programme will be delivered through a combination of new build and the purchase of affordable housing units. A total of £16.5m has been allocated during the period of the MTFS from 2018/19 to 2022/23. This will allow the Council to deliver:

- A development of 34 units for rent/shared ownership at Small Drove, Weston,
- A development at Severn Road, Spalding. This project is still under evaluation, but is expected to deliver in excess of 20 units
- Acquisition of approximately 18 units of affordable housing directly from developers to provide properties to address key areas of housing need; and
- Support to a £2.5m annual programme which will deliver approximately 18-20 units per year.

8.5 The programme also includes specific provision for:

- the major area works - environmental improvements on estates,
- the essential improvements to Sewage Plant works, and
- the upgrade of key housing IT Systems.

8.6 Following the abolition of the debt restrictions for the HRA the Council is now proactively considering how to take this work forward, with the potential for development of future stock, subject to the business case funded by the taking of debt.

9 Risk, Key Issues, Sensitivity and Monitoring

9.1 The Council must set a budget which is a realistic statement of its estimated income and expenditure for the coming year, based upon information currently available. The Council has a duty to take into account the demand for its services and the effect on council tax payers of meeting those demands at varying levels of services. Given the good management practices and sound financial and performance monitoring delivered in the past, the Council has the platform and expertise to deliver a balanced budget.

9.2 The following table details the key risks and issues identified and how we intend to treat them.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Mitigating Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced public sector funding from Central Government (e.g. New Homes Bonus)</td>
<td>High</td>
<td>High</td>
<td>Keep up to date with developments and make prudent budget assumptions.</td>
</tr>
<tr>
<td>Low income levels from</td>
<td>Medium</td>
<td>Medium</td>
<td>Review and revise proposals</td>
</tr>
<tr>
<td>Risk</td>
<td>Likelihood</td>
<td>Impact</td>
<td>Mitigating Action</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>------------</td>
<td>--------</td>
<td>-------------------</td>
</tr>
<tr>
<td>fees and charges</td>
<td></td>
<td></td>
<td>for fees and charges and annual increases as appropriate.</td>
</tr>
<tr>
<td>Return to lower interest rates</td>
<td>High</td>
<td>High</td>
<td>Market advice and forecasting. Mitigation by diversification.</td>
</tr>
<tr>
<td>Business rates retention reset leave Council exposed to economic fluctuations and rating appeals</td>
<td>Medium</td>
<td>High</td>
<td>Monitor developments &amp; set aside appropriate reserves and provisions to help with potential initial pressures and fluctuations</td>
</tr>
<tr>
<td>Pension fund deficit</td>
<td>Medium</td>
<td>Medium</td>
<td>Close links with LCC pension fund. Increased contributions following triennial review</td>
</tr>
<tr>
<td>Additional bad debts as a result of economic circumstances</td>
<td>Medium</td>
<td>Medium</td>
<td>Pro-active debt management and pre-pay fee policies in line with Cabinet Decisions</td>
</tr>
<tr>
<td>Increased maintenance costs of ageing physical assets</td>
<td>Medium</td>
<td>Medium</td>
<td>Asset management plan. Pro-active rather than reactive maintenance programme</td>
</tr>
<tr>
<td>Inflation rises by more than budgeted projections</td>
<td>Medium</td>
<td>Medium</td>
<td>Budget assumptions kept up to date with most recent projections.</td>
</tr>
<tr>
<td>Growth plans may require borrowing at some point in the future</td>
<td>High</td>
<td>High</td>
<td>Continue to closely monitor and prioritise the Council’s Capital Financing Requirement.</td>
</tr>
<tr>
<td>Compass Point Business Services may be unable to deliver an effective service within the agreed reduced contract price.</td>
<td>Low</td>
<td>Medium</td>
<td>Reviewing Service Level Agreements, activity levels and service priorities, develop a suitable Transformation Programme</td>
</tr>
<tr>
<td>Brexit negotiations and trade deals impact on the levels of NNDR income and Housing Benefits demand.</td>
<td>Medium</td>
<td>Low</td>
<td>Reserve to manage potential fall to NNDR safety net levels</td>
</tr>
<tr>
<td>Court Income</td>
<td>High</td>
<td>Low</td>
<td>Court income projections are in line with budget. The budget has not been increased due to concerns over collectability of this income. A year-end review will be undertaken to inform future year’s budgets.</td>
</tr>
<tr>
<td>Housing Benefit Overpayments</td>
<td>High</td>
<td>High</td>
<td>The level of Housing Benefit Overpayments and their recoverability needs to be monitored closely through the year in order to ensure budget levels are appropriate.</td>
</tr>
<tr>
<td>Additional duties arising from the Homeless Reduction Act</td>
<td>High</td>
<td>High</td>
<td>Embed structure changes in service maximise use of DCLG funding and closely monitor impact.</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>High</td>
<td>Medium</td>
<td>The implementation of the</td>
</tr>
<tr>
<td>Risk</td>
<td>Likelihood</td>
<td>Impact</td>
<td>Mitigating Action</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>--------</td>
<td>------------------</td>
</tr>
<tr>
<td>Universal credit may impact on the General Fund in terms of running costs for the Benefits service and additional demand on other council services and on the HRA in terms of increased arrears. This will be closely monitored.</td>
<td>Medium</td>
<td>Low</td>
<td>Prepare to go to the market again if premiums exceed market trends.</td>
</tr>
<tr>
<td>Increased risk that liability insurance premiums will increase</td>
<td>Medium</td>
<td>Low</td>
<td>Prepare to go to the market again if premiums exceed market trends.</td>
</tr>
</tbody>
</table>

10 Treasury Management Policy and Investment Strategy

10.1 The Treasury Management Policy and Investment Strategy (Appendix G) together provide the basis for decisions of capital investment, use of reserves, our cash flow and revenue budgets. There is no change in Policy from the previous year. Scrutiny of the Treasury Management Strategy is undertaken by the Governance and Audit Committee throughout the year. The Investment Strategy reflects the projected MTFS and Capital Programme for General Fund and HRA.
<table>
<thead>
<tr>
<th>Area</th>
<th>2018-19 ORIGINAL ESTIMATE £’000</th>
<th>2018-19 REVISED ESTIMATE £’000</th>
<th>2019-20 £’000</th>
<th>2020-21 £’000</th>
<th>2021-22 £’000</th>
<th>2022-23 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Related Expenditure</td>
<td>7,582</td>
<td>8,265</td>
<td>9,320</td>
<td>9,176</td>
<td>9,313</td>
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<td>926</td>
<td>1,039</td>
<td>963</td>
<td>952</td>
<td>923</td>
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<tr>
<td>Transport Related Expenditure</td>
<td>772</td>
<td>790</td>
<td>988</td>
<td>908</td>
<td>908</td>
<td>908</td>
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<tr>
<td>Supplies &amp; Services</td>
<td>3,400</td>
<td>3,611</td>
<td>3,369</td>
<td>3,465</td>
<td>3,463</td>
<td>3,463</td>
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<tr>
<td>Transformation</td>
<td>391</td>
<td>104</td>
<td>336</td>
<td>(239)</td>
<td>(239)</td>
<td>(239)</td>
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<tr>
<td>Drainage Board Levies</td>
<td>2,384</td>
<td>2,384</td>
<td>2,447</td>
<td>2,447</td>
<td>2,447</td>
<td>2,447</td>
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<tr>
<td>Parish Precepts</td>
<td>794</td>
<td>794</td>
<td>847</td>
<td>863</td>
<td>881</td>
<td>898</td>
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<tr>
<td>Third party Payments</td>
<td>3,259</td>
<td>3,254</td>
<td>3,185</td>
<td>3,174</td>
<td>3,171</td>
<td>3,172</td>
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<td>Transfer Payments</td>
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<td>20,509</td>
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<td>17,222</td>
<td>17,222</td>
<td>17,222</td>
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<td>Support Services</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Depreciation and Impairment Losses</td>
<td>1,030</td>
<td>1,030</td>
<td>945</td>
<td>886</td>
<td>868</td>
<td>858</td>
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<td>Grant payment to parishes</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Income from trading activities</td>
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<td>0</td>
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<tr>
<td>Income</td>
<td>(27,758)</td>
<td>(28,326)</td>
<td>(26,273)</td>
<td>(26,346)</td>
<td>(26,342)</td>
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<tr>
<td><strong>COUNCIL SUB-TOTAL</strong></td>
<td>13,292</td>
<td>13,341</td>
<td>13,425</td>
<td>12,519</td>
<td>12,644</td>
<td>12,776</td>
</tr>
<tr>
<td>Direct Revenue Financing of Capital Expenditure</td>
<td>100</td>
<td>684</td>
<td>2,102</td>
<td>1,463</td>
<td>1,609</td>
<td>1,237</td>
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<tr>
<td>Capital Charges Contra Entry</td>
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<td>(1,105)</td>
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<td>(1,020)</td>
<td>(1,020)</td>
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<td>Minimum Revenue Provision</td>
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<tr>
<td>Interest on borrowing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contributions to Reserves</td>
<td>1,864</td>
<td>1,864</td>
<td>2,508</td>
<td>894</td>
<td>669</td>
<td>541</td>
</tr>
<tr>
<td>Contributions From Reserves</td>
<td>(1,192)</td>
<td>(1,824)</td>
<td>(3,326)</td>
<td>(1,618)</td>
<td>(1,752)</td>
<td>(1,353)</td>
</tr>
<tr>
<td>Contribution from General Fund Reserves</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td>12,959</td>
<td>12,960</td>
<td>13,689</td>
<td>12,238</td>
<td>12,150</td>
<td>12,181</td>
</tr>
<tr>
<td>Funding (Shortfall)</td>
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<td>0</td>
<td>(239)</td>
<td>(30)</td>
<td>153</td>
<td></td>
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<td><strong>BUDGET REQUIREMENT</strong></td>
<td>12,959</td>
<td>12,960</td>
<td>13,689</td>
<td>11,999</td>
<td>12,120</td>
<td>12,334</td>
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<td><strong>FINANCING</strong></td>
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<td>Local Government Settlement RSG</td>
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<td>(271)</td>
<td>0</td>
<td>0</td>
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<td>Rural Services Grant</td>
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<td>(159)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retained Business rates</td>
<td>(14,202)</td>
<td>(14,202)</td>
<td>(9,639)</td>
<td>(9,835)</td>
<td>(10,036)</td>
<td>(10,243)</td>
</tr>
<tr>
<td>Section 31 Grants for Business Rates</td>
<td>(1,207)</td>
<td>(1,207)</td>
<td>(1,094)</td>
<td>(1,260)</td>
<td>(1,286)</td>
<td>(1,300)</td>
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<td>Community Right to bid and challenge</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Business rates tariff</td>
<td>9,580</td>
<td>9,580</td>
<td>5,798</td>
<td>5,906</td>
<td>6,024</td>
<td>6,145</td>
</tr>
<tr>
<td>New Homes Bonus Grant</td>
<td>(1,007)</td>
<td>(1,007)</td>
<td>(1,002)</td>
<td>(638)</td>
<td>(412)</td>
<td>(284)</td>
</tr>
<tr>
<td>Council Tax Freeze Grant</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spalding Special Expenses</td>
<td>(211)</td>
<td>(211)</td>
<td>(218)</td>
<td>(218)</td>
<td>(218)</td>
<td>(218)</td>
</tr>
<tr>
<td>Town &amp; Parish Councils</td>
<td>(794)</td>
<td>(794)</td>
<td>(847)</td>
<td>(863)</td>
<td>(881)</td>
<td>(898)</td>
</tr>
<tr>
<td>Share of Collection Fund Deficit/(Surplus)-NNDR</td>
<td>(402)</td>
<td>(402)</td>
<td>(1,276)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Share of Collection Fund Deficit/(Surplus)-C Tax</td>
<td>(79)</td>
<td>(79)</td>
<td>(100)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>SOUTH HOLLAND PRECEPT REQUIREMENT</strong></td>
<td>4,637</td>
<td>4,638</td>
<td>4,881</td>
<td>5,091</td>
<td>5,312</td>
<td>5,536</td>
</tr>
<tr>
<td><strong>TAX BASE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£ 169.83</td>
<td>£ 169.83</td>
<td>£ 174.78</td>
<td>£ 179.73</td>
<td>£ 184.68</td>
<td>£ 189.63</td>
<td></td>
</tr>
<tr>
<td><strong>PERCENTAGE Increase</strong></td>
<td>3.03%</td>
<td>2.91%</td>
<td>2.83%</td>
<td>2.75%</td>
<td>2.68%</td>
<td></td>
</tr>
</tbody>
</table>
## Draft Housing Revenue Account Summary

### APPENDIX B

<table>
<thead>
<tr>
<th>Area</th>
<th>2018-19 ORIGINAL ESTIMATE £'000</th>
<th>2018-19 REVISED ESTIMATE £'000</th>
<th>2019-20 £'000</th>
<th>2020-21 £'000</th>
<th>2021-22 £'000</th>
<th>2022-23 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rents</td>
<td>(14,713)</td>
<td>(14,713)</td>
<td>(14,646)</td>
<td>(15,019)</td>
<td>(15,241)</td>
<td>(15,467)</td>
</tr>
<tr>
<td>Charges for services and facilities</td>
<td>(1,154)</td>
<td>(1,154)</td>
<td>(1,169)</td>
<td>(1,197)</td>
<td>(1,225)</td>
<td>(1,254)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(15,867)</td>
<td>(15,867)</td>
<td>(15,815)</td>
<td>(16,216)</td>
<td>(16,466)</td>
<td>(16,721)</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>3,304</td>
<td>3,276</td>
<td>2,999</td>
<td>3,059</td>
<td>3,131</td>
<td>3,204</td>
</tr>
<tr>
<td>Supervision and management</td>
<td>2,762</td>
<td>2,790</td>
<td>3,437</td>
<td>3,524</td>
<td>3,612</td>
<td>3,703</td>
</tr>
<tr>
<td>Rents, rates, taxes and other charges</td>
<td>72</td>
<td>72</td>
<td>64</td>
<td>65</td>
<td>67</td>
<td>69</td>
</tr>
<tr>
<td>Special services</td>
<td>1,130</td>
<td>1,130</td>
<td>1,010</td>
<td>1,033</td>
<td>1,058</td>
<td>1,083</td>
</tr>
<tr>
<td>Depreciation and impairment of fixed assets</td>
<td>2,923</td>
<td>2,923</td>
<td>3,124</td>
<td>3,184</td>
<td>3,245</td>
<td>3,307</td>
</tr>
<tr>
<td>(Increase)/decrease in bad debt provision</td>
<td>169</td>
<td>169</td>
<td>221</td>
<td>271</td>
<td>321</td>
<td>371</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,360</td>
<td>10,360</td>
<td>10,854</td>
<td>11,137</td>
<td>11,434</td>
<td>11,737</td>
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<tr>
<td><strong>Contribution from Operations</strong></td>
<td>(5,507)</td>
<td>(5,507)</td>
<td>(4,961)</td>
<td>(5,079)</td>
<td>(5,033)</td>
<td>(4,984)</td>
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<td>2,348</td>
<td>2,348</td>
<td>2,348</td>
<td>2,348</td>
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<td>Debt management costs</td>
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<td>82</td>
<td>82</td>
<td>82</td>
<td>82</td>
<td>82</td>
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<tr>
<td>HRA investment income</td>
<td>(62)</td>
<td>(62)</td>
<td>(161)</td>
<td>(161)</td>
<td>(161)</td>
<td>(161)</td>
</tr>
<tr>
<td>Capital Expenditure funded by the HRA</td>
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<td>0</td>
<td>3,447</td>
<td>2,060</td>
<td>3,385</td>
<td>3,357</td>
</tr>
<tr>
<td>Transfer to Major Repairs Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Operating (surplus)/deficit</strong></td>
<td>(3,139)</td>
<td>(3,139)</td>
<td>754</td>
<td>(751)</td>
<td>621</td>
<td>641</td>
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<tr>
<td><strong>Housing Revenue Account Balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brought Forward</td>
<td>(12,752)</td>
<td>(12,752)</td>
<td>(15,891)</td>
<td>(15,136)</td>
<td>(15,887)</td>
<td>(15,267)</td>
</tr>
<tr>
<td>In Year (Surplus)/Deficit</td>
<td>(3,139)</td>
<td>(3,139)</td>
<td>754</td>
<td>(751)</td>
<td>621</td>
<td>641</td>
</tr>
<tr>
<td>Carried Forward</td>
<td>(15,891)</td>
<td>(15,891)</td>
<td>(15,136)</td>
<td>(15,887)</td>
<td>(15,267)</td>
<td>(14,626)</td>
</tr>
</tbody>
</table>
## APPENDIX C - Spalding Special Expenses Proposed Budget for 2019-20

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Spalding Cemetery</td>
<td>57,200</td>
<td>37,300</td>
<td>(19,900)</td>
</tr>
<tr>
<td>Spalding Allotments</td>
<td>3,600</td>
<td>2,800</td>
<td>(800)</td>
</tr>
<tr>
<td><strong>Playing Fields at:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ayscoughfee (excluding gardens)</td>
<td>26,700</td>
<td>45,500</td>
<td>18,800</td>
</tr>
<tr>
<td>Halley Stewart</td>
<td>30,900</td>
<td>33,200</td>
<td>2,300</td>
</tr>
<tr>
<td>Thames Road</td>
<td>14,750</td>
<td>16,270</td>
<td>1,520</td>
</tr>
<tr>
<td>Fulney Road</td>
<td>10,380</td>
<td>11,480</td>
<td>1,100</td>
</tr>
<tr>
<td>Monkshouse Lane</td>
<td>29,500</td>
<td>23,300</td>
<td>(6,200)</td>
</tr>
<tr>
<td><strong>Contribution to Voluntary Car Scheme</strong></td>
<td>8,500</td>
<td>8,500</td>
<td>0</td>
</tr>
<tr>
<td><strong>Christmas Decorations</strong></td>
<td>9,900</td>
<td>11,200</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Contribution to management of churchyard of St Mary &amp; St Nicolas Parish Church</strong></td>
<td>750</td>
<td>750</td>
<td>0</td>
</tr>
<tr>
<td><strong>Administrative Support</strong></td>
<td>4,500</td>
<td>6,900</td>
<td>2,400</td>
</tr>
<tr>
<td><strong>Bus Shelter Maintenance</strong></td>
<td>370</td>
<td>0</td>
<td>(370)</td>
</tr>
<tr>
<td><strong>Contribution to play areas</strong></td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Spalding Town Centre Promotion</strong></td>
<td>1,500</td>
<td>0</td>
<td>(1500)</td>
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<tr>
<td><strong>Crime prevention</strong></td>
<td>7,700</td>
<td>7,700</td>
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</tr>
<tr>
<td><strong>Chairman's contingency</strong></td>
<td>750</td>
<td>750</td>
<td>0</td>
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<tr>
<td><strong>Grass Cutting</strong></td>
<td>8000</td>
<td>11,000</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Contribution from Spalding Special Reserve</strong></td>
<td>(4,500)</td>
<td>0</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>211,500</td>
<td>217,650</td>
<td>6,150</td>
</tr>
</tbody>
</table>

### Funding

- **Total Expenditure**  
  - 211,500  
  - 217,650  
  - 6,150

- **Capital Reserve**  
  - 0  
  - 0

- **Charged**  
  - 211,500  
  - 217,650  
  - 6,150

- **Tax Base**  
  - 9,002  
  - 9,197  
  - 195

- **Band D equivalent**  
  - 23.49  
  - 23.67  
  - 0.18

### Actual Balances

- **Balance Brought Forward**  
  - (147,349)  
  - (142,849)

### Funded From Reserves

- **Contribution from SSE reserves (forecast)**  
  - 4,500  
  - 0

- **Forecast reserve carried forward**  
  - (142,849)  
  - (142,849)
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Appendix D

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Balance 31/03/2019</th>
<th></th>
<th>Balance 31/03/2020</th>
<th></th>
<th>Balance 31/03/2021</th>
<th></th>
<th>Balance 31/03/2022</th>
<th></th>
<th>Balance 31/03/2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
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<td>£'000</td>
</tr>
<tr>
<td>General Fund Working Balance</td>
<td>2,078</td>
<td>0</td>
<td>0</td>
<td>2,078</td>
<td>0</td>
<td>0</td>
<td>2,078</td>
<td>0</td>
<td>0</td>
<td>2,078</td>
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<td>Specific Reserves</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Council Tax Reserve</td>
<td>1,252</td>
<td>1,276</td>
<td>(391)</td>
<td>2,137</td>
<td>40</td>
<td>0</td>
<td>2,177</td>
<td>40</td>
<td>0</td>
<td>2,217</td>
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<tr>
<td>Transformation Reserve</td>
<td>283</td>
<td>0</td>
<td>(78)</td>
<td>205</td>
<td>0</td>
<td>(14)</td>
<td>191</td>
<td>0</td>
<td>0</td>
<td>191</td>
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<tr>
<td>Replacement and Refurbishment Reserve</td>
<td>164</td>
<td>136</td>
<td>(77)</td>
<td>223</td>
<td>136</td>
<td>(65)</td>
<td>294</td>
<td>136</td>
<td>(65)</td>
<td>365</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and Growth</td>
<td>4,986</td>
<td>1,096</td>
<td>(2,780)</td>
<td>3,302</td>
<td>718</td>
<td>(1,539)</td>
<td>2,481</td>
<td>493</td>
<td>(1,687)</td>
<td>1,287</td>
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<td>Grants Unapplied</td>
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<td>206</td>
<td>0</td>
<td>0</td>
<td>206</td>
<td>0</td>
<td>0</td>
<td>206</td>
</tr>
<tr>
<td>Total Specific Reserves</td>
<td>6,891</td>
<td>2,508</td>
<td>(3,326)</td>
<td>6,073</td>
<td>894</td>
<td>(1,618)</td>
<td>5,349</td>
<td>669</td>
<td>(1,752)</td>
<td>4,266</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total General Fund Reserves</td>
<td>8,969</td>
<td>2,508</td>
<td>(3,326)</td>
<td>8,151</td>
<td>894</td>
<td>(1,618)</td>
<td>7,427</td>
<td>669</td>
<td>(1,752)</td>
<td>6,344</td>
</tr>
</tbody>
</table>


South Holland District Council
Capital Strategy 2019

PART 1

1.0 INTRODUCTION

South Holland District Council renews its Capital Strategy on an annual basis. This ensures a strategy that maintains a strong and current link to our Corporate Plan.

Extract from Corporate Plan

……..“South Holland District Council has always been a forward-thinking, entrepreneurial authority. We continue to strive for excellence and we deliver great value for money for our residents while making the most of the huge opportunities for economic growth in our district”………..

…..Corporate Plan priorities are:

- To develop safer, stronger, healthier and more independent communities while protecting the most vulnerable
- To have pride in South Holland by supporting the district and residents to develop and thrive
- Providing the right services, at the right time and in the right way
- Developing the local economy to be vibrant with continued growth

This Strategy aims to drive the authority’s capital investment ambition whilst ensuring capital expenditure, capital financing and treasury management are appropriately aligned and managed to support sustainable, long term delivery of services.

This strategy has been updated to incorporate the revised Ministry for Communities, Housing and Local Government (MCHLG) statutory guidance on Local Government Investments, included in the updated Chartered Institute of Public Finance Accountancy (CIPFA) Code of Practice on Treasury management and the Prudential Code (effective from 01/04/2018)

The key changes arising from the new guidance are:

1. The definition of an investment which now covers financial and non-financial investments
2. The extension of the role of the S151 Officer

The Council is currently reviewing its commercialisation agenda and various Capital Schemes are currently either underway or being reviewed.

The management and monitoring of the Treasury Management Policies and Prudential indicators (for financial and non-financial investments) remains the responsibility of Full Council (via the Governance and Audit Committee).
The Strategy is set out as follows:

1.0 Introduction
2.0 Core strategy principles
3.0 Strategic context
4.0 Non-financial investments
5.0 Capital resources and financing
6.0 Framework for management and monitoring
7.0 Risk and mitigation
PART 2

2.0 CORE STRATEGY

This Core strategy explains how we will manage our capital resources to deliver our current and foreseeable capital programme. From 2019 to 2023 the Council is likely to need significant investment to advance the priorities stated within its corporate plan and will need to adopt a responsive and flexible approach to how it invests in services. In order to deliver the corporate plan priorities we need to deliver efficiencies, seek additional funding and periodically review both the consumption of our capital resources and our stated priorities. We will ensure this happens through these 5 core principles:

Principle 1 – Managing the impact of investment decisions on our revenue budgets
We will do this by,

- Ensuring capital investment decisions do not place additional pressure on Council Tax or our Medium Term Financial Plan
- Promoting capital investment which allows either invest to save outcomes or generates revenue/capital income to support the objectives of the Council
- Setting a rolling 3-5 year capital programme annually and identify future risks/unfunded items to support longer term decision making /prioritisation

Principle 2 - Ensure decisions to invest are transparent and demonstrate the extent to which the capital invested is placed at risk including the impact of any potential losses on the financial sustainability of the Council is understood.
We will do this by,

- Maintaining a schedule of financial and non-financial investments
- Using performance Indicators to ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- Using Treasury Management Practices (TMP’s) which specifically deal with how non treasury investments will be carried out and managed
- Ensuring that due diligence has been carried out on all non-financial investments and is in accordance with the risk appetite of the authority

Principle 3 – Optimise the availability of capital funding where that funding supports the priorities of South Holland District Council

We will do this by,

- Disposal of surplus or poor performing assets and use the funds to reinvest
- Having effective working relationships with potential funders
- Listening to and support effective partnering arrangements
- Accessing external funding wherever possible

Principle 4 – Ensure we have an effective approval process and pre/post project appraisal

We will do this by,

- Ensuring a system of competition exists for project approval – bid forms
- Due diligence in project appraisal, fully considering project risk
• Robust financial evaluation, carefully considering VFM and Efficiency of every project and outcomes
• Ensuring our capital schemes use appropriate project management tools appropriate to the project’s size

**Principle 5 – Ensure effective performance reporting and management of capital programme**

We will do this by,
- Reporting on the capital programme via monthly financial reporting and quarterly Cabinet reporting
- Ensuring responsibility for the delivery of the capital programme is clearly defined and the relevant parties have adequate expertise

**PART 3**

**3.0 STRATEGIC CONTEXT**

**3.1 Aims of the Capital strategy**

The aim of this strategy is to ensure delivery of the Corporate Plan Priorities and ensure support for the delivery of the Council’s core functions.

Specific aims are to ensure:
- Physical assets and related resources are efficiently and effectively used to support the South Holland District Council Corporate Plan.
- Issues related to property and other assets are fully reflected in the Council’s planning, specifically adequate funds for maintenance are available and prioritised to the assets which generate the majority of income;
- The strategy itself is a useful tool to assist stakeholders understanding of the Council’s decision making process and project management of its capital investments;
- Adequate provision is made for delivering corporate priorities and demonstrated through effective resource allocation;
- Invest to save and invest to earn projects and projects which generate an ongoing revenue return or economic benefits are encouraged;
- The Council works within the prudential code framework and demonstrates robust and linked capital and treasury management;
- The Investment Strategy provides an adopted position on how the Council will manage its cash, reserves and funding within a given timeframe to manage the risk of limited availability of cash and reserves whilst developing a balanced portfolio of investment opportunities to provide the potential for significant longer term return to the Council and the District, with associated benefits to the economy through rising wage levels and a better skilled workforce.
- Review of the asset management plans to identify surplus or poor performing assets which can move through a disposal process to generate new capital resources;
- Capital spending plans are affordable and integrated with the Medium Term Plan (MTP);
- Inward investment into the district is encouraged and innovative approaches to investment such as partnerships with the Private Sector, collaborative arrangements with other Local Authorities and creation of new delivery vehicles
- Resources are managed to meet our short, medium and longer term Corporate priorities
3.1 Strategic Links

This strategy is a high level summary of South Holland District Council's approach to capital investment. It guides the development of service capital plans, and sets out the policies and practices that the authority uses to establish monitor and manage the Council’s capital programme, in line with the MTP.

The priorities in the corporate plan provide the backdrop to the MTP which in turn ensures all new resources, be it revenue or capital, are allocated through the principles on which it is based.

This strategy is linked to a number of corporate strategies and initiatives, underpinned by the South Holland District Council Corporate Plan. The key strategies and initiatives impacting on capital are:

- Corporate Asset Management Strategy (part 4 of this strategy)
- Risk Management Policy (part 7 of this strategy)
- Investment Strategy
- Treasury Management and Investment Strategy
- Medium Term Financial Plan (MTP)
- ICT Strategy
- Digital Strategy
- Housing Strategy

3.2 ICT Strategy

The ICT Strategy is used to manage the assets which are the communications and computer systems and infrastructure. Delivery of the service is managed by Compass Point Business Services Ltd. Funding is allocated for this in the capital programme and over the longer term the ICT service will provide revenue funding (through savings) to cover future capital investment.

3.3 Digital Strategy

The strategy vision is to provide high quality, easy-to-use services that are designed with customers in mind, delivered efficiently with improved value for money. The strategy aims are to give staff and elected Members the right digital tools and training to work ‘smarter’, minimise internal costs of services and generate revenue by making it easier and more convenient to pay online and use digital marketing to promote our traded services. ICT is the foundation for delivery of the digital strategy and funding will be allocated in the capital programme as appropriate.

3.4 Housing

This capital strategy can support the housing needs of the Council, stimulating good quality new build housing and enabling delivery of affordable housing and temporary accommodation. Section 106 affordable Housing Contributions will be applied to support the council’s housing ambitions.
PART 4

4.0 NON-FINANCIAL INVESTMENTS

4.1 Corporate Asset Management Strategy

4.2 The Corporate Asset Management Strategy 2012-20 is a high level summary of the Council's overall approach to the strategic management of its land and building assets. It is linked to the vision and priorities of the Council to provide a policy direction for the effective and efficient use of the Council's assets for the benefit of the residents.

4.3 The Council has split the management of its Operational Assets into the Place portfolio and the Investment Assets into the Commercialisation portfolio to recognise the different requirements of the asset base. For the investment asset portfolio an assessment of the level of maintenance required for the properties has been made and this assessment will feature in both capital and revenue budgets, as it is important that the quality of the stock is maintained in order to sustain performance. The available capital budgets will be prioritised to those assets which generate the majority of income. The income generated by the Commercial Property Account supports other spending in the district and helps keep the council tax low.

4.4 The Authority continually seeks to identify assets that are surplus and to undertake disposals accordingly. This not only brings in a capital receipt but maintenance costs and liabilities are reduced. As a principle we will review and dispose of underutilised or poor performing assets and ensure that the top performing assets are adequately maintained. Assets that fail to meet the required yield that will be sought to be disposed of so that the capital receipt can be re-invested into other higher performing assets to create a stronger return profile and generate additional revenue income.

4.5 The table below provides the gross book values of the council's Assets including those assets which are held primarily for financial return (non-financial investments).

Table 1 – South Holland District Council’s Fixed Assets

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000s 2018</td>
</tr>
<tr>
<td>Community</td>
<td>816</td>
</tr>
<tr>
<td>Heritage</td>
<td>107</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>589</td>
</tr>
<tr>
<td>Investment</td>
<td>740</td>
</tr>
<tr>
<td>Intangible</td>
<td>170</td>
</tr>
<tr>
<td>Property Plant &amp; Equipment</td>
<td>175,338</td>
</tr>
<tr>
<td>Assets Held for Sale</td>
<td>1,391</td>
</tr>
</tbody>
</table>
This table sets out the gross value of assets by category as at 31st March for the last 2 years.

4.7 When seeking to make Commercial Investments, the Council will ensure the same robust procedures for the consideration of risk and return are applied as is for Treasury Investments.

4.8 In respect of security of investment, the Council will use a scoring matrix as an indicator of whether to pursue a commercial investment and then undertake further due diligence if appropriate. Whilst yield is a determining factor, due consideration will be given to the risks relating to:

1. failure to create income/exposure to market changes
2. covenant strength/possibility of arrears
3. ongoing management/maintenance of the asset
4. lease arrangements
5. exposure in one sector
6. exposure to one/few tenants
7. exposure to one locality

On an ongoing basis, following purchase of an asset, risks will be monitored. Risks 1-4 above are operational risks currently reported on through the Council’s performance reporting system, Pentana (as detailed at 4.11). Risks 5-7 will be reported on Pentana from 01/04/2019 as operational risks. If risks are red for two quarters they will get flagged and potentially be raised as strategic risks.

The risks will be defined and measured as follows:

- Exposure in one sector – market information will be monitored and an assessment made as to whether that impacts at a local level. eg local and national sector forecasts, investment activity and yields from professional journals/agents

- Exposure to one/few tenants – If one tenant equates to 10% or more of the rental income stream then we will review the investment decision and existing tenants will be kept under review in respect of this threshold.

- Exposure to locality – The Council’s Commercial investment strategy focuses investment in the South Holland District but market information will be monitored and an assessment made as to whether that impacts at a local level eg local and national sector forecasts, investment activity and yields from professional journals/agents

Liquidity of investments is considered at 4.10 below as part of the wider issue of proportionality.

The Performance Indicators are monitored at Performance Board, which is officer based group chaired by the Director of Strategy and Governance. Services are asked to attend this board when indicators are Red or Amber in order to escalate issues and seek explanations. This is a monthly board. Alongside Performance Board, Performance Indicators (PI) are reported to Overview and Scrutiny Committee on a quarterly basis where the Corporate Improvement team provide members with context in the report such as issues as to why the PI is red or amber and what the service is doing to try and improve performance.
4.9 All bids for funding including non-financial investments will be appraised in line with the project evaluation criteria set out in section 6 and significant projects will adopt the Council’s risk management framework and use the risk scoring matrix to assess risk.

4.10 In respect of commercial investments, new indicators are included in the Treasury Management strategy to monitor the extent to which the Council relies on income generating activity to achieve a balanced budget (proportionality indicator). Proportionality in this sense describes the size and risk of commercial activities with regards to the Council’s operating and reserves activities. May need to add more words here depending on finance board feedback re setting maximum ratio of cash v commercial investments for example.

4.11 The Council recognises the importance of managing the performance of its assets and the Corporate Asset Management Strategy is currently being reviewed.

PART 5

5.0 CAPITAL RESOURCES AND FINANCING

5.1 Capital Resources

The Local Government Act 2003, which includes the legislation for the capital finance system, does not specify what precisely constitutes capital expenditure. Instead it:

- Refers to “expenditure of the authority which falls to be capitalised in accordance with proper practices”.
- Enables the Secretary of State to prescribe by regulation which local authority expenditure shall be treated as capital expenditure and which shall not be treated as capital expenditure (SI 3146 as amended).
- Enables the Secretary of State to prescribe by regulation that the spending of a particular local authority shall, or shall not, be treated as capital expenditure.

The Council will set a de-minimus limit of £10,000 for expenditure to be considered for capitalisation providing it meets the criteria for capitalisation as per the capital regulations (SI 3146) and the CIPFA accounting code.

Regulations state that expenditure on repair and maintenance which does not increase the life, value or extent of use of an asset is not deemed as capital expenditure. The de-minimus is not applicable to capital grants which may be of any value and are made as a contribution to a larger capital scheme. The Council sometimes receives directives that grant contributions are to be applied as Capital expenditure. Should such directives be received, the Council will treat the grant as capital expenditure if the spend is deemed to meet grant conditions. From time to time the Council needs to buy vehicles and equipment and a de-minimis of £10,000 is applicable to vehicles and equipment.

Table 2 sets out the position of the Capital Financing Requirement (CFR), adjusted for expected capital programme spend and forecast sources of funding as at January 2019.

There is an underlying need to borrow from 2022/23 as shown in table 2. Borrowing will only take place after full consideration of the need for and the implications of borrowing. Table 2 represents the Council’s spending ambitions but release of funding is subject to approval. The scope for new investment is limited unless additional capital receipts or funding is generated or external borrowing takes place. The Council will support the principle of lending on to Welland Homes or a separate entity which will create a funding need by the Council to...
ensure funding for projects is delivered in the most cost effective way and will consider any requests on an individual basis. In addition it will fund on a project by project basis, if appropriate to improve Treasury returns. Whilst all projects within the capital programme are approved, the funding is not released until a detailed report or if appropriate a Project Initiation Document (PID) is approved (see section 6).

The CFR will need to be monitored closely to ensure future capital expenditure remains affordable, prudent and sustainable. Any future decision on borrowing for capital projects would only be supported if the business case for the projects does not place additional cost pressure on the tax payer through the council tax charge. The council would not undertake any unsupported borrowing whilst it still has reasonable capital receipt resources available. However regulations require the Council to approve its ‘Prudential Indicators’ at least annually.

Table 2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Financing Requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFR – Non HRA</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
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<tr>
<td>Commercial activities/ non-financial investments*</td>
<td>2,407</td>
<td>4,115</td>
<td>6,952</td>
<td>8,410</td>
<td>9,883</td>
<td>9,883</td>
</tr>
<tr>
<td>Total CFR</td>
<td>72,286</td>
<td>73,994</td>
<td>76,831</td>
<td>78,289</td>
<td>79,762</td>
<td>79,762</td>
</tr>
<tr>
<td>Movement in CFR</td>
<td>1,120</td>
<td>1,708</td>
<td>2,837</td>
<td>1,458</td>
<td>1,473</td>
<td>0</td>
</tr>
</tbody>
</table>

£67.456m of the total CFR relates to the borrowing taken out with the Public Works Loan Board (PWLB) as part of the Housing Self Financing changes. The projected increases in the CFR through to 2022/23 are the additional loans and equity stakes in Welland Homes which are classed as capital expenditure and financed from internal cash balances.

5.2 Capital Receipts

The forward availability of capital receipts is an important part in both the timing and scope of the capital programme. The Council is looking to manage it’s assets in such a way as to obtain best value and is looking at innovative ways of creating income. Surplus and poor performing assets are reviewed for potential disposal as part of the Council’s Corporate Asset management Strategy (see section 4) with re-investment in higher performing assets and the Council’s focus on Commercialisation will ensure maximum return from council assets.

5.3 Section 106 – Planning obligations

When the Council adopts land for open space or play area the developer pays a commuted sum under a ‘section 106 agreement’. This is held on the balance sheet and the interest earned offsets the future maintenance costs of the recreation asset. The Council also seeks to secure the provision of infrastructure and facilities to mitigate the effects of development under section 106.
5.4 External Grants and Contributions

The partnership approach to service delivery is a core belief of the Council. Through its services, partnership working, supportive funding and innovation, the Council will seek to attract investment into the District. We seek to maximise external funding to support our programme. This tends to be for specific purposes. Working with public and private sector partners we are able to make better use of Council money. Central government funding is likely to be constrained as capital for existing and new programmes continues to be reduced or deleted.

5.5 Revenue contributions

The Council’s budget and MTP sets out the approach to the allocation of reserve balances and this Council’s approach to managing its surplus cash. The budget makes provision for annual revenue contributions in support of some capital expenditure e.g. Vehicle Replacement. Where applicable specific contributions are identified from reserves or revenue contributions from specific services (such as ICT).

5.6 Balances and Reserves

South Holland District council continues to hold a healthy level of specific reserves. This reflects the robust financial management and policy decisions made in recent years and enables internal borrowing and cash flow to be managed. However, reserves are mostly earmarked for specific projects, limiting funding for new initiatives.

PART 6

6.0 Framework for managing and monitoring performance

Following approval of a capital project (as set out in section 2), there are several functions associated with the management of the approved Capital Programme:-

- Allocation of capital funding
- Release of capital funding
- Monitoring and reporting of delivery of the capital programme

Allocation of Capital Funding involves these functions:
- The assessment of the available funding resources
- Assessment of proposed schemes and business cases
- Prioritisation of schemes
- Recommendations of approval of schemes within the programme
- Approval of change control to Capital schemes where this changes funding requirements

These functions will be undertaken by Executive Management Team, Cabinet and Council. In summary the capital budget is agreed annually along with any revenue implications, which are factored into revenue planning. The budget is set in accordance with the timetable laid out in the Medium Term Financial Plan. The programme is approved by Council in January/February to allow schemes to commence during the following year. A
Bidding Form is used for all capital projects to enable indicative funding to be allocated to projects.

**Release of Funding** will be by the Finance Board upon receipt of an appropriate report or PID document (depending on the scale of the project) to ensure it is deliverable. Key staff charged with responsibility for delivery of the project will be invited to attend Finance Board as appropriate.

**Monitoring and reporting** of progress of the delivery of Capital Programme involves these tasks:
- Regular review of project progress and forecasting including achievement of key milestones, outputs and outcomes with post project reviews taking place depending on the scale of the project.
- Management of risks and issues
- Removal of barriers to delivery
- Approval of any changes to schemes not requiring funding changes
- Reporting on required funding changes
- Post implementation review taking account of any corporate learning opportunities

These tasks will be monitored and reported monthly in the Capital Financial Performance Report and through the Council’s Performance System (Pentana) if deemed appropriate.

Budgets for individual schemes are assigned to lead officers who are responsible for delivering the project on time and to budget. The lead officers are responsible for managing capital projects, including Capital bid forms, risk assessment, checking parameters, PID’s, procurement, contract management, and post implementation reviews.

Progressing schemes in accordance with agreed timescales is an important aspect to managing the capital programme. Costs incurred compared to budget are monitored on a monthly basis in line with revenue budgetary control.

Financial progress against the capital programme is reported to Cabinet on a quarterly basis as a minimum and more often as required. This allows a continuous cycle of monitoring and forecasting. The bidding round will be conducted annually so that every year the 4 year programme is reviewed and refined and reflects the latest corporate priorities.
Project Evaluation
All capital projects need to be appraised according to existing project management guidance to inform the decision making process. Options appraisals are also required to ensure value for money in achieving the project objectives and realising benefits. Matters to be considered within the capital bidding process are:

- Council Objective/Priority
- Whole life cost of the proposal including the revenue effects *
- Affordability and source of funding
- Partnership involvement
- Options appraisal
- Risks
- Improvements in service delivery
- Customer facing outcomes
- Other benefits and success criteria
- Efficiencies and ongoing returns/capital receipts
- In principle support from the Director and Portfolio Holder
- Exit strategy
- Timescales

*Whole Life Costing (WLC) is defined in ISO Standard 15686-5. WLC shifts the emphasis of capital appraisal from comparing alternative construction/acquisition costs to a Value for Money approach by reviewing comparative costs over the life of the scheme. WLC will not always be appropriate for all prescribed aspects of the Council’s capital programme.

Project evaluation should include the following activities:

- Feasibility
- Appraisal (to include report, financial appraisal, risk appraisal)
- Budget
- Monitoring and review
- Outturn

This will ensure that any capital scheme that feeds into the programme will comply with the principles of the Prudential Code:

- Affordability
- Sustainability
- Prudence
7.0 RISK

The Council is faced with diminishing capital finance and reduced access to grants and external funding which means the Council will need to monitor spend against available funds carefully to ensure that it does not spend or commit in advance of receiving funding. The Capital Financing Requirement (CFR) will need to be monitored carefully. Risk is therefore addressed throughout this strategy by setting out clearly how projects will be appraised, approved, monitored and reported on. The strategy is closely aligned to the Treasury Strategy which contains key performance indicators.

Significant capital projects will be managed through the Council’s performance system if appropriate. All risks that may affect a project are considered. These can include political, economic, legal, technological, environmental and reputational as well as financial. Large projects will use appropriate project management tools in accordance with the size of the project.

Disinvestment initiatives will be followed through to ensure they perform as expected and as the Council diversifies its capital investment into areas such as loans to Welland Homes, exposure to non-repayment will be carefully managed through the contract management arrangements in place.

A specific risk as a VAT registered body is the recovery of exempt VAT only up to a value of 5% of all the VAT it incurs. This is known as the de-minimis limit. Monitoring and control of exempt input tax is essential for the council as where exempt input tax exceeds the 5% limit the whole amount is irrecoverable and will represent an additional cost to the council. Each capital investment will be closely reviewed to assess its VAT implications.

7.1 Sustainability

South Holland District Council is always mindful of proposals put forward by the MHCLG. In conjunction with targets being proposed for all new homes to meet energy/carbon standards.

7.2 Procurement

The purchase of capital assets should be conducted in accordance with the Procurement Strategy, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is continuously reviewed. Where capital spend involves a specific procurement process which differs from the standard process, we will adopt the principal that by approving the capital project we are also approving the specific procurement process.

7.3 Value for Money

The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied
to capital expenditure require the adopted principles of value for money to be at the heart of our capital strategy. Specifically we will seek to strengthen the outcome indicators as part of post project reviews.

7.4 Disposals

Any proceeds from the disposal of assets such as land in excess of £10,000 are determined as a ‘capital receipt’. The policy to sell small pockets of land often brings in income of less than £10,000. This income is classed as ‘revenue income’ and is posted to the revenue income and expenditure account.

7.5 Borrowing

If borrowing was required to fund a capital programme this would also have an impact on the Revenue budget. Borrowing of £1m over 10 years would have the following revenue cost per year:

<table>
<thead>
<tr>
<th></th>
<th>Year 1 (£)</th>
<th>Cumulative 10 Year (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest (based on PWLB rate of 1.88%)</td>
<td>21,400</td>
<td>121,435</td>
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<tr>
<td>Provision for repayment of principal</td>
<td>90,744</td>
<td>1,000,000</td>
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<tr>
<td><strong>Total Revenue Cost</strong></td>
<td><strong>112,144</strong></td>
<td><strong>1,121,435</strong></td>
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## Appendix F

### CAPITAL PROGRAMME 2019/20 TO 2022/23

<table>
<thead>
<tr>
<th>Scheme Description</th>
<th>2018/19 Revised Budget</th>
<th>2019/20 Budget</th>
<th>2020/21 Budget</th>
<th>2021/22 Budget</th>
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<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
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</table>

### GENERAL FUND

#### ICT
- ICT Infrastructure: 205
- GIS System: 18
- Self Service SHDC Reception: 10
- Smart Screens - Digital Vision: 27
- Shared Public Protection Software: 109
- Office 365 Additional Spend: 45
- CPBS Transformation Investment 60% GF: 213
- Members ICT Equipment Refresh: 45

#### Assets and Property
- Assets and Property (Priory Road): 160
- Assets and Property (Priory Road) - Central Heating: 65
- Assets and Property (Priory Road) - Toilets: 30
- Assets and Property (Priory Road) - Lift: 42
- Assets and Property (Priory Road) - Fire Doors and Access: 24

#### South Holland Centre
- 250

#### Castle Sports - Boiler
- 18

#### Commercialisation
- Capital Acquisitions re Growth and Commercialisation: 500
- Electric Vehicle Charging: 17

#### Economic Development
- Grants for Growth: 896
- Crease Drove: 70

#### Environmental Services
- Garden Waste: 181
- Car Park Machines: 46
- Grounds Maintenance: 38
- Environmental Services Operational: 552

#### Housing
- Disabled Facilities Grants - Private Sector Housing: 585
- Decent Homes Unfit And Disrepair - Housing: 75
- Welland Homes: 1,708

#### Loans
- Parkside - Castle Sports: 143

#### Approved schemes
- 5,153

#### FINANCING OF APPROVED SCHEMES

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<th>Borrowing</th>
<th>1,708</th>
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<th>(2,837)</th>
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<td>(302)</td>
<td>(295)</td>
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<td>Grants &amp; Contributions</td>
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<td>(1,385)</td>
<td>(780)</td>
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<td>Direct Revenue Financing</td>
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<td>(1,501)</td>
<td>(2,102)</td>
<td>(1,463)</td>
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<td>Total</td>
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<td>(4,884)</td>
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#### FINANCING OF SCHEMES SUBJECT TO APPROVAL

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<td>Direct Revenue Financing</td>
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#### Total - GENERAL FUND PROGRAMME
- 4,967

---

Page 155
## Capital Programme 2019/20 to 2022/23

**Scheme Description**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018/19 Revised Budget £'000</th>
<th>2018/19 Forecast £'000</th>
<th>2019/20 Budget £'000</th>
<th>2020/21 Budget £'000</th>
<th>2021/22 Budget £'000</th>
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<tr>
<td><strong>Housing Revenue Account</strong></td>
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<td>Central Heating</td>
<td>1,614</td>
<td>1,540</td>
<td>820</td>
<td>835</td>
<td>852</td>
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<td>Kitchen / Bathroom</td>
<td>1,169</td>
<td>1,160</td>
<td>1,192</td>
<td>1,216</td>
<td>1,240</td>
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<td>Electrical Upgrade - Capital - HRA Capital</td>
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<td>130</td>
<td>75</td>
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<td>79</td>
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<td>Renewable Energy and Energy Efficiency - Capital - HRA</td>
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<td>-</td>
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<tr>
<td>Gutters</td>
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<td>298</td>
<td>268</td>
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<td>Roofs and Gutters</td>
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<td>525</td>
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<td>Doors and Windows</td>
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<td>Flat Entrance Doors Sheltered Schemes</td>
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<td>Fees</td>
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<td><strong>Decent Homes</strong></td>
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<td><strong>3,785</strong></td>
<td><strong>3,617</strong></td>
<td><strong>3,027</strong></td>
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<td>Sewage Treatment plant</td>
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<td>The Square</td>
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<td>Car Parks</td>
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<td>95</td>
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<td>Trinity Court</td>
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<td><strong>192</strong></td>
<td><strong>475</strong></td>
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<td>ICT Strategy</td>
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<td>Housing IT Systems Upgrade</td>
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<td>CPBS Transformation Investment 40% HRA</td>
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<td><strong>IT / System</strong></td>
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<td>Major Adaptations</td>
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<tr>
<td>Aids &amp; Adaptations</td>
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<tr>
<td><strong>CSU Vehicle Replacement</strong></td>
<td><strong>253</strong></td>
<td>-</td>
<td><strong>253</strong></td>
<td>-</td>
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<tr>
<td>Grounds Maintenance</td>
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<td>South Holland Maintenance</td>
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<td><strong>Environmental Services</strong></td>
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<td><strong>12</strong></td>
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<td><strong>13</strong></td>
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<tr>
<td><strong>Weston Redevelopment Scheme - Small Drove</strong></td>
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<tr>
<td>Severn Road Development Scheme</td>
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<tr>
<td>Purchase of units - Ashwood</td>
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<td>Schemes Subject to detailed approval</td>
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<td><strong>Affordable Housing</strong></td>
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<td><strong>891</strong></td>
<td><strong>7,366</strong></td>
<td><strong>2,657</strong></td>
<td><strong>3,090</strong></td>
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<td><strong>5,271</strong></td>
<td><strong>12,532</strong></td>
<td><strong>6,581</strong></td>
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**Financing of Approved Schemes**

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<tr>
<th>Description</th>
<th>2018/19 £'000</th>
<th>2019/20 £'000</th>
<th>2020/21 £'000</th>
<th>2021/22 £'000</th>
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</thead>
<tbody>
<tr>
<td>Capital Receipts</td>
<td>(604)</td>
<td>(74)</td>
<td>(223)</td>
<td>(320)</td>
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<tr>
<td>Shared Ownership Sale Proceeds</td>
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<td>(210)</td>
<td>(1,018)</td>
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<tr>
<td>Grants &amp; Contributions</td>
<td>-</td>
<td>(1,100)</td>
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<tr>
<td>Major Repairs Reserve</td>
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<td>(5,065)</td>
<td>(7,552)</td>
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<td>(2,060)</td>
<td>(3,385)</td>
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<tr>
<td><strong>FINANCING</strong></td>
<td><strong>(7,715)</strong></td>
<td><strong>(5,271)</strong></td>
<td><strong>(12,532)</strong></td>
<td><strong>(6,581)</strong></td>
</tr>
</tbody>
</table>
Treasury Management Policy Statement 2019/20

1. South Holland District Council defines its treasury management activities as:
   • The management of the local authority’s borrowing, investments and cash flows,
   • its banking, money market and capital market transactions;
   • the effective control of the risks associated with those activities;
   • and the pursuit of optimum performance consistent with those risks.

2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
South Holland District Council

Treasury Management Strategy Statement
2019/20

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

(Minimum Revenue Provision Policy retrospectively applicable from the 2018/19 financial year due to legislation changes)
1. INTRODUCTION

1.1 Background

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

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

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

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

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.
1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

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

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation in the Capital Strategy of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.
1.2.2 Treasury Management Reporting

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

a. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:

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

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

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit Committee.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

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

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

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

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Member Training was last undertaken on 15 March 2018 and further training will be arranged as required.

The training needs of CPBS treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

CPBS uses Link Asset Services Treasury solutions as its external treasury management advisors for the Council.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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

2. THE CAPITAL PRUDENTIAL INDICATORS 2019/20 TO 2022/23

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

2.1 Capital Expenditure

This prudential indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members approve capital expenditure forecasts as part of the annual Budget report.

The capital expenditure plans mirror those within the budget report and will be amended throughout the year as spending plans alter.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>HRA</td>
<td>3,369</td>
<td>7,715</td>
<td>12,532</td>
<td>6,581</td>
<td>6,700</td>
<td>6,664</td>
</tr>
<tr>
<td>Non HRA</td>
<td>1,486</td>
<td>2,732</td>
<td>1,530</td>
<td>1,623</td>
<td>1,769</td>
<td>1,397</td>
</tr>
<tr>
<td>Commercial activities/ non-financial investments *</td>
<td>1,120</td>
<td>2,421</td>
<td>4,484</td>
<td>1,958</td>
<td>1,973</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,975</strong></td>
<td><strong>12,868</strong></td>
<td><strong>18,546</strong></td>
<td><strong>10,162</strong></td>
<td><strong>10,442</strong></td>
<td><strong>8,561</strong></td>
</tr>
</tbody>
</table>

* Commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.
The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Capital Receipts</td>
<td>351</td>
<td>906</td>
<td>728</td>
<td>1,338</td>
<td>70</td>
<td>0</td>
</tr>
<tr>
<td>Capital Grants &amp; Contributions</td>
<td>1,080</td>
<td>1,620</td>
<td>1,880</td>
<td>660</td>
<td>660</td>
<td>660</td>
</tr>
<tr>
<td>Major Repairs Reserve</td>
<td>3,168</td>
<td>7,111</td>
<td>7,552</td>
<td>3,183</td>
<td>3,245</td>
<td>3,307</td>
</tr>
<tr>
<td>Direct Revenue Financing</td>
<td>256</td>
<td>1,523</td>
<td>5,549</td>
<td>3,523</td>
<td>4,994</td>
<td>4,594</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>4,855</strong></td>
<td><strong>11,160</strong></td>
<td><strong>15,709</strong></td>
<td><strong>8,704</strong></td>
<td><strong>8,969</strong></td>
<td><strong>8,561</strong></td>
</tr>
<tr>
<td>Net financing need for the year</td>
<td>1,120</td>
<td>1,708</td>
<td>2,837</td>
<td>1,458</td>
<td>1,473</td>
<td>0</td>
</tr>
</tbody>
</table>

The net financing need for commercial activities/non-financial investments included in the above table against expenditure is shown in the following table:

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>1,120</td>
<td>2,421</td>
<td>4,484</td>
<td>1,958</td>
<td>1,973</td>
<td>500</td>
</tr>
<tr>
<td>Financed Expenditure</td>
<td>0</td>
<td>(713)</td>
<td>(1,647)</td>
<td>(500)</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td><strong>Net financing need for the year</strong></td>
<td><strong>1,120</strong></td>
<td><strong>1,708</strong></td>
<td><strong>2,837</strong></td>
<td><strong>1,458</strong></td>
<td><strong>1,473</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>Percentage of total net financing need</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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

The second prudential indicator is the Council’s Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council’s indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. Public Finance Initiative (PFI) schemes, finance leases). Whilst these increase the CFR, and therefore the Council’s borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.
As part of the formal governance process, the Council approves the CFR projections as follows:

### £000’s

<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CFR – Non HRA</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
<td>1,440</td>
</tr>
<tr>
<td>Commercial activities/ non-financial investments*</td>
<td>2,407</td>
<td>4,115</td>
<td>6,952</td>
<td>8,410</td>
<td>9,883</td>
<td>9,883</td>
</tr>
<tr>
<td><strong>Total CFR</strong></td>
<td><strong>72,286</strong></td>
<td><strong>73,994</strong></td>
<td><strong>76,831</strong></td>
<td><strong>78,289</strong></td>
<td><strong>79,762</strong></td>
<td><strong>79,762</strong></td>
</tr>
<tr>
<td><strong>Movement in CFR</strong></td>
<td><strong>1,120</strong></td>
<td><strong>1,708</strong></td>
<td><strong>2,837</strong></td>
<td><strong>1,458</strong></td>
<td><strong>1,473</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

### Movement in CFR represented by:

| Net financing need for the year (above) | 1,120 | 1,708 | 2,837 | 1,458 | 1,473 | 0 |
| Less MRP/VRP and other financing movements | 0 | 0 | 0 | 0 | 0 | 0 |
| **Movement in CFR** | **1,120** | **1,708** | **2,837** | **1,458** | **1,473** | **0** |

£67.456m of the total CFR relates to the borrowing taken out with the Public Works Loan Board (PWLB) as part of the Housing Self Financing changes. The projected increases in the CFR through to 2022/23 are the additional loans and equity stakes in Welland Homes which are classed as capital expenditure and financed from internal cash balances.

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority’s overall financial position. The capital expenditure figures shown in Table 1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority’s remaining activity.

### 2.3 Core funds and expected investment balances

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>General Fund Balance</td>
<td>2,078</td>
<td>2,078</td>
<td>2,078</td>
<td>2,078</td>
<td>2,078</td>
<td>2,078</td>
</tr>
<tr>
<td>HRA Working Balance</td>
<td>12,752</td>
<td>15,891</td>
<td>15,136</td>
<td>15,887</td>
<td>15,267</td>
<td>14,626</td>
</tr>
<tr>
<td>HRA Insurance Reserve</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Major Repairs Reserve</td>
<td>6,436</td>
<td>4,428</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Earmarked Reserves</td>
<td>7,618</td>
<td>6,891</td>
<td>6,073</td>
<td>5,249</td>
<td>4,066</td>
<td>3,154</td>
</tr>
<tr>
<td>Capital Grants Unapplied</td>
<td>1,841</td>
<td>1,766</td>
<td>1,691</td>
<td>1,616</td>
<td>1,541</td>
<td>1,466</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>4,304</td>
<td>4,126</td>
<td>4,532</td>
<td>5,170</td>
<td>6,090</td>
<td>7,081</td>
</tr>
<tr>
<td><strong>Total core funds</strong></td>
<td><strong>35,229</strong></td>
<td><strong>35,380</strong></td>
<td><strong>29,710</strong></td>
<td><strong>30,200</strong></td>
<td><strong>29,242</strong></td>
<td><strong>28,605</strong></td>
</tr>
<tr>
<td>Working Capital*</td>
<td>7,439</td>
<td>5,000</td>
<td>5,500</td>
<td>5,500</td>
<td>5,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Under Borrowing</td>
<td>(4,830)</td>
<td>(6,538)</td>
<td>(9,375)</td>
<td>(10,833)</td>
<td>(12,306)</td>
<td>(12,306)</td>
</tr>
<tr>
<td><strong>Expected investments</strong></td>
<td><strong>37,838</strong></td>
<td><strong>34,342</strong></td>
<td><strong>25,835</strong></td>
<td><strong>24,867</strong></td>
<td><strong>22,436</strong></td>
<td><strong>21,799</strong></td>
</tr>
</tbody>
</table>
Working capital balances shown are estimated year end; these may be higher mid-year.

2.4 Affordability prudential indicators

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

**Ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. Where financing costs to net revenue stream are negative, this is because the Council is earning more interest on its balances compared with interest paid on its borrowing.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Non-HRA</td>
<td>(1.53%)</td>
<td>(2.22%)</td>
<td>(2.53%)</td>
<td>(3.85%)</td>
<td>(4.38%)</td>
<td>(4.47%)</td>
</tr>
<tr>
<td>HRA</td>
<td>34.11%</td>
<td>34.99%</td>
<td>34.88%</td>
<td>34.14%</td>
<td>33.92%</td>
<td>36.65%</td>
</tr>
</tbody>
</table>

The estimates of financing costs include current commitments and the proposals in this budget report.

**HRA Ratios**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HRA debt £'000's</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
</tr>
<tr>
<td>HRA revenues £'000's</td>
<td>15,029</td>
<td>14,713</td>
<td>14,646</td>
<td>15,019</td>
<td>15,241</td>
<td>15,467</td>
</tr>
<tr>
<td>Ratio of debt to revenues (%)</td>
<td>449</td>
<td>458</td>
<td>461</td>
<td>449</td>
<td>443</td>
<td>436</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HRA debt £'000's</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
<td>67,456</td>
</tr>
<tr>
<td>Number of HRA dwellings</td>
<td>3,804</td>
<td>3,793</td>
<td>3,793</td>
<td>3,793</td>
<td>3,793</td>
<td>3,793</td>
</tr>
<tr>
<td>Debt per dwelling (£)</td>
<td>17,733</td>
<td>17,784</td>
<td>17,784</td>
<td>17,784</td>
<td>17,784</td>
<td>17,784</td>
</tr>
</tbody>
</table>

2.5 Minimum revenue provision (MRP) policy statement (retrospectively effective from 2018/19 financial year)

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

MHCLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former MHCLG regulations (option 1)

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

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

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

These options provide for a reduction in the borrowing need over approximately the asset’s life.

There is no requirement on the Housing Revenue Account (HRA) to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in finance leases are applied as MRP.

Any loans issued or equity investment made in Welland Homes and South Holland Local Housing Company which are classed as capital expenditure will increase the Council’s CFR and will therefore be subject to MRP. The Council will ensure that a prudent provision is made each year for MRP which matches approximately the consumption of the asset. Rather than charging a fixed amount each year, the Council will review the value of the assets/investments each year and then consider any requirement to set aside a prudent provision based on the value and expected trajectory of the holding.

The Council will earmark the proceeds from the repayment of the loans or sale of equity interest to reduce the CFR debt liability based on the principal element of the liquidated asset.

If it is deemed that an additional charge is required to ensure prudence a voluntary revenue provision will be made.

**Appropriation of Assets** – Where assets do not change ownership and borrowing is not required; the Council will not apply MRP on the asset value transferred.

**MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Since the introduction of the new guidance the Council has not made any voluntary revenue provision contributions and is not intending to make any during the 2018/19 financial year.
3. BORROWING

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

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2018 and for the position as at 31 December 2018 are shown below for both borrowing and investments.

<table>
<thead>
<tr>
<th>TREASURY PORTFOLIO</th>
<th>actual 31.3.18</th>
<th>actual 31.3.18</th>
<th>current 31.12.18</th>
<th>current 31.12.18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury investments</td>
<td>£000</td>
<td>%</td>
<td>£000</td>
<td>%</td>
</tr>
<tr>
<td>banks</td>
<td>9,013</td>
<td>26%</td>
<td>13,460</td>
<td>31%</td>
</tr>
<tr>
<td>building societies - unrated</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>building societies - rated</td>
<td>4,000</td>
<td>11%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>local authorities</td>
<td>15,000</td>
<td>42%</td>
<td>15,000</td>
<td>35%</td>
</tr>
<tr>
<td>DMADF (H.M.Treasury)</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>money market funds</td>
<td>2,600</td>
<td>7%</td>
<td>3,700</td>
<td>9%</td>
</tr>
<tr>
<td>certificates of deposit</td>
<td>5,000</td>
<td>14%</td>
<td>11,000</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total managed in house</strong></td>
<td><strong>35,613</strong></td>
<td><strong>100%</strong></td>
<td><strong>43,160</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>bond funds</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>property funds</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total managed externally</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td><strong>Total treasury investments</strong></td>
<td><strong>35,613</strong></td>
<td><strong>100%</strong></td>
<td><strong>43,160</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Treasury external borrowing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>local authorities</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>PWLB</td>
<td>67,456</td>
<td>100%</td>
<td>67,456</td>
<td>100%</td>
</tr>
<tr>
<td>LOBOs</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total external borrowing</strong></td>
<td><strong>67,456</strong></td>
<td><strong>100%</strong></td>
<td><strong>67,456</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>Net treasury investments / (borrowing)</strong></td>
<td><strong>-31,843</strong></td>
<td></td>
<td><strong>-24,296</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Council’s forward projections for borrowing are summarised in the following table. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.
The Council has no external debt relating to commercial activities / non-financial investment.

Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators

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

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>81,000</td>
<td>81,000</td>
<td>81,000</td>
<td>81,000</td>
<td>81,000</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Commercial activities/ non-financial investments</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Total</td>
<td>87,000</td>
<td>87,000</td>
<td>87,000</td>
<td>87,000</td>
<td>87,000</td>
</tr>
</tbody>
</table>

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

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils’ plans, or those of a specific council, although this power has never been exercised.
2. As part of the formal governance process, the Council approves the following indicators, as shown below:

<table>
<thead>
<tr>
<th>Authorised limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000’s</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Debt</td>
</tr>
<tr>
<td>2018/19 Estimate</td>
</tr>
<tr>
<td>85,000</td>
</tr>
<tr>
<td>2019/20 Estimate</td>
</tr>
<tr>
<td>85,000</td>
</tr>
<tr>
<td>2020/21 Estimate</td>
</tr>
<tr>
<td>85,000</td>
</tr>
<tr>
<td>2021/22 Estimate</td>
</tr>
<tr>
<td>85,000</td>
</tr>
<tr>
<td>2022/23 Estimate</td>
</tr>
<tr>
<td>85,000</td>
</tr>
<tr>
<td>Other long term liabilities</td>
</tr>
<tr>
<td>1,000</td>
</tr>
<tr>
<td>1,000</td>
</tr>
<tr>
<td>1,000</td>
</tr>
<tr>
<td>1,000</td>
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<tr>
<td>1,000</td>
</tr>
<tr>
<td>Commercial activities/ non-financial investments</td>
</tr>
<tr>
<td>5,000</td>
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<tr>
<td>5,000</td>
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<td>5,000</td>
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<tr>
<td>5,000</td>
</tr>
<tr>
<td>5,000</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>91,000</td>
</tr>
<tr>
<td>91,000</td>
</tr>
<tr>
<td>91,000</td>
</tr>
<tr>
<td>91,000</td>
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<tr>
<td>91,000</td>
</tr>
</tbody>
</table>

3.3 Prospect for interest rates (as at 28/01/19)

Link Asset Services has been appointed as the Council’s treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

A more detailed interest rate forecast and economic commentary is shown at Appendix 5.2.

The following table gives the Link Asset Services’ central view:

<table>
<thead>
<tr>
<th>Bank Rate %</th>
<th>PWLB Borrowing Rates% (including certainty rate adjustment)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 year</td>
</tr>
<tr>
<td>Mar 2019</td>
<td>0.75</td>
</tr>
<tr>
<td>Jun 2019</td>
<td>0.75</td>
</tr>
<tr>
<td>Sep 2019</td>
<td>1.00</td>
</tr>
<tr>
<td>Dec 2019</td>
<td>1.00</td>
</tr>
<tr>
<td>Mar 2020</td>
<td>1.00</td>
</tr>
<tr>
<td>Jun 2020</td>
<td>1.25</td>
</tr>
<tr>
<td>Sep 2020</td>
<td>1.25</td>
</tr>
<tr>
<td>Dec 2020</td>
<td>1.25</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>1.50</td>
</tr>
<tr>
<td>Jun 2021</td>
<td>1.50</td>
</tr>
<tr>
<td>Sep 2021</td>
<td>1.75</td>
</tr>
<tr>
<td>Dec 2021</td>
<td>1.75</td>
</tr>
<tr>
<td>Mar 2022</td>
<td>2.00</td>
</tr>
</tbody>
</table>

Commentary from Link Asset Services

2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit fog clears.

The above forecasts are based on a major assumption that Parliament and the EU agree an orderly Brexit, either by 29 March or soon after. At their 7 February meeting, the Monetary Policy Committee (MPC) repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they have given a figure for this of around 2.5% in ten years’ time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in Gross Domestic Product (GDP) growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they could also raise Bank Rate in
the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

The overall longer run future trend is for gilt yields, and consequently Public Works Loan Board (PWLB) rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, US 10 year bond yields have subsequently fallen back on fears that the Fed could be too aggressive in raising interest rates and was going to cause a recession. More recent comments from the Fed have indicated that the chances of more than one further increase after the December increase have considerably diminished and there is some doubt around even one more increase. Equity prices have been very volatile on alternating good and bad news during this period.

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

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

**Investment and borrowing rates**

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

- Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have fallen significantly since then. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
• There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

(End of Link Asset Services commentary)

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

• if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

• if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.5 Maturity structure of borrowing

These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:
### Maturity structure of fixed interest rate borrowing 2019/20

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 12 months</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>12 months to 2 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2 years to 5 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>5 years to 10 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>10 years to 20 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>20 years to 30 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>30 years to 40 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>40 years to 50 years</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Maturity structure of variable interest rate borrowing 2019/20

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 12 months</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>12 months to 2 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2 years to 5 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>5 years to 10 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>10 years to 20 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>20 years to 30 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>30 years to 40 years</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>40 years to 50 years</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 3.6 Policy on borrowing in advance of need

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

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

### 3.7 Debt rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

All rescheduling will be reported to Cabinet at the earliest meeting following its action.
3.8 Municipal Bonds Agency

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

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following:

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council's funds are managed by CPBS with reference to a detailed cash flow forecast on a daily basis for the current year. Protocols are in place to govern the movement of funds within specific limits.

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

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

- Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix 5.3 under the categories of ‘specified’ and ‘non-specified’ investments.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments to £5m of the total investment portfolio, (see paragraph 4.3).

Lending limits, The maximum total investments to any individual financial institution or its parent group is £5m. The maximum limit for individual money market funds is £10m. The maximum permitted duration of investments for each institution will be determined in accordance with paragraph 4.2.

Transaction limits are set for each type of investment in Appendix 5.3.

This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 4.4).

Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).

CPBS has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

All investments will be denominated in sterling.

As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.
4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

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

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

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

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

All credit ratings will be monitored daily. CPBS is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings CPBS will be advised of information in movements in CDS spreads against the iTraxx benchmark and other market data on a daily basis provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council’s lending list.
Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

**UK banks – ring fencing** - The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1 January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

### 4.3 Other limits

Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

- **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £5m of the total investment portfolio.

- **Country limit.** The Council has determined that it will only use approved counterparties from the United Kingdom or countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 5.4**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

- **Other limits.** In addition:
  - no more than £5m will be placed with any non-UK country at any time;
  - limits in place above will apply to a group of companies;
  - sector limits will be monitored regularly for appropriateness
4.4 Investment strategy

**In-House Funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

**Investment returns expectations.**

On the assumption that the UK and EU agree a Brexit deal in spring 2019 or soon after, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%
- 2021/22 2.00%

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

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%
- 2021/22 1.75%
- 2022/23 2.00%
- 2023/24 2.25%
- Later years 2.50%

The overall balance of risks to economic growth in the UK is probably neutral.

The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

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

As part of the formal governance process, the Council approves the treasury indicator and limit, as follows:
Loans to and equity purchases in Welland Homes do not count towards this limit as they are classed as non-treasury investments.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

### 4.5 Investment risk benchmark

The Council has not adopted any formal benchmarks in this area, as Officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend position, and amend the operational strategy to manage risk as conditions change.

The Council aims to achieve an internal return above the average 3 month London Interbank Bid Rate (LIBID).

### 4.6 End of year investment report

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

5.1 Interest rate forecasts
5.2 Economic background
5.3 Treasury management practice 1 – credit and counterparty risk management
5.4 Approved countries for investments
5.5 Treasury management scheme of delegation
5.6 The treasury management role of the Section 151 Officer
APPENDIX 5.1: Interest Rate Forecasts 2018 – 2021 (provided by Link Asset Services as at 12th February 2019)

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Rate View</td>
<td>0.75%</td>
<td>0.75%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.60%</td>
<td>1.50%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>2.00%</td>
</tr>
<tr>
<td>3 Month LIBID</td>
<td>0.70%</td>
<td>0.80%</td>
<td>1.00%</td>
<td>1.10%</td>
<td>1.20%</td>
<td>1.40%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.60%</td>
<td>1.70%</td>
<td>1.80%</td>
<td>1.90%</td>
<td>2.00%</td>
</tr>
<tr>
<td>6 Month LIBID</td>
<td>0.80%</td>
<td>0.90%</td>
<td>1.20%</td>
<td>1.30%</td>
<td>1.40%</td>
<td>1.50%</td>
<td>1.60%</td>
<td>1.60%</td>
<td>1.70%</td>
<td>1.80%</td>
<td>1.90%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>12 Month LIBID</td>
<td>1.00%</td>
<td>1.10%</td>
<td>1.40%</td>
<td>1.50%</td>
<td>1.60%</td>
<td>1.70%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
</tr>
<tr>
<td>5yr PWLB Rate</td>
<td>1.80%</td>
<td>1.90%</td>
<td>2.00%</td>
<td>2.10%</td>
<td>2.20%</td>
<td>2.30%</td>
<td>2.30%</td>
<td>2.40%</td>
<td>2.40%</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.60%</td>
<td>2.60%</td>
</tr>
<tr>
<td>10yr PWLB Rate</td>
<td>2.20%</td>
<td>2.30%</td>
<td>2.40%</td>
<td>2.40%</td>
<td>2.50%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.60%</td>
<td>2.70%</td>
</tr>
<tr>
<td>25yr PWLB Rate</td>
<td>2.70%</td>
<td>2.80%</td>
<td>2.90%</td>
<td>3.00%</td>
<td>3.10%</td>
<td>3.20%</td>
<td>3.20%</td>
<td>3.30%</td>
<td>3.30%</td>
<td>3.40%</td>
<td>3.40%</td>
<td>3.50%</td>
<td>3.60%</td>
</tr>
<tr>
<td>50yr PWLB Rate</td>
<td>2.50%</td>
<td>2.60%</td>
<td>2.70%</td>
<td>2.80%</td>
<td>2.90%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.10%</td>
<td>3.20%</td>
<td>3.20%</td>
<td>3.30%</td>
<td>3.30%</td>
<td>3.40%</td>
</tr>
</tbody>
</table>
APPENDIX 5.2 ECONOMIC BACKGROUND (Commentary Provided By Link Asset Services)

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to an acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the European Central Bank (ECB) is now probably unlikely to make a start on raising rates in 2019.

KEY RISKS - central bank monetary policy measures
Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks’ monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), also reducing central banks’ holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a significant risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we did, indeed, see a sharp fall in equity values in the last quarter of 2018 and into early 2019. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. It is particularly notable that, at its 30 January 2019 meeting, the Fed dropped its previous words around expecting further increases in interest rates; it merely said it would be “patient”.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt (currently about $50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. 2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit fog clears.

The MPC has stated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they have given a figure for this of around...
2.5% in ten years’ time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, the MPC could also raise Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

**Inflation.** The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the February Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead given a scenario of minimal increases in Bank Rate.

The labour market figures in November were particularly strong with an emphatic increase in total employment of 141,000 over the previous three months, unemployment at 4.0% at a 43 year low on the Independent Labour Organisation measure, and job vacancies hitting an all-time high indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation continued at its high point of 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the political arena, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. Prime Minister May is currently, (mid-February), seeking some form of modification or clarification from the EU of the Irish border backstop issue. However, our central position is that the Government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump’s massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and an unemployment rate of 4.0%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in December. However, CPI inflation overall fell to 1.9% in December and looks to be on a falling trend to continue below the Fed’s target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, which was the fifth increase in 2018 and the ninth in this cycle. However, they dropped any specific reference to expecting further increases at their January 30 meeting. The last increase in December compounded investor fears that the Fed could overdo the speed and level of increases in rates in 2019 and so cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed’s series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed’s actions, the trade war between the US and China and an expectation that world growth will slow. Since the more reassuring words of the Fed in January, equity values have recovered somewhat.
The tariff war between the US and China generated a lot of heat during 2018; it could significantly damage world growth if an agreement is not reached during the current three month truce declared by President Trump to hold off from further tariff increases.

**Eurozone.** Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. Current forward indicators for economic growth and inflation have now been on a downward trend for a significant period which will make it difficult for the ECB to make any start on increasing rates until 2020 at the earliest. Indeed, the issue now is rather whether the ECB will have to resort to new measures to boost liquidity in the economy in order to support growth. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. In its January meeting, it made a point of underlining that it will be fully reinvesting all maturing debt for an extended period of time past the date at which it starts raising the key ECB interest rates.

**China.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

**Japan** - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

**Emerging countries.** Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

**INTEREST RATE FORECASTS**
The interest rate forecasts provided by Link Asset Services in paragraph 3.2 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.
However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

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

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March 2018 of a government which has made a lot of anti-austerity noise. The EU rejected the original proposed Italian budget and demanded cuts in government spending. The Italian government nominally complied with this rebuttal – but only by delaying into a later year the planned increases in expenditure. This particular can has therefore only been kicked down the road. The rating agencies have downgraded Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some European banks. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would
not stand for re-election as CDU party leader at her party’s convention in December 2018. However, this makes little practical difference as she has continued as Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.

- **Other minority EU governments.** Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. Elections to the EU parliament are due in May/June 2019.

- The increases in interest rates in the US during 2018, combined with a potential trade war between the USA and China, sparked major volatility in equity markets during the final quarter of 2018 and into 2019. Some **emerging market countries** which have borrowed heavily in dollar denominated debt, could be particularly exposed to investor flight from equities to safe havens, typically US treasuries, German bunds and UK gilts.

- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.

- **Geopolitical risks,** especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- **Brexit** – if both sides were to agree a compromise that removed all threats of economic and political disruption.

- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

- **The Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- **UK inflation,** whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
APPENDIX 5.3 Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

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

<table>
<thead>
<tr>
<th>SPECIFIED INVESTMENTS</th>
<th>Minimum ‘High’ Credit Criteria</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Management Agency Deposit Facility</td>
<td>N/A</td>
<td>In-house</td>
</tr>
<tr>
<td>UK Local Authority Deposits</td>
<td>N/A</td>
<td>In-house</td>
</tr>
<tr>
<td>Term Deposits – banks and building societies</td>
<td>Minimum colour of green on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>UK sovereign rating</td>
<td>In-house</td>
</tr>
<tr>
<td>Certificates of Deposit or Corporate Bonds issued by banks and building societies</td>
<td>Minimum colour of green on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
</tr>
<tr>
<td>Bonds issued by multilateral development banks</td>
<td>AAA</td>
<td>In-house buy and hold</td>
</tr>
<tr>
<td>Money Market Funds – CCLA (Church, Charities &amp; Local Authority)</td>
<td>AAA</td>
<td>In-house (£10m limit for cash flow purposes)</td>
</tr>
<tr>
<td>Money Market Funds CNAV (Constant Net Asset Value)</td>
<td>AAA</td>
<td>In-house</td>
</tr>
<tr>
<td>Money Market Funds LVAV (Low Volatility Asset Value)</td>
<td>AAA</td>
<td>In-house</td>
</tr>
<tr>
<td>Money Market Funds VNAV (Variable Net Asset Value)</td>
<td>AAA</td>
<td>In-house</td>
</tr>
</tbody>
</table>

Term deposits with nationalised banks and banks and building societies.

<table>
<thead>
<tr>
<th>SPECIFIED INVESTMENTS</th>
<th>Minimum Credit Criteria</th>
<th>Use</th>
<th>Max of total investments</th>
<th>Max. maturity period</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK part nationalised banks</td>
<td>Minimum colour of green on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>£5m</td>
<td>1 year</td>
</tr>
<tr>
<td>Banks part nationalised by AAA or AA- sovereign rating countries – non UK</td>
<td>Minimum colour of green on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>£5m</td>
<td>1 year</td>
</tr>
</tbody>
</table>

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.
N.B. buy and hold may also include sale at a financial year end and repurchase the following day in order to accommodate the requirements of the Accounting Code of Practice.

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

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment criteria. A maximum of £5m will be held in aggregate in non-specified investments.

**Maturities of ANY period**

<table>
<thead>
<tr>
<th>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</th>
<th>Minimum Credit Criteria</th>
<th>Use</th>
<th>Max % of non-specified investments</th>
<th>Max. maturity period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultra-Short Dated Bond Funds with a credit score of 1.25</td>
<td>Long-term AAA</td>
<td>In-house</td>
<td>100%</td>
<td>1 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Term Deposits with variable rate and variable maturities: -Structured deposits</th>
<th>Minimum Credit Criteria</th>
<th>Use</th>
<th>Max % of non-specified investments</th>
<th>Max. maturity period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign rating of AAA or AA- and minimum colour of green on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>100%</td>
<td>5 year</td>
<td></td>
</tr>
</tbody>
</table>

| UK Government Gilts | UK sovereign rating | In-house buy and hold | 100% | 5 year |

| Sovereign Bond issues (other than the UK govt.) | AAA | In-house buy and hold | 100% | 5 year |

| Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (e.g. National Rail) | UK sovereign rating | In-house buy and hold | 100% | 5 year |

| Collateralised Deposits (see note 1) | UK Sovereign rating | In-house | 100% | 5 year |
Note 1. as collateralised deposits are backed by collateral of AAA rated local authority Lender Option Borrower Option (LOBO)'s, this investment instrument is regarded as being a AAA rated investment as it is equivalent to lending to a local authority.

### Maturities in excess of 1 year

<table>
<thead>
<tr>
<th>Term Deposits – UK local authorities</th>
<th>Minimum Credit Criteria</th>
<th>Use</th>
<th>Max % of non-specified investments</th>
<th>Max. maturity period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Deposits – banks and building societies</td>
<td>Sovereign rating of AAA or AA- and minimum colour of orange on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>100%</td>
<td>5 year</td>
</tr>
<tr>
<td>Certificates of Deposit issued by banks and building societies</td>
<td>Sovereign rating of AAA or AA- and minimum colour of orange on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>100%</td>
<td>5 year</td>
</tr>
<tr>
<td>Corporate bonds issued by banks and building societies</td>
<td>Sovereign rating of AAA or AA- and minimum colour of orange on our external treasury advisers credit rating matrix</td>
<td>In-house</td>
<td>100%</td>
<td>5 year</td>
</tr>
<tr>
<td>Bonds issued by multilateral development banks</td>
<td>AAA</td>
<td>In-house</td>
<td>100%</td>
<td>5 year</td>
</tr>
</tbody>
</table>

**Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Use</th>
<th>Minimum Investment</th>
<th>Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Fund</td>
<td>In-House</td>
<td>£5m</td>
<td>Separate approval required</td>
</tr>
<tr>
<td>Corporate Bond Fund</td>
<td>In-House</td>
<td>£5m</td>
<td>Separate approval required</td>
</tr>
</tbody>
</table>
The use of property funds can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

Non treasury loans and investments with Welland Homes and South Holland Local Housing Company will not count towards the Non-Specified Investment limit.

The maximum total investment to any individual financial institution or its parent group is £5m and the limit with Money Market Funds is £10m.

Lloyds Bank provides banking services to the Council and the above limits do not include the day to day balance in the Council’s current account.

Whilst these are maximum limits, under normal circumstances the Section 151 Officer will ensure lower limits are maintained. The higher limits are required to allow flexibility in the movement of funds if a particular issue or circumstance arises e.g. global banking crisis.
APPENDIX 5.4 Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody’s and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

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

AA+
- Finland
- U.S.A.

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

AA-
- Belgium
- Qatar
APPENDIX G2

APPENDIX 5.5 - Treasury management scheme of delegation

(i) Full council
- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.
- approval of amendments to the council’s adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities as contained in the Financial Regulations

(ii) Cabinet and Governance & Audit Committee
- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing the annual strategy and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations.

SCRUTINY AND MONITORING

Council delegates the scrutiny and monitoring of the Treasury Management function to the Governance and Audit Committee. As a minimum they will receive a Mid Term Treasury report on investment issues and performance. Training will be made available for members of the Governance and Audit Committee to ensure they have the necessary skills to undertake this role.

The Governance and Audit Committee will also have access to professional and independent advice and support as required in order to undertake this role.
APPENDIX 5.6 - The treasury management role of the Section 151 Officer and deputy

The Section 151 Officer responsibilities are as follows:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following :-

- Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
- Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.
Compass Point Business Services is responsible for the provision of:

- treasury management strategy statements and practices for approval
- regular treasury management policy reports
- budget and budget variations
- management information reports
- adequate treasury management resources and skills, and effective division of responsibilities within the treasury management function, and;
- arranging the appointment of external treasury management advisors.

Where the use of particular instant access accounts, notice accounts and money market funds has been approved by the Section 151 Officer, CPBS treasury officers have delegated authority to withdraw and deposit funds within the agreed limits contained in this strategy.
### Environmental Health (Public Protection)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Licensing</strong></td>
<td>The fee will be set locally on cost recovery for the service with the exception of the statutory set fees which are set by central government. The authority will have a duty to have regard to guidance issued by the Secretary of State which outlines the issues that should be considered by them when setting the fee and what activities the fee can and cannot be covered within the fee setting process.</td>
<td>Fees set to cover costs on fee recovery or are set by legislation</td>
</tr>
<tr>
<td><strong>Food Safety/ Health and Safety Training</strong></td>
<td>SHDC has the responsibility of educating the community on food, health &amp; safety matters. Fees set to cover costs and take into account course demand and competitors fees</td>
<td>Fees set to cover costs. To be reviewed during 19/20.</td>
</tr>
<tr>
<td><strong>Pollution Control</strong></td>
<td>Statutory fees are set not to make a profit, but to ensure businesses are operating legally</td>
<td>Charges in line with policy</td>
</tr>
<tr>
<td><strong>Food Safety</strong></td>
<td>Discretionary fees to cover costs. Voluntary surrender and export fees are statutory. Statutory fees are set not to make a profit, but to ensure businesses are operating legally</td>
<td>Charges in line with policy. To be reviewed during 19/20.</td>
</tr>
<tr>
<td><strong>Scrap Metal</strong></td>
<td>As per the Scrap Metal Dealers Act 2013. The fee will be set locally by each local authority on a cost recovery basis, but local authorities will have a duty</td>
<td>Charges in line with policy</td>
</tr>
</tbody>
</table>
to have regard to guidance issued by the Secretary of State which outlines the issues that should be considered by them when setting the fee and what activities the fee can cover

| Street Traders | Roadside trading consent | Fees set to cover costs on fee recovery or in line with legislation. To be reviewed during 19/20. |

Environmental Services

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of Markets</td>
<td>Fees to be in-line with those charged in the neighbouring area</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Car Parking Charges</td>
<td>Service to breakeven over a 4 year period and make a contribution to the Replacement and Refurbishment Reserve</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Bus Departure Charges</td>
<td>Charges to bus operators only</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Excess Charges</td>
<td>Fees to be set as a deterrent</td>
<td>No change to fees proposed, in line with car park charges. To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Garden Waste Sacks</td>
<td>Maximise income without encouraging fly tipping</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Bulky Waste</td>
<td>Maximise income without encouraging fly tipping</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Garden Waste</td>
<td>One year pilot agreed during 2015-16 Set to cover costs and make a small surplus to be reinvested in the project. Now extended Maximise income without encouraging fly tipping</td>
<td>Fees agreed as per the cabinet report. An annual charge of £49 for 24 collections and a one off charge initially offered at £15 (for delivery, repairs, loan of bin, newsletters and offers) To be reviewed during 19/20.</td>
</tr>
</tbody>
</table>

Community Development
<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayscoughfee Hall Museum</td>
<td>To cover costs and match competitor prices</td>
<td>Existing fees assessed and revised where appropriate. New public events to be booked on 'price on application' basis. To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Holland Centre</td>
<td>To meet income targets whilst enabling maximum community use of the Centre.</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Castle Field</td>
<td>To increase charges in line with inflation and review annually</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Castle Sports Complex and Swimming Pool</td>
<td>Review annually with contractor</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Charges for street scene fines</td>
<td>Charges for fines listed for each offence</td>
<td>Set to cover costs. Includes dropping of litter. To be reviewed during 19/20.</td>
</tr>
</tbody>
</table>

**Assets and Property**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Units</td>
<td>Set in line with market levels</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garages</td>
<td>Previously increased in line with HRA rent increase.</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garage Plots</td>
<td>Previously increased in line with rent increase.</td>
<td>To be reviewed during 19/20.</td>
</tr>
</tbody>
</table>

**Planning and Building Control**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Charges</td>
<td>Charge in line with competitors</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Control</td>
<td>Charge based on hourly rate to reflect the actual cost of each project.</td>
<td>Charges based on hourly rate, to cover costs incurred by the Council.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Hedges</td>
<td>Charge set by ourselves</td>
<td>To be reviewed during 19/20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Control Consultancy</td>
<td>These are set by us, at a cost per project as per the new fee regulations which</td>
<td>Fees are set by SHDC. Service to maintain charges based on a market rate.</td>
</tr>
</tbody>
</table>
are based on hourly rates, as per CIPFA guidance. Charges based on amount per m², in line with the market rate activity

| Development Management | Fees increased from January 2019 pursuant to the Government announcement | Updated to reflect Government announcement effective January 2019 |

Spalding Special

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cemetery Fees (Spalding Special Expenses)</td>
<td>Fees are reviewed annually and set by the Council, taking into account the sensitive nature of this service</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Allotments (Spalding Special Expenses)</td>
<td>Charges to be in line with those charged in the neighbouring area</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Ayscoughfee Gardens (Tennis, Putting and Bowls) (Spalding Special Expenses)</td>
<td>To increase charges in line with inflation and review annually</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Halley Stewart Playing Field (Spalding Special Expenses)</td>
<td>To increase charges in line with inflation and review annually</td>
<td>To be reviewed during 19/20.</td>
</tr>
<tr>
<td>Monks House Playing Field (Spalding Special Expenses)</td>
<td>To increase charges in line with inflation and review annually</td>
<td>To be reviewed during 19/20.</td>
</tr>
</tbody>
</table>

Housing Revenue Account

<table>
<thead>
<tr>
<th>Activity</th>
<th>Policy</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Housing Rents</td>
<td>Reduction of 1% in rents in line with rent setting proposals for the Housing Revenue Account.</td>
<td></td>
</tr>
</tbody>
</table>

HRA Service Charges

To be reviewed during 19/20 and brought to members for consideration.
1.1 BACKGROUND

1.2 Corporate planning is a key part of running a successful organisation and ensures:

a. Everyone in the organisation is working to the same priorities, pulling in the same direction and clear about what they are trying to achieve

b. It helps ensure that risks are effectively managed

c. It provides a tool to measure performance, success and hold people to account

d. It enables the organisation and its managers to plan resource and the budget more effectively

1.3 The current Corporate Plan 2015-19 was adopted in February 2015 and will come to the end of its life in March of this year. To ensure that the organisation has a clear and transparent direction of travel for the next four years it is important to develop a new Corporate Plan that clearly sets out our objectives for this time period.

1.4 The new Corporate Plan 2019-2023 set out in Appendix A of this report, aims to sets the ambition for the organisation under four public focused priorities and one internal focused priority which under-pin all the activities the Council undertakes. They are:

a. Your Home (Public Facing)
b. Your Place (Public Facing)
c. Your Health & Wellbeing (Public Facing)
d. Your Opportunity (Public Facing)
e. Our Council (Internal)

1.5 These priorities are supported by a series of Critical Activities which detail further what the Council will do to deliver the Corporate Plan which is set out under each priority in the ‘we will’ section. Delivery of these is tracked through the Corporate Delivery Plan and in further detailed in Service and Team level delivery plans these then feed down into individual staff appraisal objectives ensuring that the delivery of the Corporate Plan is central to all activities of the Council. Progress against the Corporate Delivery is monitored through the monthly Performance, Risk & Audit Board meetings.
1.6 The Corporate Plan sets out the direction for a 4 year period but annually is refreshed to ensure that the organisation is adapting to the changing needs of our communities, and evolving national and local policy requirements.

1.7 **Key Achievements of 2018-19**

1.8 As part of the development of a new Corporate Plan, it is important to acknowledge some of our key achievements for 2018-2019. As we are not yet at the end of the financial year a full year-end achievements report will be included as part of the Council’s Quarter 4 Performance report made to both the Performance Monitoring Panel and Cabinet. However it is worth briefly noting the following key achievements:

1.9 **Leisure Contract:** A new five year leisure contract has been awarded to Parkwood Leisure which will commence on 1st March 2019.

1.10 **Pride Scheme:** The Council has invested additional funding to re-invigorate the pride in South Holland Scheme to help improve the cleanliness and appearance of the district.

1.11 **Housing Voids Performance:** The Housing service has made significant improvements in its void turnaround times, these have reduced to 51 days in May 2017 from 26 days in January 2019.

1.12 **Local Plan:** The South East Lincolnshire Local Plan has been ratified by the Planning Inspectorate and will shortly be adopted.

2.1 **OPTIONS**

2.2 Do Nothing.

2.3 That the Corporate Plan 2019-2023 be adopted and the content of this report on the key achievements to date be noted.

3.1 **REASONS FOR RECOMMENDATION(S)**

3.2 To comply with the Policy Framework which requires that we have a Corporate Plan which sets out the Council’s strategic ambition.

4.1 **EXPECTED BENEFITS**

4.2 A clear direction for the Council is set for the upcoming financial year to assist with delivering the 4 year Corporate Plan.

4.3 Improved transparency and clearer objectives setting available to all employees in line with the Council’s direction.

5.1 **IMPLICATIONS**

5.2 **Carbon Footprint / Environmental Issues**

5.2.1 The Corporate Plan sets out the strategic direction regarding environmental issues until 2023.

5.3 **Constitution & Legal**

5.3.1 The Corporate Plan forms part of the Council’s Policy Framework and is therefore a matter reserved to Council for approval.
5.4 **Corporate Priorities**

5.4.1 The new Corporate Plan sets out the Council's strategic priorities for the next four years.

5.5 **Crime and Disorder**

5.5.1 The Corporate Plan sets out the Council's strategic direction regarding crime and disorder until 2023.

5.6 **Financial**

5.6.1 The Council’s budget and medium term plan is fundamentally linked to the corporate plan and the budget supports delivery of that plan. The budget is set for one year at a time with indicative budgets set for future years over the medium term and these are revisited each year and can be adapted to meet the needs of an evolving corporate plan.

5.6.2 2019-20 is the final year of the Government’s four year financial settlement. There are unprecedented levels of change planned for 2020-21 onwards and at this stage there is too little information to enable accurate forecasts on what the implications of these changes might be.

5.6.3 The Fairer Funding review will set out a new baseline of funding allocations for all Local Authorities, aims to simplify the existing system and provide an up to date assessment of Authorities relative needs and resources. Early consultations have taken place by MHCLG, but there is insufficient information to make informed estimates to date.

5.6.4 The removal of the Housing Revenue Account cap could deliver significant benefits to the Council, although there will be challenges around whether the Council currently could access the resource levels to maximise this opportunity.

5.6.5 As these factors will become clearer over the lifetime of this Corporate Plan it will be possible to adapt the delivery of the Council’s priorities through the annual refresh process as impacts become known.

5.8 **Health & Wellbeing**

5.8.1 The Corporate Plan sets out the Council’s strategic direction regarding health and wellbeing until 2023.

5.9 **Reputation**

5.9.1 Failure to deliver its strategic ambitions could lead to reputational risk for the Council, this is mitigated through a corporate risk that is closely monitored by the Executive Management team and reported to Governance and Audit Committee.

5.10 **Risk**

5.10.1 There are a number of key risks that may impact on the Council’s ability to deliver its Corporate Plan over the next four years, they are:

a) Uncertainty around the impacts and emerging national policy requirements of the United Kingdom's exist from the European Union. There are likely to be a number of additional requirements placed on our regulatory services particularly relating to food, health and safety for which our current resource levels might not be able to support.
b) Our current resource model has a number of fixed term posts fund by Central Government grants particularly in relation to supporting additional pressures as a result of the Homelessness Reduction Act 2017 and delivering the Grants for Growth Programme. This grant funding is programmed to run out during the lifetime of this Corporate Plan, this may result in the need to review resource levels in the Housing service to address any resource pressures.

c) Future national policy changes such as the proposed Waste Policy would have significant impacts on the way in which the Council delivers this service. It may well also have implications for how the Council currently generates income from garden waste collections.

d) Fairer Funding review as mentioned above may result in resourcing challenges in the future for the Council but currently what the revised funding allocations might look like is uncertain.

5.10.2 The monitoring of all risks relating to Council failing to deliver its corporate priorities are regularly monitored through the Council’s internal Performance, Risk and Audit Board. Risk scores and mitigating actions are reported quarterly to Governance and Audit Committee ensure that they are being appropriately managed.

5.11 **Safeguarding**

5.11.1 The Corporate Plan sets out the Council’s strategic direction regarding safeguarding of children and vulnerable adults until 2023.

5.12 **Staffing**

5.12.1 The Corporate Plan gives all staff a clear understanding of the strategic ambition that the Council is working towards. It is linked to every action that officers undertake and delivery of the council’s strategic ambition and priorities is linked via the golden thread through to individual appraisal objectives.

5.12.2 As part of the development of the delivery plan that underpins the corporate plan a resource planning exercise was undertaken to ensure that the Council has the appropriate resources in the right places to deliver its priorities over the next four years. Where programmes of work are to be developed further or where the Council is required to respond to revised national policy change this may result in requests for additional resources being brought forward to Council once delivery models are fully specified.

6.1 **WARDS/COMMUNITIES AFFECTED**

6.2 This will impact all wards and communities in South Holland as the Corporate Plan sets out the strategic priorities for the district until 2023.

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**Background papers:** None

**Lead Contact Officer**

Name and Post: Greg Pearson – Strategic Policy Advisor  
Telephone Number: 07500-030900  
Email: greg.pearson@breckland-sholland.gov.uk

**Key Decision:** No  
**Exempt Decision:** No

This report refers to both Mandatory Service & Discretionary Service

**Appendices attached to this report:**

Appendix A  
Corporate Plan 2018-2023
Introduction

Welcome to South Holland District Council’s Corporate Plan 2019 - 2023

Our Strategic vision is:
South Holland: ‘A Place of Prosperity, Wellbeing and Opportunity for All’

Our Corporate Plan sets out how we will work with our partners and the community to ensure that South Holland continues to be a place that people choose to live, work, visit and enjoy.

It is informed by what we know about the area and identifies how we will achieve our long-term vision, what our key priorities are and how we will deliver our services.

Our Priorities
We are a council firmly rooted in our rural community. Elected members work closely alongside officers, to deliver cost-effective core services that are valued by the community, such as weekly waste collections and access to quality housing for all, in a district that is safe and where both people and businesses can reach their full potential.

One of our main focuses is around providing good-quality housing that everyone in our community can call their home. We do this by working with private developers to unlock land for a mix of housing or through our own housing stock, giving residents access to well-maintained, affordable properties that meet their needs. We will deliver homes in a managed way through our Local Plan which, when adopted, will be our blueprint up to 2036.

We deliver cost-effective core services by reducing costs or raising money by being more commercially-minded in how we work. We also work closely with other organisations to deliver services, bring them together, or apply for national and regional funding to help with local projects - for example, helping secure £12m of funding to improve transport infrastructure to support housing and employment growth.

We have a reputation for managing our money well - something we are really proud of - it means we can reinvest in our services: for example, our extended garden waste collection scheme and improved ways to pay bills or contact us online. Being good with our money also means we can help keep Council Tax as low as possible.

To deliver services to our communities we have staff who are motivated and ambitious. As many of them live in the district, they are proud and passionate about the positive impact their work has. An example of this is how our staff support and safeguard our most vulnerable residents. By working with our partners, we can focus on those most vulnerable and refer the most extreme cases to the right agencies for extra help and support.

One of our aims is be more of a business partner to businesses, either those based in the district or those looking to relocate into the district. Whether it is guiding them through the planning process or help getting access to grants, we look at ways of connecting businesses together to create a vibrant district economy that benefits everyone. We have a key role in helping to enhance and modernise skills across the district to ensure that our residents benefit from improved wages. As an employer, we are committed to skills improvement and work experience by offering apprenticeships, a graduate scheme, and work experience placements for school and university students.

Our aspirations for the future are clear: we want to meet the continuing needs of our residents, young and old, by providing good-quality homes in a district which attracts businesses who, with our help, can provide long-term employment opportunities for all - now and in the future. We also aspire to generate more money by taking a more commercial approach to the way we work - meaning that we will be less reliant on Government funding in the future. We do this so that we can continue to deliver the discretionary services that support our community to improve their health and wellbeing. Many other councils are cutting these as they can no longer afford them.
Surrounded by wide open countryside, the district of South Holland encompasses the flat fenlands of South East Lincolnshire, characterised by big skies and fertile land that was reclaimed from the sea over many centuries.

Once renowned for its tulip industry, it is now recognised nationally as the hub of the UK agriculture, food manufacturing and logistics sectors. South Holland is a welcoming place of thriving local communities offering great schools, a quality of life well above the national average and broad ranges of high quality family and starter homes. It is a district with a unique history and an exciting future.

Our traditional market towns and villages retain the historic character that is unique to Lincolnshire. Our proud heritage, stretching back to Roman times, is displayed for all to see, from historic windmills to our modern day flower industry, with the fens and drains in between. The main towns and population centres of Spalding, Crowland, Holbeach, Donington, Long Sutton and Sutton Bridge all feature strong community identities and activities, matched by thriving business and industry.

The population is expanding healthily there are now 92,500 residents in the area with estimates that the population will reach 105,400 by 2041.

The continued success of major industries such as agriculture, horticulture, food processing, packaging and distribution, together with related commercial support services, is testament to the skills base, education and support for entrepreneurs. This success is reflected in an increasing demand for high quality housing, commercial developments and business support facilities. South Holland District Council is at the forefront of innovative schemes to develop high quality affordable homes for purchase, shared ownership and rent.
## Priority - Your Home

**“We will...”**

Be a landlord of choice for our council housing tenants

<table>
<thead>
<tr>
<th>“We will...”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be a landlord of choice for our council housing tenants</td>
</tr>
<tr>
<td>Work to prevent and mitigate homelessness, including continuing to work with partners across Lincolnshire to deliver countywide solutions to rough sleeping</td>
</tr>
<tr>
<td>Enable effective planning and delivery of housing solutions to meet local needs and aspirations to ensure that our residents have access to a range of housing options in the district</td>
</tr>
<tr>
<td>Deliver new homes for our residents through our housing companies, Welland Homes and South Holland Homes</td>
</tr>
<tr>
<td>Build new Council Houses</td>
</tr>
<tr>
<td>Work to support elderly people to live independently and in their own home, including working with partners to support the delivery of a new ‘extra care’ housing development in the district</td>
</tr>
<tr>
<td>Ensure that our residents are enabled to live in high quality housing no matter the tenure</td>
</tr>
</tbody>
</table>
Priority - Your Place

“We will…”

Lead, enable and embed the provision of a range of improved local community, cultural, art and newly contracted leisure facilities that support the enhanced wellbeing of South Holland’s communities

Work together with partners, businesses and local communities to re-establish the Pride in South Holland programme to improve the quality of public spaces to be cleaner, greener and safer

Work with our partners such as Lincolnshire Community Safety Partnership and Parish Councils to reduce and prevent crime and anti-social behaviour, and protect the community and environment

Support the expansion and growth of Spalding and Holbeach to be attractive places where people want to visit, live and work whilst supporting all other towns and villages in the district to meet the needs of their communities

Create further outdoor spaces and woodlands to enhance the natural environment and to encourage our communities to have active lifestyles

Deliver substantial and continued growth as proposed through our Local Plan, in conjunction with our key partners

Work with our key partners to ensure that the infrastructure required to support our community to grow and flourish, including key roads, rail, broadband and telecommunications, are planned for and delivered
**Priority - Your Health & Wellbeing**

**“We will...”**

<table>
<thead>
<tr>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that our public protection services continue to enable our communities to remain healthy and safe through our regulatory activities, including food safety, environmental protection and licensing</td>
<td></td>
</tr>
<tr>
<td>Target our leisure facilities to provide a programme of activities to tackle obesity and inactivity in South Holland</td>
<td></td>
</tr>
<tr>
<td>Lead and support activities and partnerships to address key local health and wellbeing issues such as mental health, housing, health and increasing physical activity</td>
<td></td>
</tr>
<tr>
<td>Provide advice and recommend interventions to help improve the health and wellbeing of the district’s residents, communities and workforce</td>
<td></td>
</tr>
<tr>
<td>Work with partners to influence and lead early intervention activities to support, reduce and prevent complex needs</td>
<td></td>
</tr>
<tr>
<td>Proactively influence the Lincolnshire Sustainable Transformation Programme being delivered by the NHS to ensure the best health outcomes for South Holland</td>
<td></td>
</tr>
<tr>
<td>Ensure that through our Benefits service that residents are given high quality advice to help maximise their income and manage their debts</td>
<td></td>
</tr>
</tbody>
</table>
## Priority - Your Opportunity

"We will…"

<table>
<thead>
<tr>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactively work with partners to identify and optimise funding opportunities</td>
<td>that will draw resources into the district to support our plans for substantial and continued growth</td>
</tr>
<tr>
<td>Work in partnership across the public and private sector to retain</td>
<td>work proactively to attract new inward investment that will bring further prosperity to our district</td>
</tr>
<tr>
<td>and build on the key business sector strengths within South Holland,</td>
<td></td>
</tr>
<tr>
<td>whilst also working proactively to attract new inward investment that</td>
<td>will bring further prosperity to our district</td>
</tr>
<tr>
<td>will bring further prosperity to our district</td>
<td></td>
</tr>
<tr>
<td>Work in partnership with key partners in the education sector,</td>
<td>ensure that both businesses and residents have access to the necessary skills to support economic growth and prosperity</td>
</tr>
<tr>
<td>including Spalding College,</td>
<td></td>
</tr>
<tr>
<td>Work in partnership with key partners in the education sector,</td>
<td>ensure that both businesses and residents have access to the necessary skills to support economic growth and prosperity</td>
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<tr>
<td>including Spalding College,</td>
<td></td>
</tr>
<tr>
<td>Continue to deliver a clear “Open for Business” approach across all</td>
<td>Council services that promotes and supports business growth</td>
</tr>
<tr>
<td>Continue to deliver a full range of services and initiatives that</td>
<td>support our businesses, including our Grants4Growth programme</td>
</tr>
<tr>
<td>Stimulate further growth, productivity and prosperity in the food</td>
<td>the delivery of a Food Enterprise Zone in Holbeach</td>
</tr>
<tr>
<td>sector through the delivery of a Food Enterprise Zone in Holbeach</td>
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## Priority - Our Council

### “We will…”

<table>
<thead>
<tr>
<th>Statement</th>
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<tbody>
<tr>
<td>Ensure that our services are digitally enabled and efficient to meet the expectations of our changing communities whilst not excluding those who are not yet digitally enabled</td>
</tr>
<tr>
<td>Ensure that our staff have the skills needed to drive the organisation forward and meeting the changing expectations of our residents</td>
</tr>
<tr>
<td>Ensure that national policies for protecting children and vulnerable adults are effectively implemented across all areas of our business and that safeguarding is at the forefront of all we do</td>
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<tr>
<td>Continue to ensure that our regulatory and statutory services remain fully compliant with all current and emerging legislation</td>
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<tr>
<td>Continue to strengthen our commercial approach which will secure our financial position by identifying income generation opportunities and efficiencies through trading and sharing</td>
</tr>
<tr>
<td>Maximise the returns generate by the Council’s commercial and operational assets</td>
</tr>
<tr>
<td>Continue to work effectively with all our partners to deliver significant benefits to the communities of South Holland</td>
</tr>
<tr>
<td>Help shape and influence emerging national policy changes in order to be at the forefront of change to maximise the opportunities for South Holland</td>
</tr>
<tr>
<td>Ensure the delivery of cost effective, high quality service provision through a robust approach to procurement and contracts management</td>
</tr>
<tr>
<td>Keep residents, businesses, and partners informed about council services and latest opportunities through clear and effective communications</td>
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</tbody>
</table>
South Holland District Council works in partnership with a number of different councils to deliver services, and the procurement of these services can be through either route depending on best fit.

We have a strategic partnership with Breckland Council, our partner of choice, with whom we share our strategic management capacity. These officers oversee a number of shared services and corporate functions such as performance, risk and audit, contract management and procurement, client HR, IT and digital requirements. The senior team represent our council on our Lincolnshire partnerships with Health, Police and businesses.

We work with East Lindsey District Council through our jointly owned company Compass Point. This provides our councils with back office transactional services such as Finance, IT, Customer Service, Revenues and Benefits and operational HR.
We have 37 councillors representing 18 wards

The Conservative group, led by Cllr Gary Porter, holds the majority, with 28 seats.

The Independent group, led by Cllr Angela Newton, holds 8 seats.

Non-Aligned
Cllr Peter Williams, holds 1 seat.

Find out more
To find out more about your councillors, including contact details and information about which committees they sit on, visit: www.sholland.gov.uk/council/councillors
SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Governance and Customer and Executive Manager - Governance (Deputy Monitoring Officer)

To: Council – 27 February 2019

(Author: Rhonda Booth - Democratic Services Manager)

Subject An Invitation to Boundary Commission

Purpose: To request the Local Boundary Commission for England to undertake a review of the council's electoral arrangements.

Recommendation(s):
That Council invites the Local Government Boundary Commission for England to consider whether it wishes to undertake a review of the Council’s electoral arrangements.

1.0 BACKGROUND

1.1 The Local Government Boundary Commission for England was established by Parliament under the provisions of the Local Democracy, Economic Development and Construction Act 2009. Independent of central and local government and political parties, it is directly accountable to Parliament through a committee chaired by the Speaker of the House of Commons. The Commission’s objectives are:

- To provide boundary arrangements for English local authorities that are fair and deliver electoral equality for voters; and
- To keep the map of English local government in good repair and to work with local authorities to help them deliver effective and convenient local government to citizens.

1.2 The Local Government Boundary Commission for England is responsible for conducting reviews of local authority electoral arrangements. This is through an electoral review.

1.3 The main aim of an electoral review is to try and ensure ‘electoral equality’ which means that all Councillors in a single authority represent approximately the same number of electors. This is achieved through an examination of a council’s electoral arrangements. This means that the total number of councillors elected to the local authority; the number and boundaries of wards or divisions for the purposes of the election of councillors; the number of councillors for a ward or division of a local authority; and the name of any ward or division.

1.4 The Boundary Commission for England last completed a review on 11 July 2006. Whilst an initial review by officers of elector numbers to wards/ward members has not indicated any substantial elector inequality, given the time since the last review and the manifesto commitment it is appropriate to consider whether a review should be conducted.

1.5 This report therefore requests agreement from Council to invite the Boundary Commission to consider whether a review the authority’s electoral arrangements is appropriate at this
2.0 OPTIONS

2.1 To invite the Boundary Commission for England to conduct a review of South Holland District Council’s electoral arrangements.

2.2 Do nothing.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To ensure effective and convenient local government.

4.0 EXPECTED BENEFITS

4.1 Should the Boundary Commission agree to undertake a review this will ensure that there continues to be elector equality throughout the district ensuring effective governance.

4.2 IMPLICATIONS

4.2.1 In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Time scales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.0 WARDS/COMMUNITIES AFFECTED

5.1 All wards would be affected.

6.0 ACRONYMS

6.1 None

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Background papers:- n/a

Lead Contact Officer
Name and Post: Rhonda Booth Democratic Services Manager
Telephone Number 01775 764705
Email: rbooth@sholland.gov.uk

Key Decision: No
Exempt Decision: No
<table>
<thead>
<tr>
<th>Recommendation(s):</th>
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<tr>
<td>1) <strong>Call-in for Non-Key Officer Decisions</strong> - That Call-in not apply to non-Key Decisions made by officers under delegated authority, and the Constitution be amended in accordance with Appendix A;</td>
</tr>
<tr>
<td>2) <strong>Senior Information Risk Officer (SIRO)</strong> - That the Shared Executive Manager Information be appointed the Senior Information Risk Officer, and the Constitution be amended in accordance with Appendix B</td>
</tr>
<tr>
<td>3) <strong>Licensing functions</strong></td>
</tr>
<tr>
<td>- That the terms of reference of the Licensing Committee be amended to include reference to the Animal Welfare functions, and to clarify the licensing functions for which it is responsible as shown in Appendix C</td>
</tr>
<tr>
<td>- That the terms of reference of the Licensing Panel be amended to refer specifically to Regulation 2 of the Local Authorities (Functions and Responsibilities (England) Regulations 2000 as shown in Appendix C</td>
</tr>
<tr>
<td>- That the Monitoring Officer be authorised to amend the Constitution to include reference to any future additional licensing matters which come under the above terms of reference, subject to a report being submitted to full Council for information.</td>
</tr>
<tr>
<td>4) <strong>Staffing Procedures / Appeals Panel and Grievance Panel</strong></td>
</tr>
<tr>
<td>- That paragraph 12 of the table at paragraph 15(l) of part 3 Section F be amended to that shown in Appendix D</td>
</tr>
<tr>
<td>- That existing paragraphs 13 to 17 be deleted and the remaining section of Part 3 Section F be renumbered accordingly</td>
</tr>
<tr>
<td>- That the Appeals Panel and the Grievance Panel be replaced with one Appeals Panel comprising 4 members (excluding any members involved in the original decision which is subject to appeal), not appointed in accordance with the Local Government (Committees and Political Groups) Regulations 1990, with a Quorum of 3 members in accordance with standing order no. 38, and with the single term of reference detailed at Appendix D</td>
</tr>
<tr>
<td>- The duplicate delegations in the Schedule of Delegation be deleted</td>
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</table>
1.0 BACKGROUND

1.1 The Council’s current Constitution was approved by full Council at its meeting on 21 January 2016. Under Article 14 of the Constitution (as amended) any proposed changes may be approved only by full Council unless the change is:

- a minor variation; or
- required to be made to remove any inconsistency or ambiguity; or
- required to be made so as to put into effect any decision of the Council or its committees or the Cabinet

1.2 In such circumstances the variation may be made by the Monitoring Officer and comes into force with immediate effect, but must (unless a minor typographical, referencing or numbering change) be referred to full Council as soon as is reasonably possible. Any change only continues to have effect if full Council agree. Minor typographical, referencing and numbering changes shall not require the approval of full Council.

1.3 All other variations must be submitted to full Council for approval.

1.4 This report seeks full Council approval for a number of non-minor variations.

1.5 The report was submitted to the Performance Monitoring Panel on 30 January 2019 and the recommendations were supported.

2.0 PROPOSED VARIATIONS BEING SUBMITTED TO COUNCIL FOR APPROVAL

(a) Call-in for Non-Key Officer Decisions

2.1 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 have been in force since 10 September 2012. Amongst other things, the Regulations require all executive decisions taken by officers under delegated powers to be published. Prior to these Regulations only officer decisions which were key decisions had to be published.

2.2 The Constitution then requires all published executive decisions to be subject to call-in. By default, then, all officer decisions (other than very minor/administrative decisions) are subject to call-in. A large number of officer decisions are now subject to call-in but this is by default rather than by design. Under section 9F of the Local Government Act 2000 the Council is required to ensure that its Overview and Scrutiny Committee has power to review or scrutinise executive decisions, including the power to review or scrutinise decisions made but not implemented (call-in), but it is for each Council to decide which decisions are subject to call-in.

2.3 As the current Constitution requires all published officer executive decisions to be subject to call-in, this can reduce the speed of decision-making, and potentially divert attention away from those officer decisions that are likely to be of greatest interest to the Performance Monitoring Panel. The requirement was not part of the previous Constitution and is not required by law. It is suggested that, where an officer is authorised to make a decision under delegated powers, that decision should not be subject to call-in unless the decision is a key decision, and proposed amendments are shown in Appendix A to this report. A Key Decision is a decision that either (i) is above a defined financial value (currently £75,000 revenue or £180,000 capital); or (ii) has a significant effect on communities in two or more wards of the council.
2.4 If approved, non-key decisions will continue to be published in order to ensure openness and transparency and to enable members and the public to scrutinise decisions taken. Rather than publishing individual decisions, it is proposed that non-key decisions are published in weekly lists – which will continue to show matters including rationale/reasons for the decisions, background to the decisions and alternative options considered. The Performance Monitoring Panel may wish to consider these weekly decision lists regularly at scheduled meetings in order to hold decision-makers to account.

(b) Senior Information Risk Officer (SIRO)

2.5 The Senior Information Risk Officer (also variously known as the Serious Information Risk Officer and the Senior Information Risk Owner) takes overall ownership of the Council’s information management framework, including its information risk policy. The SIRO is responsible for managing information risks.

2.6 The SIRO should:

- be an Executive Director, or a member of the senior management team
- be familiar with information risks
- provide the focus for the management of information risk at senior management level
- provide assurance that information risk is being managed appropriately and effectively across the organisation and for any services contracted by the organisation.

2.7 The Executive Manager - Governance is currently the Data Protection Officer (DPO), and the Senior Reporting Officer for the purposes of managing information risks generally, and for monitoring authorisations granted under the Regulation of Investigatory Powers Act 2000. However, best practice is now to ensure that the responsibilities of the SIRO and DPO are separated. It is recommended that the SIRO role be allocated to the Shared Executive Manager Information, and that the Constitution be amended as shown in Appendix B to take this into account.

(c) Licensing functions

2.8 The Licensing Committee is currently responsible for all Policy related decisions for Hackney Carriage & Private Hire Vehicles, Operators and Drivers, Sex Establishments, Hypnotism, Street Trading, functions relating to health and safety at work and “any other Licensing provisions that the authority is required to undertake not mentioned elsewhere in this Constitution”.

2.9 The Licensing Panel is then authorised to deal with applications for licences for Hackney Carriages and Private Hire Vehicles, in so far as these are not delegated to officers, “and all other licences/permits/registrations etc detailed at Part B of Schedule 1 of the 2000 Regulations in so far as these are not delegated to officers and are not the responsibility of the Committee of the Licensing Authority”.

2.10 The “2000 Regulations” means the Local Authorities (Functions and Responsibilities (England) Regulations 2000. By virtue of Regulation 2 and Schedule 2 of these Regulations most licensing functions of the Council, including (Regulation 2) the imposition of conditions/limitations, enforcement, amendment, modification, variation or revocation of licenses etc and the determination of any charges and fees, are functions which cannot be undertaken by the executive. However, this may not always be the case.
2.11 The Animal Welfare (Licensing of Activities Involving Animals) Regulations 2018 came into effect on 1 October 2018. In accordance with the 2000 Regulations all of the functions of those Regulations cannot be the responsibility of the executive, and a report proposing delegations to officers and fees and charges was submitted to the Licensing Panel for consideration.

2.12 Arising from this it is recommended that;

- the terms of reference of the Licensing Committee be amended to include reference to the Animal Welfare functions, and to clarify the licensing functions for which it is responsible as shown in Appendix C
- the terms of reference of the Licensing Panel be amended to refer specifically to Regulation 2 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as shown in Appendix C
- the Monitoring officer be authorised to amend the Constitution to include reference to any future additional licensing matters which come under the above terms of reference, subject to a report being submitted to full Council for information.

(d) Staffing Procedures / Appeals Panel and Grievance Panel

2.13 The Council currently has an Appeals Panel comprising 4 members. The single term of reference of the Appeals Panel is to deal with “
appeals in respect of grading and grievances by employees of the Council, but not appeals under the Job Evaluation scheme where an alternative appeals procedure exists”.

2.14 The Council also has a Grievance Panel comprising 4 members. The single term of reference of the Grievance Panel is “
to hear staff grievances when the usual procedure is inappropriate, as judged by the Monitoring Officer or the Section 151 Officer, and where this has not been possible to resolve the matter by mediation.”

2.15 At the same time, some officers have delegated authority to deal with all staffing matters such as discipline, capability under both the Schedule of Delegation and the Constitution.

2.16 It is proposed that this is now clarified by including full details of officer staffing delegations in the Constitution, deleting duplicate delegations from the Schedule of Delegations, and clarifying the role of members in appeals.

2.17 To secure this, it is recommended that:

- paragraph 12 of the table at paragraph 15(l) of part 3 Section F be amended to that shown in Appendix D
- existing paragraphs 13 to 17 be deleted and the remaining section of Part 3 Section F be renumbered accordingly
- the Appeals Panel and the Grievance Panel be replaced with one Appeals Panel comprising 4 members (excluding any members involved in the original decision which is subject to appeal), not appointed in accordance with the Local Government (Committees and Political Groups) Regulations 1990, with a Quorum of 3 members in accordance with standing order no. 38, and with the single term of reference detailed at Appendix D
- duplicate delegations in the Schedule of Delegation be deleted.
3.0 OPTIONS

3.1 Members have the option to approve or not approve the variations, or to require alternative variations.

4.0 REASONS FOR RECOMMENDATION(S)

4.1 To remove anomalies, improve efficiency and effectiveness, and to ensure that the Constitution is kept up to date with changing circumstances.

5.0 EXPECTED BENEFITS

5.1 To ensure business continuity; secure necessary minor typographical, referencing and numbering variations to the Constitution; reduce bureaucracy and the administrative burden; and ensure clarify of function.

6.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

6.1 Constitutional & Legal

6.1.1 Any legal implications are set out in the relevant paragraphs. Amending the Constitution is a function reserved to full Council.

7.0 WARDS/COMMUNITIES AFFECTED

7.1 None

8.0 ACRONYMS

8.1 SIRO means Senior Information Risk Officer.

8.2 DPO means Data Protection Officer.

Background papers:- The Council’s Constitution which is available on the Council’s website.

Lead Contact Officer
Name and Post: Jacqui Berridge Lawyer
Telephone Number
Email: jacqui.berridge@breckland-sholland.gov.uk

Key Decision: N

Page 221
Exempt Decision: N

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A  Proposed amendments if deletion of call-in to non-key officer decisions is approved
Appendix B  Proposed amendments to allocate the post of Senior Information Risk Officer
Appendix C  Proposed amendments to the terms of reference of the Licensing Committee and the Licensing Panel
Appendix D  (a) Proposed amendments to sub-paragraph 12 of paragraph 15(l) of Section F of Part 3 of the Constitution (delegation to officers) and (b) proposed term of reference of the proposed Appeals Panel
Appendix A – proposed amendments if deletion of call-in to non-key officer decisions is approved

Part 3 - Section D – Delegation to Committees - Section D1 – General provisions relating to Executive Powers

Paragraph 7 be amended to read as follows:

“7. All Executive Decisions are subject to the Call-In procedure set out later in Part 3, other than urgent decisions (as set out in the Access to Information Procedure Rules) and non-Key Decisions made by officers.”

Function of Performance Monitoring Panel – the paragraph describing the Call-in Procedure for Executive Decisions be amended as follows:

“I 1. No Executive action shall be taken to implement a decision by the Leader, a Cabinet Member or by the Cabinet, a Sub-Committee of the Cabinet or a Key Decision by an officer for a period of five clear Working Days from the date of publication of the decision to members, and if any reference is made within this time under the following paragraph, Executive action shall be further delayed pending consideration by the Performance Monitoring Panel. However, Executive action can proceed at once if the action is urgent and the procedures set out in the Access to Information Procedure Rules are followed.”

Section F1 – Officer Delegations

Paragraph 11.0 be amended to read as follows:

11.0 Where a decision to be made by any Officer under delegated authority meets the definition of an Executive Decision including a Key Decision, that Officer shall be obliged to publish the decision. Where that Executive Decision is also a Key Decision that Officer shall be obliged to comply with all relevant rules in this Constitution relating to Key Decisions (with particular regard to publishing Key Decisions in advance, publishing decision notices and complying with Call-In).
Appendix B – Proposed amendments to allocate the post of Senior Information Risk Officer

Part 3 Section F3 (Delegation to Executive Directors)

Paragraph 6 be amended to read as follows:

“6.0 Information

6.1 The Senior Legal Officer is authorised to make all determinations on exemptions and fees under the Freedom of Information Act 2000.

6.2 The Senior Legal Officer is the Senior Reporting Officer (SRO) for the purposes of managing information risks generally and for monitoring authorisations granted under the Regulation of Investigatory Powers Act 2000.

6.3 The Shared Executive Manager Information is the Senior Information Risk Officer (SIRO) for the purposes of taking overall ownership of the Council’s information management framework, including its information risk policy “
APPENDIX C – proposed amendments to the terms of reference of the Licensing Committee and the Licensing Panel

The terms of reference of the Licensing Committee be amended to read as follows:

“1. To deal with all Policy related decisions relating to:
(a) Hackney Carriage & Private Hire Vehicles, Operators and Drivers
(b) Sex Establishments
(c) Hypnotism
(d) Street Trading
(e) Functions relating to health and safety at work … (etc)

(f) Animal Welfare
(g) Any other Licensing provisions that the authority is required to undertake not mentioned elsewhere in this Constitution including all functions detailed at part B of Schedule 1 of the 2000 Regulations and where those functions either cannot be, or may be (but need not be), the responsibility of an authority’s executive.”

The terms of the Licensing Panel be amended to read as follows:

“1. To deal with applications for licences for Hackney Carriages and Private Hire Vehicles, in so far as these are not delegated to officers, and all other licences/permits/registrations etc and functions detailed at Regulation 2 and Part B of Schedule 1 of the 2000 Regulations in so far as these are not delegated to officers and are not the responsibility of the Committee of the Licensing Authority.

2. To deal with applications for performances of Hypnotism, Drinking in Public Places Byelaws: Permits

3. To deal with objections to applications for permits for the use of the highway for the provision of facilities for refreshments under Section 115(E) of the Highways Act 1980.

4. Street Trading

5. To consider and determine applications for licences recommended for refusal, or recommendations for revocation of a licence.”
APPENDIX D  (a) Proposed amendments to sub-paragraph 12 of paragraph 15(l) of Section F of Part 3 of the Constitution (delegation to officers) and (b) proposed term of reference of the proposed Appeals Panel

(a) Proposed amendments to sub-paragraph 12 of paragraph 15(l) of Section F of Part 3 of the Constitution (staffing functions delegated to Chief Officers)

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<tr>
<td>12. Except for matters reserved to the Joint Appointments and Disciplinary</td>
<td>The relevant Chief Officer in consultation with the Chief</td>
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<tr>
<td>Committee and the Joint Appointments and Disciplinary Appeals Committee and</td>
<td>Executive and (in cases of disciplinary action, dismissal and termination of employment) in consultation with the Monitoring Officer and the Section 151 Officer subject to compliance with the Council's approved staffing policies UNLESS</td>
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<td>matters dealt with under Standing Orders relating to Staff:</td>
<td>the Monitoring Officer or the Section 151 Officer considers it inappropriate for the matter to be dealt with under this delegation in which case the matter be delegated to the Chief Executive in consultation with the portfolio holder; OR</td>
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<tr>
<td>• recruitment of staff (whether permanent, temporary or probationary and in</td>
<td>(in relation to appeals) the matter shall be dealt with by the Appeals Panel</td>
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<td>whatever manner)</td>
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<td>• appointment of staff including grading (whether permanent, temporary or</td>
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<td>probationary and in whatever manner)</td>
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<td>• disciplinary action, including dismissal, and termination of temporary,</td>
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<tr>
<td>permanent or probationary employment for any reason (including but not limited to capability relating to skill, aptitude, ill health or any other physical or mental quality, efficiency of the service, redundancy or retirement) (EXCEPT termination of employment under a settlement agreement subject to a settlement figure of £30,000 or above which shall be dealt with by full Council) including appeals in relation to any of those actions</td>
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<td>• grievance including determination of appeals</td>
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<td>This delegation does not include amending the establishment which function</td>
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<td>remains with full Council.</td>
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(b) Proposed single term of reference of proposed Appeals Panel

“(Excluding (a) matters reserved to the Joint Appointments and Disciplinary Committee and the Joint Appointments and Disciplinary Appeals Committee and matters dealt with under Standing Orders relating to Staff and (b) appeals under the Job Evaluation scheme where an alternative appeals procedure exists). To consider and determine any appeals by employees on staffing matters (including but not limited to grading, disciplinary action, dismissal, termination of employment for any reason, redundancy, retirement and grievance) where the Monitoring Officer or Section 151 Officer considers it inappropriate for the matter to be dealt with under officer delegations.”
SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director - Strategy and Governance (Monitoring Officer)

To: South Holland District Council – Wednesday, 27 February 2019

(Author: Mark Stinson Executive Manager - Governance)

Subject Standards Arrangements

Purpose: To consider an amendment to the Standards Arrangements

Recommendation(s):

1) That the Monitoring Officer and/or the Deputy Monitoring Officer be authorised to delegate to any other local authority final determination of complaints made under the Council’s Standards Arrangements, subject to consultation with the Chairman of the Council’s Standards Panel, and subject to the officer being satisfied that this is in the interests of fairness;

2) That the Monitoring Officer and/or the Deputy Monitoring Officer be authorised to accept similar delegations to South Holland District Council from other local authorities, subject to consultation with the Chairman of the Standards Panel;

3) That the Standards Arrangements be amended in accordance with paragraph 1.4 below; and

4) That the Constitution be amended accordingly.

1.0 BACKGROUND

1.1 The Localism Act 2011 contains the current legislative arrangements for elected Member standards of conduct. The Council has a duty under Sections 27 and 28 of the Localism Act 2011 to promote and maintain high standards of conduct by elected and co-opted members when acting in that capacity; to adopt a Code of Conduct which is consistent with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership; to have arrangements in place for the investigation of allegations and for the making of decisions on allegations. How this is achieved now involves a much greater degree of local choice than was available under the previous regime. The Council’s current arrangements were reviewed and updated in November 2017.

1.2 It is vitally important that the Standards Arrangements are fair and are seen to be fair. In the vast majority of cases, the existing arrangements are very robust. There may, however, be particular circumstances where additional safeguards are required. One example is where a formal or informal political group discipline process may have been followed in order to seek to resolve a complaint. If this group process does not result in resolution of the issue, it may be argued that members involved in that process could find it difficult to hear a subsequent Standards case in a fully impartial manner.

1.3 In order to ensure that such circumstances do not undermine the Council’s ability to determine cases fairly, Council is asked to authorise the Monitoring Officer and/or the Deputy Monitoring to delegate final determination of complaints to another local authority.
This will always be subject to consultation with the Chairman of this Council’s Standards Panel and will only be exercised where the officer considers that the interests of fairness are served by the delegation. All other stages of the process will remain with this authority (initial investigation and assessment, potential for local settlement, detailed investigation and assessment; consultation with the Independent Person, etc.)

1.4 It is suggested that such arrangements should be reciprocal and that the Monitoring Officer and/or Deputy Monitoring Officer be authorised to accept similar delegations to South Holland District Council, again subject to consultation with the Chairman of the Standards Panel.

1.5 The following addition to page 6 of the Council’s Standards Arrangements is proposed, at the end of the section entitled “At the end of the investigation”

Where a complaint proceeds to a formal hearing, the Monitoring Officer and/or the Deputy Monitoring Officer may arrange for such hearing to be conducted by another local authority where this is considered, in all the circumstances, to be in the interests of fairness. The Monitoring Officer or Deputy Monitoring Officer will always consult with the Chairman of the Council’s Standards Panel before making such arrangements.

Similarly, the Monitoring Officer and Deputy Monitoring Officer may agree to South Holland District Council’s Hearing’s Panel making final determinations on complaints against a member of another local authority. The Monitoring Officer or Deputy Monitoring Officer will always consult with the Chairman of the Council’s Standards Panel before agreeing to such arrangements.

2.0 OPTIONS

2.1 The Council could consider other options – such as co-opting others onto the SHDC Hearings Panel (though they would not have voting rights) or extending the role of the Independent Person. These options are not, however, considered to afford the same degree independence.

2.2 The Council could leave the Arrangements unchanged.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To enable the Monitoring Officer and the Deputy Monitoring Officer sufficient flexibility to ensure that any Standards complaint can be determined fairly.

4.0 EXPECTED BENEFITS

4.1 A process that is fair and is seen to be fair.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be
implications under one or more of these headings, these are identified below.

5.1 **Constitutional & Legal**

5.1.1 The Council has statutory power to delegate its functions to another local authority pursuant to s101 of the Local Government Act 1972. That local authority will then have full authority to determine the matter in accordance with its own arrangements (i.e. through its own Hearings Committee, Sub-Committee, Panel, etc.)

5.2 **Equality and Diversity / Human Rights**

5.2.1 The proposal is in keeping with the rules of natural justice and Article 6 of the European Convention on Human Rights (right to a fair trial).

5.3 **Financial**

5.3.1 The Council may be responsible for reimbursing the reasonable costs of such authority to which the delegation is made (cost of meeting, travel expenses, room hire, etc.)

5.4 **Risk Management**

5.4.1 Ensuring robust and fair processes minimises the risk of subsequent legal challenge.

6.0 **ACRONYMS**

6.1 SHDC – South Holland District Council

| Background papers:- | None |

**Lead Contact Officer**

Name and Post: Mark Stinson Executive Manager - Governance
Telephone Number
Email: mark.stinson@breckland-sholland.gov.uk

**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Mandatory Service**
SOUTH HOLLAND DISTRICT COUNCIL


To: South Holland District Council – 27 February 2019

(Author: Councillor Brewis)

Subject North Level District Internal Drainage Board

Purpose: To Provide South Holland District Council with an update following the latest meeting of the North Level District Internal Drainage Board, held on 6 February 2019.

Recommendation(s):
1) That Full Council notes the contents of the report.

1.0 BACKGROUND

1.2 The current position with regard to the Board’s expenditure thus far in 2018-2019 financial year, was that it was very slightly more than what had been predicted in budget.

1.3 Rainfall had been as follows:

<table>
<thead>
<tr>
<th>Station</th>
<th>November</th>
<th>December</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tydd Pump. Stn.</td>
<td>39.5 mm (1.6”)</td>
<td>81.0 mm (3.2”)</td>
<td>19.0 mm (0.76”)</td>
</tr>
<tr>
<td>Sutton St Edmund</td>
<td>31.1 mm (1.2”)</td>
<td>68.9 mm (2.7”)</td>
<td>15.2 mm (0.61”)</td>
</tr>
</tbody>
</table>

1.4 Total annual rainfall the last three years was:

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>550mm</td>
<td>568mm</td>
<td>513mm</td>
</tr>
<tr>
<td>(Roughly)</td>
<td>22 in.</td>
<td>22.7 in.</td>
<td>20.5 in.</td>
</tr>
</tbody>
</table>

1.5 Soil moisture deficit, which for some times during the autumn had been the lowest 'water table' since 1921, was:

<table>
<thead>
<tr>
<th>Date</th>
<th>mm</th>
<th>Date</th>
<th>mm</th>
<th>Date</th>
<th>mm</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Nov</td>
<td>113.7 mm</td>
<td>27 Nov</td>
<td>96.7 mm</td>
<td>18 Dec</td>
<td>64.9mm</td>
</tr>
<tr>
<td>08 Jan</td>
<td>48.1mm</td>
<td>29 Jan</td>
<td>39.4mm</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

That remains rather dry for this time of the year.

1.6 Total pumping station hours for all stations were 130 hours in November and 336 hours in December 2018.
1.7 CCTV was being considered as extra security for the Board's main pumping station on Station Road, Tydd Gote.

1.8 Estimates for the financial year 2019-2020 showed a very slight 'shift' from agricultural land to non-agricultural land within the South Holland part of the Board's catchment of 0.12%. Members will recall that the single biggest 'shift' in recent years was caused by the construction of the 'new' A16 between Spalding and Eye.

1.9 Whilst always agreeing that Drainage Board precepts should not be treated as District Council expenditure, but in the same way as other precepts (County, Police and Parish), will rise for the next year for South Holland's portion from £138,369 to £142,003.

1.10 As reported in other years, the 'rate' of increase for North Level District IDB has been much lower than for our other IDBs.

1.11 Rates were to rise for the coming year by 2.5 per cent.

1.12 The meeting concluded with a presentation on proposals for Wisbech Market Town.

2.0 ACRONYMS

2.1 IDB – Internal Drainage Board

Background papers:- none

Lead Contact Officer
Name and Post: Gregory Watkinson, Democratic Services Officer, Democratic Services Officer
Telephone Number Tel: 01775 764599
Email: cmorgan@sholland.gov.uk, gwatkinson@sholland.gov.uk

Key Decision: N
Exempt Decision: N
1.0 BACKGROUND

1.1 The Cabinet considered final budget proposals at its meeting on 12th February 2019 and its recommendations are now provided to Council for its approval on 27th February 2019.

1.2 This report incorporates relevant resolutions for the setting of the Council Tax for 2019/20 in accordance with the recommended budget.

1.3 Formal resolutions are required to set the Council Tax in accordance with the Local Government Finance Act 1992 (as amended). These resolutions incorporate the precept requirement for South Holland District Council, as well as all other Authorities that issue a precept in the District. The required resolutions are detailed at Appendix A.

1.4 Schedule 5 of the Localism Act 2011 introduced a change to the Local Government Act 1992. This makes provision for Council Tax Referendums to be held if an authority increases its basic amount of Council Tax in excess of principles determined by the Secretary of State.

1.5 These principles are set each year and for 2019/20 the trigger levels have been set as follows:

- Lincolnshire County Council, as an Adult Social Care (ASC) Authority, can increase its core Council Tax by no more than 3% and an additional 2% on top of this for Adult Social Care use, i.e. a maximum of up to 5%.
- Lincolnshire Police and Crime Commissioner (LPCC) - If the basic amount of Council Tax increases by more than £24 above its 2018/19 value.
• South Holland District Council – If the basic amount of Council Tax increases by 3% (or more than 3%) and more than £5.
• Local precepting authorities (Parish Councils) are not subject to a Council Tax referendum.

Based on the Council tax resolutions at Appendix A none of the precepting authorities are setting a Council Tax level that would require a referendum.

1.6 South Holland District Council Budget

The South Holland District Council budget was considered by Cabinet on 12th February 2019 and recommendations are now provided to Council on 27th February, setting the band D Council tax at £174.78, a £4.95 (2.91%) increase on 2018/19. The Budget report is based on the finance settlement advised by the Department for Communities and Local Government.

1.7 Spalding Special Expenses

It is proposed that the amount to be charged to the residents of Spalding for services provided in their town (Spalding Special Expenses) are as follows:

<table>
<thead>
<tr>
<th>Gross Expenditure</th>
<th>£217,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less reserves funding</td>
<td>£0</td>
</tr>
<tr>
<td>Expenditure charged to residents</td>
<td>£217,700</td>
</tr>
<tr>
<td>Tax base</td>
<td>9,197</td>
</tr>
<tr>
<td>Band D (£.p)</td>
<td>£23.67</td>
</tr>
<tr>
<td>% Change from 2017-18</td>
<td>0.77%</td>
</tr>
</tbody>
</table>

1.8 Council Tax Resolutions

The required resolutions for the approval of the levels of Council Tax are set out at Appendix A. The figures relating to the District Council and the average of the parishes are summarised in the following table:

<table>
<thead>
<tr>
<th>Resolution Ref</th>
<th>Description</th>
<th>SHDC</th>
<th>Parish Precept (excl Spalding Special)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a</td>
<td>Gross expenditure</td>
<td>£42,440,280</td>
<td>£846,490</td>
<td>£43,286,770</td>
</tr>
<tr>
<td>3b</td>
<td>Gross income</td>
<td>37,558,500</td>
<td>0</td>
<td>37,558,500</td>
</tr>
<tr>
<td>3c</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4,881,780</strong></td>
<td><strong>846,490</strong></td>
<td><strong>5,728,270</strong></td>
</tr>
<tr>
<td>1a</td>
<td>Tax base</td>
<td>27,931</td>
<td>27,931</td>
<td>27,931</td>
</tr>
<tr>
<td>3d 3f</td>
<td>Band D Council Tax</td>
<td>174.78</td>
<td>30.31</td>
<td>205.09</td>
</tr>
</tbody>
</table>
1.9 The Council tax bills for 2019/20 include the requirements of Town and Parish Councils (where relevant), Lincolnshire County Council and the Police and Crime Commissioner for Lincolnshire, who are all individually responsible for setting their own Council tax levels. The Council tax resolutions (resolution 3(e), 4 and 5) relating to these organisations are covered at Appendix A and summarised below.

1.10 Town and Parish Councils

The Town and Parish Council precepts (including Spalding Special) are detailed at Appendix B and total £1,064,140. The average band D charge is £38.10 for 2019/20, an increase of 3.45%. Appendix D shows the combined parish and district precepts for all valuation bands.

1.11 Lincolnshire County Council (to be confirmed at the LCC Council meeting on 22nd February 2019)

Lincolnshire County Council will confirm its precept for 2019/20 at the LCC Meeting on 22nd February 2019. The LCC proposed Council Tax Requirement has been published in advance of the LCC Meeting and this represents a Council Tax Band D charge of £1,292.40 (£1,231.47 for 2018/19) which is a £60.93 (4.95%) increase, although this is subject to final confirmation.

1.12 Police and Crime Commissioner for Lincolnshire

The Police and Crime Commissioner’s budget for 2019/20 was approved by the Police and Crime Panel on 8th February 2019. The proposed Council Tax Requirement represents a Council Tax Band D charge of £241.38 (£217.44 for 2018/19) which is a £23.94 increase (11.01%), although this is subject to final confirmation by the Police and Crime Commissioner.

1.13 Based on the formal council tax resolutions the total (average) band D Council Tax will be as follows: (subject to formal confirmation of the LCC and PCCL Values).

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2019/20</th>
<th>Increase £</th>
<th>Increase %</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Holland DC</td>
<td>169.83</td>
<td>174.78</td>
<td>4.95</td>
<td>2.91%</td>
</tr>
<tr>
<td>Lincolnshire County Council</td>
<td>1,231.47</td>
<td>1,292.40</td>
<td>60.93</td>
<td>4.95%</td>
</tr>
<tr>
<td>Police and Crime Commissioner for Lincolnshire</td>
<td>217.44</td>
<td>241.38</td>
<td>23.94</td>
<td>11.01%</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>1,618.74</td>
<td>1,708.56</td>
<td><strong>89.82</strong></td>
<td><strong>5.55%</strong></td>
</tr>
<tr>
<td>Town and Parish Council, including Spalding Special (average)</td>
<td>36.83</td>
<td>38.10</td>
<td>1.27</td>
<td>3.45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,655.57</td>
<td>1,746.66</td>
<td><strong>91.09</strong></td>
<td><strong>5.81%</strong></td>
</tr>
</tbody>
</table>
1.14 **Appendix E** shows the combined council tax charges to include all precepting authorities by parish and valuation band.

2.0 **OPTIONS**

2.1 Approve the recommendations of this report

2.2 Make changes before approving the recommendations of this report.

3.0 **REASONS FOR RECOMMENDATIONS**

3.1 As the billing authority, South Holland DC is required by the Local Government Finance Act 1992 to set the Council Tax by 11th March 2019.

4.0 **EXPECTED BENEFITS**

4.1 To set the amounts for Council Tax applicable for 2019/20 for each valuation band and in each part of the District, by the required deadline for South Holland DC which will facilitate billing for the year.

4.2 Council Tax set in accordance with the resolutions will maintain a balanced budget in 2019/20 as per the recommendations from Cabinet on the Draft Budget, Medium Term Financial Plan and Capital Strategy Report for 2019/20.

5.0 **IMPLICATIONS**

5.1 **Financial**

5.1.1 Financial implications are detailed in the Budget, Medium Term Financial Plan and Capital Strategy report for 2019/20 and in section 1 above.

5.1.2 Parish Council precepts are financed by parish taxpayers in the same way as special expenses. The additions applicable to the district level of Council Tax for parish expenses are shown in the appendices to this report. The average parish addition to the district level of Council Tax will amount to £38.10 (£36.83 for 2018/19), an increase of £1.27 (3.45%) on last year.

5.1.3 The Authority must submit a Council Tax Requirement (CTR1) within 7 days of approval of the Council tax Resolutions. All summary figures quoted in this report are included in the return which confirms that the Authority does not appear to be subject to a referendum.

5.2 **Constitutional & Legal**

5.2.1 Local Government Finance Act 1992 as amended applies.

5.2.2 Under section 52ZC of the 1992 Act the question of whether an authority’s relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State.
5.2.3 The principles for a financial year must be set out in a report which must be laid before and approved by the House of Commons. If the report for a financial year is not approved on or before the date on which the local government finance report for the same year is approved by the House of Commons, no principles have effect for that year and accordingly no authority’s relevant basic amount of council tax is capable of being excessive for that year.

5.2.4 Paragraph 1.5 specifies the proposed referendum principles as they apply to those authorities precepting on South Holland residents.

5.3 Risk Management

5.3.1 All risks are detailed in the budget setting report.

5.4 Stakeholders / Constitution / Timescales

5.4.1 Stakeholders have been consulted as part of the budget setting process for 2019/20.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 None

Background papers:- 2019/20 Budget, Medium Term Financial Plan and Capital Strategy

Lead Contact Officer
Name and Post: Jane Crosby, Head of Finance (CPBS)
Email: jane.crosby@cpbs.com

Key Decision: Yes
Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:
Appendix A 2019/20 Council Tax Resolutions
Appendix B 2019/20 Parish Council Tax base report
Appendix C 2019/20 South Holland District Council plus parishes band D Council Tax
Appendix D 2019/20 South Holland District Council plus parishes Council Tax all valuation bands
Appendix E 2019/20 Council Tax rates including County, and Police and Crime Commissioner for Lincolnshire– all valuation bands
Appendix F Council Tax resolution – definitions
Council is recommended to approve the following resolutions:

1. It is to be noted that on 19 December 2018 the Council calculated:
   - the Council Tax Base 2019-20 for the District as **27,931** (item T in the formula in section 31B(3) of the Local Government Finance Act 1992, as amended) and;
   - Dwellings in those parts of the district to which a Parish precept relates as shown in **Appendix B**

2. Calculate that the Council Tax requirement for the Council’s own purposes for 2019-20 (excluding Parish precepts and Spalding Special Expenses) is **£4,881,780**

3. That the following amounts be calculated by the Council for the year 2019-20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act): -
   - **£42,286,720** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act;
   - **£37,558,450** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
   - **£5,728,270** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (item R in the formula in Section 31a (4) of the Act);
   - **£205.09** being the amount at 3(c) divided by the amount at 1(a) (item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of Council Tax for the year (including Parish precepts);
   - **£846,490** being the aggregate amount of all special items (Parish precepts- excluding Spalding Special Expenses) referred to in Section 34(1) of the Act (see **Appendix B**);
   - **£174.78** being the amount at 3(d) less the result given by dividing the amount at (e) by the amount at 1(a) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of council tax for the year for dwellings in those parts of its areas to which no special item relates;
   - The figures shown in **Appendix C**, being the amounts given by adding to the amount at 3(f) the amounts of the special item or items relating to dwellings in those parts of the district divided in each case by the amount at 1(b), calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those
parts of its area to which one or more special items relate;

(h) The figures shown in Appendix D, being the amounts given by multiplying the amounts at 3(f) and 3(g) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2019-20 the Lincolnshire County Council (LCC) and the Police and Crime Commissioner (PCC) for Lincolnshire have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCC</td>
<td>861.6</td>
<td>0</td>
<td>1,005.2</td>
<td>0</td>
<td>1,148.8</td>
<td>0</td>
<td>1,292.4</td>
<td>0</td>
</tr>
<tr>
<td>PCC</td>
<td>160.9</td>
<td>2</td>
<td>187.74</td>
<td>214.56</td>
<td>241.38</td>
<td>295.02</td>
<td>348.66</td>
<td>402.30</td>
</tr>
</tbody>
</table>

5. That having calculated the aggregate in each case the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix E as the amount of Council Tax for 2019-20 of the categories of dwellings shown.

6. Appendix F provides definitions for the formal Council Tax resolution.
### SOUTH HOLLAND DISTRICT COUNCIL

**PARISH COUNCIL TAX BASE REPORT 2019-20**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowbit</td>
<td>469</td>
<td>12,675</td>
<td>27.02</td>
<td>22.83</td>
<td>18.35%</td>
</tr>
<tr>
<td>Crowland</td>
<td>1,444</td>
<td>81,371</td>
<td>56.35</td>
<td>55.69</td>
<td>1.19%</td>
</tr>
<tr>
<td>Deeping St Nicholas</td>
<td>556</td>
<td>13,945</td>
<td>25.08</td>
<td>23.09</td>
<td>8.62%</td>
</tr>
<tr>
<td>Donington</td>
<td>880</td>
<td>28,000</td>
<td>31.81</td>
<td>27.97</td>
<td>13.73%</td>
</tr>
<tr>
<td>Fleet</td>
<td>723</td>
<td>22,550</td>
<td>31.18</td>
<td>29.26</td>
<td>6.56%</td>
</tr>
<tr>
<td>Gedney</td>
<td>684</td>
<td>36,500</td>
<td>53.36</td>
<td>48.48</td>
<td>10.07%</td>
</tr>
<tr>
<td>Gedney Hill</td>
<td>227</td>
<td>6,000</td>
<td>26.43</td>
<td>26.66</td>
<td>-0.86%</td>
</tr>
<tr>
<td>Gosberton</td>
<td>888</td>
<td>30,812</td>
<td>34.69</td>
<td>34.31</td>
<td>1.11%</td>
</tr>
<tr>
<td>Holbeach</td>
<td>3,262</td>
<td>207,770</td>
<td>63.69</td>
<td>61.84</td>
<td>2.99%</td>
</tr>
<tr>
<td>Little Sutton</td>
<td>36</td>
<td>650</td>
<td>18.05</td>
<td>19.11</td>
<td>-5.55%</td>
</tr>
<tr>
<td>Long Sutton</td>
<td>1,552</td>
<td>81,607</td>
<td>52.58</td>
<td>49.70</td>
<td>5.79%</td>
</tr>
<tr>
<td>Lutton</td>
<td>397</td>
<td>19,000</td>
<td>47.85</td>
<td>48.59</td>
<td>-1.52%</td>
</tr>
<tr>
<td>Moulton</td>
<td>1,159</td>
<td>41,580</td>
<td>35.87</td>
<td>36.79</td>
<td>-2.50%</td>
</tr>
<tr>
<td>Pinchbeck</td>
<td>1,787</td>
<td>123,896</td>
<td>69.35</td>
<td>63.14</td>
<td>9.84%</td>
</tr>
<tr>
<td>Quading</td>
<td>417</td>
<td>7,000</td>
<td>16.78</td>
<td>19.41</td>
<td>-13.55%</td>
</tr>
<tr>
<td>Spalding **</td>
<td>9,197</td>
<td>217,700</td>
<td>23.67</td>
<td>23.49</td>
<td>0.77%</td>
</tr>
<tr>
<td>Surfleet</td>
<td>445</td>
<td>104</td>
<td>0.23</td>
<td>0.23</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sutton Bridge</td>
<td>1,221</td>
<td>63,841</td>
<td>52.28</td>
<td>51.22</td>
<td>2.07%</td>
</tr>
<tr>
<td>Sutton St Edmund</td>
<td>196</td>
<td>7,000</td>
<td>35.71</td>
<td>33.41</td>
<td>6.88%</td>
</tr>
<tr>
<td>Sutton St James</td>
<td>339</td>
<td>9,448</td>
<td>27.87</td>
<td>27.28</td>
<td>2.20%</td>
</tr>
<tr>
<td>Tydd St Mary</td>
<td>317</td>
<td>23,566</td>
<td>74.34</td>
<td>72.55</td>
<td>2.47%</td>
</tr>
<tr>
<td>Weston</td>
<td>650</td>
<td>15,000</td>
<td>23.07</td>
<td>23.77</td>
<td>-2.94%</td>
</tr>
<tr>
<td>Whaplode</td>
<td>1,085</td>
<td>14,175</td>
<td>13.06</td>
<td>12.64</td>
<td>3.32%</td>
</tr>
</tbody>
</table>

**Please Note**

- **Spalding Special Expenses**—Spalding Special Expenses raised by SHDC in lieu of Parish Precepts
- **Please also note that due to roundings, the Council tax leaflet and Council Tax bill amount may differ by 0.01 pence. The roundings are made so that the Council does not over collect Council Tax.**
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### SOUTH HOLLAND DISTRICT COUNCIL
### PLUS PARISHES BAND D 2019-20

<table>
<thead>
<tr>
<th>PARISH/AREA</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowbit</td>
<td>201.80</td>
</tr>
<tr>
<td>Crowland</td>
<td>231.13</td>
</tr>
<tr>
<td>Deeping St Nicholas</td>
<td>199.86</td>
</tr>
<tr>
<td>Donington</td>
<td>206.59</td>
</tr>
<tr>
<td>Fleet</td>
<td>205.96</td>
</tr>
<tr>
<td>Gedney</td>
<td>228.14</td>
</tr>
<tr>
<td>Gedney Hill</td>
<td>201.21</td>
</tr>
<tr>
<td>Gosberton</td>
<td>209.47</td>
</tr>
<tr>
<td>Holbeach</td>
<td>238.47</td>
</tr>
<tr>
<td>Little Sutton</td>
<td>192.83</td>
</tr>
<tr>
<td>Long Sutton</td>
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*Includes Spalding Special
## SOUTH HOLLAND DISTRICT, SPALDING SPECIAL AND PARISH COUNCIL

### COUNCIL TAX 2019-20 BY VALUATION BAND

#### APPENDIX D

<table>
<thead>
<tr>
<th>Part of the Council’s area</th>
<th>Valuation Band *</th>
<th>Band A with DBR</th>
<th>£</th>
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<th>£</th>
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<td>C</td>
<td>1,148.80</td>
</tr>
<tr>
<td>D</td>
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<tr>
<td>E</td>
<td>1,579.60</td>
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<td>F</td>
<td>1,866.80</td>
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<td>G</td>
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<tr>
<td>H</td>
<td>2,584.80</td>
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* these figures are for band A properties where the occupier gets a Disabled Band Reduction
## SOUTH HOLLAND DISTRICT COUNCIL
### LEVELS OF OVERALL COUNCIL TAX 2019-20

### Appendix E

### Parts of the Council's area

<table>
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<th>Band A + with DBR</th>
<th>Valuation Band</th>
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<td>A £</td>
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<td>------------------</td>
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### Lincolnshire

<table>
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<td>Gedney</td>
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</tr>
<tr>
<td>Gedney Hill</td>
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<td>Gosberton</td>
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<td>Holbeach</td>
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* these figures are for band A properties where the occupier gets a Disabled Band Reduction

### Council Tax 2019-20

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<th>B £</th>
<th>C £</th>
<th>D £</th>
<th>E £</th>
<th>F £</th>
<th>G £</th>
<th>H £</th>
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<tr>
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<td>1,866.80</td>
<td>2,154.00</td>
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<tr>
<td>Police &amp; Crime Commissioner for</td>
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<td>252.46</td>
<td>291.30</td>
<td>349.56</td>
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<td>46.57</td>
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COUNCIL TAX RESOLUTION - DEFINITIONS

The following notes detail the information contained in the formal Council Tax resolution at Appendix A (and in Appendices B to E).

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<th>PARAGRAPH REFERENCE</th>
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<td>1 (a)</td>
<td>The Council Tax Base for 2019-20</td>
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<tr>
<td>1 (b)/App B</td>
<td>The Council Tax Base for 2019-20 broken down by Parish. Appendix B also shows the amount that the parish is precepting from the district and the Band D figure for that level of precept.</td>
</tr>
<tr>
<td>2</td>
<td>The amount raised for South Holland District Council own use from Council Tax. It is the multiple of the tax base (1(a)) and South Holland’s element of the band D Council tax (3 (f)). It excludes Spalding Special Expenses.</td>
</tr>
<tr>
<td>3(a)</td>
<td>The estimated gross revenue expenditure for South Holland District Council, plus parish precepts for 2019-20.</td>
</tr>
<tr>
<td>3(b)</td>
<td>The estimated gross revenue income for South Holland District Council including use of balances and income from retained Non-Domestic Rates and Revenue Support Grant, for 2019-20.</td>
</tr>
<tr>
<td>3(c)</td>
<td>Estimated gross revenue expenditure (3a) less estimated gross revenue income (3b) equals the Council’s Council Tax requirement for 2019-20.</td>
</tr>
<tr>
<td>3(d)</td>
<td>The basic amount of Council Tax for 2019-20 South Holland District Council element plus the parish element (including any special levy) - for a Band D property. (Excludes Spalding Special Expenses)</td>
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<tr>
<td>3(e)</td>
<td>The total of parish precepts for 2019-20.</td>
</tr>
<tr>
<td>3(f)</td>
<td>The South Holland District Council only element of the Council Tax for 2019-20 (excluding parish element) for a Band D property. (Excludes Spalding Special Expenses)</td>
</tr>
<tr>
<td>3(g)/App C</td>
<td>The South Holland District Council element plus the parish element of the Council Tax for 2019-20, shown for each parish for a Band D property.</td>
</tr>
<tr>
<td>3(h)/App D</td>
<td>The South Holland District Council element plus the parish element of the Council Tax for 2019-20, shown for each parish and for each Valuation Band.</td>
</tr>
<tr>
<td>4</td>
<td>The Lincolnshire County Council and the Police &amp; Crime Commissioner Lincolnshire elements of the Council Tax for 2019-20 shown for each Valuation Band.</td>
</tr>
<tr>
<td>5/App E</td>
<td>The Lincolnshire County Council element plus the Police &amp; Crime Commissioner Lincolnshire element plus the South Holland District Council element plus the parish element of the Council Tax, shown for each parish and for each Valuation Band. These are the gross amounts of the Council Tax bill for 2019-20.</td>
</tr>
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</table>
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This page is intentionally left blank
By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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