



BOSTON BOROUGH COUNCIL

CABINET: 19 FEBRUARY 2020

REPORT OF MARTIN HOWARD, FINANCE PORTFOLIO HOLDER

(Author: Chief Finance Officer)

**BUDGET SETTING REPORT AND MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2020/21 – 2024/25**

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FOREWORD TO THE BUDGET FROM COUNCILLOR MARTIN HOWARD - FINANCE PORTFOLIO HOLDER

This is the first budget of the new Council elected in May 2019, although both the financial and service delivery challenges that have faced councils for the last few years are set to continue.

Using the Government's figures, the real change in Boston's Core Spending Power across the four years to 2019/20 was -20%, with grant reductions well in excess of this. This meant that the Council's focus was on finding savings in a period of austerity and almost £3m of net budget reductions have been achieved since 2011, enabling annual balanced budgets to be set and delivered.

The Chancellor's 2019 single year Spending Review in September set out the Government's overall public sector spending figures for the coming year, allocating resources between government departments for 2020/21. The Government also announced that a longer term Spending Review is planned for next year, which should give councils a better understanding of the likely resources available in the medium term and assist their financial planning.

Major developments affecting the Council and the borough during 2019/20 included installation of the £100m+ Boston Barrier, the announcement of £21m funding for Accident & Emergency services at the Pilgrim hospital, the Council considering its response to the broader climate change agenda, the announcement of the award of up to £25m from the Government's Towns Fund to develop an innovative regeneration plan for the town, ongoing positive new house building numbers, progress with the Quadrant development and release of Housing Infrastructure Fund monies, and the commencement of construction of the new community football stadium.

In September 2019 the Council undertook a Peer Challenge with help from the Local Government Association, and in light of its findings and recommendations will be updating the Council's Corporate Plan during 2020 to give direction for the coming years. The outcome was very positive, and an action plan has been prepared and was approved by the Council in December 2019.

The financial regime from 2021/22 following the election of the new Government, the conclusion of the 2020 Spending Review, the proposed Fairer Funding review and introduction of further localisation of business rates, will determine the Council's future financial landscape and constraints/opportunities in the coming years. The recent closure of large local businesses highlights the difficulties that the economy faces, whilst the changing way that people shop is impacting on the viability of town centres across the country. These changes mean that there are potentially significant risks to future funding levels, which will require careful management and planning. The challenge of delivering balanced budgets remains a key issue, and the recent refresh of the Transformation Programme provides a clear framework within which resources will be aligned to continue to deliver valued services to the community. The Council's risk management processes are robust, and alongside the annual budget the quarterly performance reporting process will provide updates on the impacts experienced as things become clearer.

In 2020/21, net budget savings of over £450,000 have been identified, ensuring a balanced budget is proposed. The refresh of the Transformation Programme has ensured that the Council continues to provide the services it is required to by law, whilst also supporting the Borough's most vulnerable residents and investing in the local economy. The Council will continue to strive to be as efficient as possible in all its work, building on the existing partnership working initiatives, whilst ensuring it maximises the income it receives.

In developing the Council's budget proposals for 2020/21, it has managed inflationary pressures on its operational costs and pressures on some areas of income collection. Areas where net budget reductions have been delivered to produce a balanced budget include service modernisation initiatives in street cleansing, community safety and finance; increasing garden waste fees; amending council tax levels for long-term empty properties; and a review of bad debt provisions. The Council continues to develop its response to the 'commercial agenda' and the role of innovation and development of services to deliver new/increased income. An example is the Council's Commercial Waste Service that has delivered income growth to support the Council to deliver on its priorities and provides learning across all service areas to drive further commercialisation opportunities. In addition, following the Peer Review and continued high level of planning applications, resources have been increased in the development management service to provide additional officer capacity to support growth through the planning function.

In order to deliver its statutory budgetary duty from 2021/22 and develop proposals for a financially secure medium term, the Council will update its Corporate Plan during 2020/21 and continue to seek innovative opportunities to achieve the anticipated budget reductions necessary to deliver balanced budgets each year without adversely affecting service delivery and compromising its priorities. Reports will be presented for deliberation and approval as projects are worked up, using the Transformation Programme as the basis to progress from.

The budget for 2020/21 proposes an increase in Boston Borough Council's council tax of 2.05%. This will give an average Borough Band D council tax increase of less than 8 pence per week, with almost 90% of households paying less than this. This budget is designed to meet the Council's challenges and responsibilities, and ensure that the best possible services continue to be provided to Boston's residents, businesses and visitors.

EXECUTIVE SUMMARY:

	2019/20	2020/21
Boston Borough Council Precept	£3,618,029	£3,715,040
Council Tax Increase	2.99%	2.05%
Council Tax Band D	£189.09	£192.96
Government Funding (RSG, Specific Grants and NHB)	£1,956,050	£2,361,720
Boston Town Area Committee Special Expense Account (1.94% increase proposed) *	£680,303	£702,696
Earmarked Reserves (at 1 April)	£10.519m	£12.243m

* The 2020/21 figure for Boston Town Area Committee (BTAC) is the one recommended at its meeting on 22 January.

SAVINGS REQUIREMENTS:

	2020/21	2021/22*	2022/23*	2023/24*	2024/25*
	£000	£000	£000	£000	£000
Budget Savings Requirement (£'000) – cumulative	-	926	1,066	1,327	1,421
Budget Savings Requirement (£'000) – annual	-	926	140	261	94

The difference arises from the updating of estimates following the receipt of new information, including a reduction in replacement bin income following Cabinet's January decision and the actual Internal Drainage Board levies being formally confirmed.

** Given the previous announcement that a Spending Review will be undertaken during 2020/21 and the recently elected Government, at this stage future years' budget savings figures are based on projections made by LG Futures, specialist local government funding advisors*

1. INTRODUCTION

- 1.1 This report outlines the 2020/21 revenue and capital position for the General Fund and proposals for the setting of discretionary fees and charges. The purpose of the report is to ask Members to recommend the 2020/21 estimates (along with associated Policies and Strategies) and council tax level to the Council for formal approval, and for Members to be advised on the projected financial position through to 2024/25. The final settlement figures were published by the government on 6 February 2020.
- 1.2 The Local Government Act 2003 introduced a requirement for the Chief Financial Officer to report on the robustness of the budget. The estimates have been prepared in a prudent manner, although it should be recognised that there are a number of elements outside of the Council's control. Assessing the projected 2019/20 outturn position informs the reliance we can place on the baseline we use for setting the 2020/21 estimates. Officers believe the outturn for 2019/20 will be broadly in line with the budget. Key risks have been identified in section 10 of this report and will be mitigated through the regular budget monitoring and risk management processes in place at the Council.
- 1.3 This year's Medium Term Financial Strategy is set at a time of continuing significant uncertainty, change and financial challenges for local government, with issues such as the new Government's priorities, welfare reform, responding to reductions in Central Government funding (with a greater emphasis on business and housing growth), the previously proposed 2020 Spending Review, and the expectation of a new funding regime from 2021/22 all contributing to the scale of the challenges the Council faces.
- 1.4 There are also significant changes affecting business rates. Some have already been introduced (the part-localisation of the regime from April 2013 and the 2017 revaluation exercise) and others (the proposal to further devolve business rate incomes to councils) are yet to come into full effect. Their impacts include the positive financial effect of growth in the local rateable value on the Council's resource base, but this comes at a price, with increased uncertainties surrounding the extent of appeals and the ability to accurately forecast income into the future.
- 1.5 All of these changes create both opportunities and downside risks to the Council, and are reflected in the Strategy.

2. BUDGET ASSUMPTIONS

Table 1 – Assumptions which influence the five year financial strategy

Assumption	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Budgeted inflation ¹	0%	0%	0%	0%	0%	0%
Pay costs increase ²	2% from scp 12	2%	2%	2%	2%	2%
Full Time Equivalent Employees ³	262.9	266.3	264.0	263.8	263.8	263.8
Pension contribution rate – current service cost ⁴	16.6%	17.7%	17.7%	17.7%	17.7%	17.7%
Pension contribution rate – lump sum element ⁴	£570,000	£598,000	£670,000	£745,000	£835,000	£935,000
NI contribution rate ⁵	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
Return on cash investments	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%
Return on property funds	3.0%	3.25%	3.25%	3.25%	3.25%	3.25%
Staffing levels	99%	99%	99%	99%	99%	99%
Tax base ⁶	19,133.90	19,252.9	19,445.4	19,639.9	19,836.3	20,034.7
Fuel cost rises ¹	3%	5%	5%	5%	5%	5%

1. 0% used except for utilities/fuel where 5% per annum has been used, reflecting the price risk for these areas and also taking into account any gains from both climate change and transformational activity by the Council which are likely to lead to reduced consumption.
2. A flat 2% has been included for 2020/21 onwards.
3. It is recognised that some projects within the Transformation Programme could potentially further affect staffing numbers in future years. Until business cases are worked-up it is not possible to make further assumptions on any changes.
4. The pension contribution rate is based on a current service cost employer's contribution rate of 17.7% from 2020/21, plus annual monetary contributions in respect of past service.
5. The National insurance contribution is included at 13.8%; however this may change over the five years.

6. The tax base used for Council Tax setting is calculated as prescribed by statute, with responsibility for the setting of the tax base delegated to the Council's Section 151 Officer. The tax base for 2020/21 is 19,252.9 and for estimation purposes has been increased by 1% per annum thereafter. This may increase if the recent number of planning applications deliver additional Band D equivalent properties above the assumption, and will be reflected in the annual budget figures as appropriate.

3. RESOURCES

Business Rates Retention

- 3.1 Table 2 details the Council's retained business rates for 2020/21, based on the final local government settlement.
- 3.2 Under the current part localisation regime, where the Council collects more business rates than the baseline set by Central Government, a levy of 50% is applied and paid to Central government. A way to avoid this levy to Central Government is to pool business rates with a County Council, and, as in most years since 2016/17, Boston has entered into a voluntary pooling arrangement for 2020/21 with Lincolnshire County Council and some of the District Councils in the area (in 2018/19, the Council was part of a successful bid across the county to be a pilot for 100% localisation).
- 3.3 The Government has announced intentions for business rates to become 75% retained by councils, with proposals for a new funding system for local authorities also due to be in place from 2021/22. Consultation papers on the potential future localisation and Fairer Funding proposals were published in 2019, and their impacts will be reported as the regime is developed. Three yearly revaluation periods are set to be introduced from 2021.
- 3.4 Information on the new procedure for appeals, introduced at the same time as the 2017 national revaluation, continues to be limited to date, and there is a possibility that the actual situation will be significantly different from that included in the forward estimates which may require the Council to adjust its forecasts in light of the outcome.
- 3.5 As a consequence of the part localisation of the business rate regime the Council recruited a Business Rates Assurance Manager to ensure that the list is complete and accurate. The cost of the officer is funded from additional business rate income to the Council, and outcomes from that area of work are reported as part of the quarterly monitoring process, with significant positive impacts to the Council to date during a time when there have been numerous challenges to the list.

Table 2 – Business Rates

	2019/20 £'000	Draft 2020/21 £'000	Draft 2021/22 £'000	Draft 2022/23 £'000	Draft 2023/24 £'000	Draft 2024/25 £'000
Retained Business Rates	7,904	8,017	8,393	8,586	8,781	8,983
Tariff	(5,055)	(5,141)	(5,436)	(5,543)	(5,650)	(5,760)
Pre Levy Income	2,849	2,876	2,957	3,043	3,131	3,223
Renewable Energy (100% retained by Boston BC)	111	204	164	167	170	174
Less net levy payment to Lincolnshire Pool	(257)	(250)	-	-	-	-
Levy Account Surplus – Settlement Data	41	-	-	-	-	-
Estimated Business Rates (Deficit) / Surplus	1,569	(273)	-	-	-	-
Equals Net Retained Business Rates Income	4,313	2,557	3,121	3,210	3,301	3,397

- 3.6 The estimated business rates surplus for 2020/21 in Table 2 is due mainly to the outcome of a review in 2018/19 into the appropriate provision needed to cover the likely costs of appeals not yet determined. The 2020/21 deficit reflects the fact that 2019/20 actual figures are expected to be below those estimated, recognising the difficult economic conditions being faced. It is being funded from the Funding Volatility Reserve.
- 3.7 In the 2018 Budget, the Chancellor announced support for retail businesses that reduces the amount of business rates shown in the table above for 2019/20 and 2020/21; compensating Section 31 grant money is being received by the Council to offset this (with the expectation that this will increase further for 2020/21 following the announcement of a proposed increase in retail relief from 1 April 2020).
- 3.8 The future business rate projections are in line with the inflation indices used by the Government. To illustrate the potential impact should these rates not materialise, uplifts of 2% p.a. would reduce the Council's retained business rates by approximately £120,000 by 2024/25. The annual MTFs refresh will provide updates on the projections, but they are included here to indicate some of the extent of uncertainties in the Council's future resource base inherent in the localisation regime. Also, in the November 2017 Budget the Chancellor announced a change to the method of indexation for business rates, to CPI, the cost of which will be reimbursed to councils through section 31 grant.

- 3.9 From 2021/22, the proposed revised regime could present risks to the Council's future funding position, depending on its growth in relation to the rest of the country between revaluations and the details of how the regime will operate.

Council Tax

- 3.10 Since 2013/14, the Council has revised its exemptions and discounts for Council Tax to recover the reduced funding as part of the Council Tax Support (CTS) scheme, and on 16 December 2019 the Council approved its CTS scheme for 2020/21. It is proposed that further changes are approved for 2020/21 in respect of long term empty properties, following changes to Government Regulations intending to encourage such properties back into use.
- 3.11 The Council Tax element of the Collection Fund has been calculated based on the 2019/20 scheme, leaving a budget neutral position. This will be reviewed throughout the year, and collection rates assessed. The MTFS assumes an increase in the Borough's council tax of 2.05% for 2020/21, then circa 2.0% p.a. thereafter. The surplus in 2019/20 is as a result of additional properties being built during 2018/19 above the estimated figure.

Table 3 – Council Tax

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	No. Of properties					
Council Tax base (Band D equivalents)	19,133.9	19,252.9	19,445.4	19,639.9	19,836.3	20,034.7
	£	£	£	£	£	£
Council Tax Band D	189.09	192.96	196.83	200.79	204.84	208.98
Annual Increase £	5.49	3.87	3.87	3.96	4.05	4.14
Annual Increase %	2.99	2.05	2.01	2.01	2.02	2.02
Gross Council Tax collected	3,618,029	3,715,040	3,827,438	3,943,496	4,063,268	4,186,852
In year Surplus / (deficit)	30,000	10,900	-	-	-	-
TOTAL	3,648,029	3,725,940	3,827,438	3,943,496	4,063,268	4,186,852

Revenue Support Grant (RSG) and Section 31 Grants

Table 4 – RSG and Section 31 Grants

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	342	311	355	362	369	376
Rural Services Delivery Grant	85	85	85	85	85	85
Brexit Preparation Grant	17	-	-	-	-	-
S31 NNDR reliefs including SBRR	808	1,080	-	-	-	-
Total Received	1,252	1,476	440	447	454	461

- 3.12 Following the announcement of four year figures in 2016/17, significant reductions of Revenue Support Grant (RSG) have occurred in recent years, and from 2021/22 it has been held at present levels awaiting the outcome of proposals for further localisation of the business rates regime.
- 3.13 As part of the plans for further local retention of business rates, S31 relief grant has been removed from 2021/22. Other grants have been left in for illustration purposes until more detail is known.
- 3.14 In March 2016, the Government announced it would make the exempting of small businesses from business rates permanent, and the table above reflects the estimated reimbursement from government for Boston's share of this cost.
- 3.15 As part of the 2016/17 four year settlement, the Government gave some recognition to the additional costs of providing services in rural areas, with affected councils receiving amounts of Rural Services Delivery Grant over the period to 2019/20; this has been extended for one year and so in 2020/21 the Council will again receive support.

New Homes Bonus

- 3.16 The New Homes Bonus (NHB) was introduced in order to provide a clear incentive to local authorities to encourage housing growth in their areas. The Government then published a consultation paper in December 2015 “New Homes Bonus: Sharpening the Incentive” in order to make changes to the scheme from a system with no controls to one that is cash-limited each year. Key changes introduced in 2017/18 were:
- A move to four-year payments for both existing and future NHB allocations from 2018/19.
 - Introduction of a national baseline of 0.4%, for 2017/18 and 2018/19, below which allocations will not be made.
 - Government will also retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth.
 - Allocations will continue to be un-ring fenced.
- 3.17 For 2020/21, the Government has announced that payments will be made for one year only, with legacy payments for earlier years phased out over the coming years.

Table 5 – New Homes Bonus estimates

Boston BC share	2019/20	Draft	Draft	Draft	Draft	Draft
	£000	2020/21	2021/22	2022/23	2023/24	2024/25
		£000	£000	£000	£000	£000
TOTAL	721	886	482	289	-	-

- 3.18 It is anticipated that the Government will introduce a revised future incentive for councils to promote local growth, although no details have been published yet.
- 3.19 The MTFS assumes that 50% of NHB payments will be transferred into the Capital reserve each year, with the remaining 50% used to support the Council’s revenue budget until 2022/23.

Fees and Charges

- 3.20 Income from fees and charges is an important source of revenue for the Council, representing over 13% of the gross income budgeted in 2020/21. Charges have a central role to play in service delivery, raising income, controlling access, responding to competition, funding investment and affecting behaviour.
- 3.21 For 2020/21, there is one area where a fee increase from 1 April 2020 has already been approved, for the collection of garden waste. The fees and charges charged in 2019/20 are shown at <https://moderngov.boston.gov.uk/documents/s6302/Appendix%20-%20Fees%20and%20Charges.pdf>
- 3.22 The Planning fee income budget has been revised upwards following the adoption of the Local Plan and the recent increase in the number of applications received, and expected to be received in the coming years. This has required additional staffing resource which is included in the spending plans set out in Section 4, funded from the additional fee income.
- 3.23 Fees and charges are set within the framework of the Corporate Charging Policy, which is attached at **Appendix 3**.
- 3.24 As part of the broader moves to commercialisation across the Council, in line with many other authorities as they respond to the increasing challenges of diminishing resources, it is recognised that, in accordance with the Corporate Charging Policy, in-year variances to the approved fees and charges on a trial basis, within the approved budget framework, can be made. Any such changes will then be reported in the next quarterly monitoring report.
- 3.25 **Appendix 4** shows the proposed fees and charges to be charged from 1 April 2020. Once these changes have been approved the full list of Council fees and charges applicable for 2020/21 will be published on the Council's website.
- 3.26 The following table shows the main income budgets from fees and charges for Boston, before any consideration of possible increases beyond 2020/21 as part of balancing net budget and resources in those years. At this time assumptions for the majority of these areas are that income levels will not increase within the period of the MTF5, and this will be revisited as part of the annual Budget and Strategy refresh. Given the scale of Transformation savings required in the coming years, it is likely that future years will see rises in some fee areas.

Table 6 – Fees and charges income budgets

Budget Area	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Leisure income	961	922	922	922	922	922
Building control	183	183	183	183	183	183
Licensing	122	131	131	131	131	131
Land charges	99	91	91	91	91	91
Bereavement	828	859	885	911	941	968
Garden Waste	408	574	574	574	574	574
Trade waste	251	285	294	302	311	321
Planning fees	515	561	571	584	594	601
Parking	990	1,019	1,019	1,019	1,019	1,019
Markets	160	130	130	130	130	130
Other small areas	169	168	168	172	172	173
TOTAL FEE INCOME	4,686	4,923	4,968	5,019	5,068	5,113

Other Income

3.28 The Council also receives a number of other forms of income, and these are shown in the following table:

Table 7 – Other Income

	2019/20 £'000	2020/21* £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Housing benefit subsidy	17,847	15,170	15,170	15,170	15,170	15,170
Council tax and Housing benefit administration grant	323	305	305	305	305	305
Specific government grants	119	99	46	45	44	44
Housing benefit overpayments	80	120	120	120	120	120
Court income	197	251	251	251	251	251
Rental income	617	577	577	576	574	573
NNDR admin grant	92	92	92	92	92	92
Other Contributions (from external bodies for sharing of services and posts)	868	841	857	876	895	790
Other Income	915	942	941	856	912	1,011
Total Other Income	21,058	18,397	18,359	18,291	18,363	18,356

* Housing benefit subsidy has reduced following the initial introduction of Universal Credit locally. Future phases have not been factored into budgets as their timing and impact are uncertain.

External Funding opportunities

3.29 With the continuing reduction in resources available to the Council it will be important to seek and secure funds from external sources wherever possible, in accordance with the Council's priorities. For example, the announcement during 2018/19 of the Council's successful bid, in conjunction with partners, in relation to the Controlling Migration Fund. The Council's revenue element is shown within specific government grants for 2019/20.

Summary

Table 8 – All sources of income

Budget Area	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Business rates	4,313	2,557	3,121	3,210	3,301	3,397
Revenue Support Grant	342	311	355	362	369	376
Other Grants	910	1,165	85	85	85	85
New Homes Bonus	721	886	482	289	-	-
Total Government Resources	6,286	4,919	4,043	3,946	3,755	3,858
Council tax – Boston BC precept, including Collection Fund adjustment	3,648	3,726	3,827	3,943	4,063	4,187
BTAC Special Area Expense	680	703	724	746	768	791
Parish Councils' Precepts	404	454	459	463	468	473
Fees & charges	4,686	4,923	4,968	5,019	5,068	5,113
Other income	21,058	18,397	18,359	18,291	18,363	18,356
Return on Cash Investments	82	100	123	147	181	218
Return on Property Funds	629	977	982	987	991	996
Contribution from Reserves	2,623	2,903	265	336	94	112
Gross budgeted income	40,096	37,102	33,750	33,878	33,751	34,104

4. 2020/21 SPENDING PLANS

- 4.1 The following table shows the estimates by type of expenditure/income split over the CIPFA standard classification for the next five years. The paragraphs below the table provide information on budget variances between years. Details of the overall position are shown at **Appendices 1 and 2**.

Table 9 – Estimates by expenditure/income

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	9,555	9,749	9,755	9,967	10,320	10,596
Premises	1,360	1,401	1,418	1,453	1,487	1,483
Transport	552	531	547	563	579	588
Supplies and Services	2,801	3,341	2,921	2,897	2,970	3,100
Third Party Payments	201	155	157	159	161	163
Drainage Board Levies	1,899	1,960	1,999	2,039	2,080	2,130
Parish Councils' Precepts	404	454	459	463	468	473
Transfer Payments	17,847	15,164	15,170	15,170	15,170	15,159
Direct Revenue Financing of Capital	1,999	1,861	204	288	76	94
Interest Payable on Borrowing	500	494	494	494	494	494
Minimum Revenue Provision	-	15	15	15	15	15
Contribution to Reserves	2,978	1,977	1,537	1,436	1,258	1,230
Savings Target	-	-	(926)	(1,066)	(1,327)	(1,421)
Gross Expenditure	40,096	37,102	33,750	33,878	33,751	34,104

- 4.2 All staffing costs have been prepared in accordance with the Council's Pay Policy as detailed in **Appendix 7**. Pension cost estimates have been prepared on the basis of whether current post holders were in the scheme or not as at 31 August 2019. The pension costs reflect the revised contribution rates and lump sum payable as detailed in the triennial pension valuation results that will take effect from 1 April 2020.

- 4.3 Internal Drainage Board (IDB) increases, in total average 3.2% for 2020/21. Post 2020/21 increases have been estimated at this time, with an increase of 2% p.a. assumed. At a time of significant cuts and having to find significant savings annually, the Council is liaising with the local Internal Drainage Boards to work towards limiting future increases where possible. IDB commentary on their areas of work is included at **Appendix 8**.
- 4.4 Capital financing and direct revenue financing is mainly for capital expenditure funded from reserve contributions.
- 4.5 The contribution to reserves is for contributions to the capital reserve from New Homes Bonus funding, and the revenue contribution to the capital programme (£400,000 in 2020/21). The overall contribution is anticipated to reduce significantly across the MTFs period due to the New Homes Bonus scheme ending.

5. COUNCIL TAX REQUIREMENT

- 5.1 Outline estimates through to 2024/25 are shown at **Appendices 1 and 2**. In compiling these figures we have used the assumptions set out in Section 2 of this report and made specific adjustments to service budgets as and where Service Managers have advised of changes over the medium term. These forward estimates allow for annual increases of 2% at Band D from 2021/22 onwards for Council Tax, but are subject to risks surrounding the Secretary of State's annual referendum limits. These assumptions are for planning purposes only and are likely to change.

Table 10 – Council Tax Requirement

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Net Expenditure	9,053	9,098	9,054	9,309
Retained Business Rates	(3,121)	(3,210)	(3,301)	(3,397)
Revenue Support Grant	(355)	(362)	(369)	(376)
New Homes Bonus	(482)	(289)	-	-
Parish Councils' Precepts	(459)	(463)	(468)	(473)
Other Grants	(85)	(85)	(85)	(85)
Special Expenses	(724)	(746)	(768)	(791)
Boston BC Council Tax Requirement	3,827	3,943	4,063	4,187

- 5.2 The forward estimates demonstrate that achieving a balanced position annually will require significant ongoing savings, and the approval of the refreshed Transformation Programme provides the framework for this. Further information on efficiencies and economies is provided in section 9 of this report.

6. OTHER BUDGET ISSUES

- 6.1 In order to meet its obligations, equality impact assessments will be carried out when the nature of proposed changes to services and the potential mitigation (if any) is clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been, and will continue to be, regularly undertaken and considered as part of the decision making process.
- 6.2 Cabinet members are also asked to note the budget proposals for the Boston Town Area Committee, set out in the Executive Summary, which were discussed at its meeting on 22 January 2020, and recommended for formal Council approval.

7. RESERVES

- 7.1 To comply with the requirements of the Local Government Act 2003, the Council must undertake a review of the level of reserves as part of annual budget preparation. A review of the current projection for reserves has been undertaken, including a review of current and future risks the Council might face. This has included an assessment of risk registers, pressures upon services, inflation and interest rates and any underwriting arrangements. The proposed budget has been developed on the basis of not requiring any long term support from reserves.

General Balances

- 7.2 The General Fund balance is estimated to stand at £2.0m for the next five years, which the Council's Section 151 Officer believes to be prudent for the Council at this time.

Specific Reserves

- 7.3 Specific reserves are set up to provide funds for known future commitments or provide resources for unexpected events. The projected closing balance on specific reserves over the next five years is given below in table 11. Given the risks and uncertainties facing both the local and national economy the Council is committed to retaining robust levels of reserves, whilst ensuring resources are available to enable efficient service delivery.
- 7.4 The projected increase in the Capital Reserve is as a direct consequence of the expectation that the Council's capital resources will diminish in the coming years, and if it is to protect services and the value of its assets, the Council will need to ensure that funds are available to support core service priorities, as well as seeking external sources wherever possible.
- 7.5 The creation of the Mitigation Reserve occurred following the approval of capital spend on Property Fund holdings, with the recognition that the Council needs to ensure that future revenue budgets are protected, if necessary.
- 7.6 The projected decrease in the Housing Reserve is to deliver the Rapid Rehousing Pathway initiative, fully funded from government grant.

Table 11 – Specific Reserves

Reserve	Balance 31.03.20 £'000	Balance 31.03.21 £'000	Balance 31.03.22 £'000	Balance 31.03.23 £'000	Balance 31.03.24 £'000	Balance 31.03.25 £'000
Capital Funding	(5,298)	(5,561)	(6,828)	(7,924)	(9,036)	(10,165)
Transformation	(946)	(966)	(986)	(1,018)	(1,018)	(1,018)
ICT	(322)	(222)	(175)	(105)	(85)	-
Repairs and Renewals	(674)	(628)	(655)	(690)	(725)	(761)
Housing	(1,628)	(907)	(912)	(919)	(956)	(994)
Controlling Migration Fund	(80)	-	-	-	-	-
Funding Volatility Reserve	(2,930)	(2,669)	(2,669)	(2,669)	(2,669)	(2,669)
Insurance	(290)	(290)	(290)	(290)	(290)	(290)
Property Fund Mitigation Reserve	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total	(13,168)	(12,243)	(13,515)	(14,615)	(15,779)	(16,897)

- 7.6 **Appendix 5** and table 11 above outline the projected position on reserves over the next five years. This shows the name of each specific reserve, the balance as at the 1 April for each year of the financial strategy, and the movements in capital and revenue.
- 7.7 The main increase in reserves relates to the capital reserve. There are a number of potential capital commitments and risks such as ongoing investment in assets and energy efficiency measures, the majority of which have not been included in the capital programme at this point. A condition survey of the Council's assets will be undertaken during 2020/21 to inform future capital spend. Proposals will be brought forward annually as schemes are worked up.
- 7.8 The Government has been critical of Councils across the country and their levels of reserves. However, given strategic risks, such as business rate appeals and flooding, and uncertainties in respect of the amount of resources to meet future spending plans, we believe that Boston Borough Council's proposed level of reserves is appropriate.

8. CONSULTATION

8.1 Under the Gunning Principles, the following points are the golden rules of consultation:

- Proposals being consulted upon must be at a formative stage;
- Proposals must contain enough information for the respondent to provide intelligent consideration;
- Must give adequate time for a response;
- Responses must be conscientiously taken into account.

8.2 Using these principles, the budget consultation process for the 2020/21 budget comprised a number of elements. It was published on the Council's website for consultation by all stakeholders, including the local business community.

8.3 In addition to this we consulted through a number of Member forums including Cabinet and Scrutiny; and on the governance aspects of its preparation through the Audit and Governance Committee.

8.4 Comments received through the Member forums included the need to ensure that Internal Drainage Board funding and its impact on district council budgets is included in representations regarding the future funding regime.

During debate at Scrutiny, two main views were expressed. Some Members felt that the Council should consider increasing the council tax as much as possible to safeguard council services and reassure Members that the challenge of future savings' targets could be met. There was also a view that the increase should be as low as possible, because of the impact on low income families who were already struggling to pay increasing bills. A vote was taken; being 6 for and 5 against increasing as much as possible.

8.5 The public responses will be given verbally to the Cabinet, as the consultation period was still open when this report was published.

9. SAVINGS TARGETS/TRANSFORMATION PROGRAMME

- 9.1 The projected budgets recognise an increasingly challenging and uncertain position through the five year period of our financial strategy. A key factor is that the Local Government Finance Act 2012 and future finance reviews demand a significant transformation in the way public services are both paid for and provided, with an emphasis on business and housing growth to both improve economic development and maximise funding to the Council to help offset ongoing reductions in overall resources. The upcoming 2020 Spending Review and the outcome of the Fairer Funding review will impact on the Council's future resources and future savings.
- 9.2 In response to the likely challenges facing it, the Council refreshed its Transformation Programme which was formally approved in September 2019. It seeks to ensure that annual balanced budgets can be set across the MTFS period to 2025 without the need to cease the provision of any services, although some will be delivered differently as a result of implementing changes to reduce costs or improve income.
- 9.3 The table below shows the savings that have been included in the 2020/21 budget that have enabled the proposals to produce a balanced position for next year.

Table 12 – Transformation Programme savings in 2020/21

Transformation Theme Title	2020/21 £'000
TP 5 Service Modernisation - Corporate Services	20
TP 6 Service Modernisation - Finance review	28
TP 7 Service Modernisation – Housing & Regulatory	108
TP13 Policy Changes – Review collection rates	40
TP15 Income Generation – Garden waste	194
TP16 Income Generation – Other Fees	76
TOTAL	466

- 9.4 Based upon current budget assumptions the value of cashable savings required by the Transformation Programme to set a balanced budget for the next five years are as follows:

Table 13 – Savings Targets

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Budget Savings Requirement (£'000) – cumulative	-	926	1,066	1,327	1,421
Budget Savings Requirement (£'000) – annual	-	926	140	261	94

- 9.5 Given the scale of savings made in recent years, the £1.421m gap by 2024/25 is significant, and the Council will need to maintain its focus and commitment if it is to achieve its aspirations.
- 9.6 In addition, there have been some events and actions during 2019/20 that have impacted on the MTFs assumptions for next year, which are incorporated into the draft budget figures. The main areas are:
- The one year financial settlement for 2020/21;
 - The single year payment of New Homes Bonus monies in 2020/21 with no legacy payments thereafter; and
 - Planning income increases due to numbers of applications, which has enabled additional resources for the development management service.
- 9.7 The ongoing delivery of a significant level of savings is recognised as a key challenge to the Council that will require both political direction and cultural change to ensure it is met.

10. RISK AND SENSITIVITY

- 10.1 The Council is required to set a budget, which is a realistic statement of its estimated Income and Expenditure for the coming year based upon information currently available to it. It has a duty to take into account the demand for its services, and the effect upon council taxpayers of meeting those demands at varying levels of service. I have examined the budget proposals contained in this report, and believe that whilst the spending and service delivery proposals contained within are tighter than we have previously set, they are nevertheless achievable and deliverable given good management practices and sound financial and performance monitoring. I am satisfied that the requisite management processes exist within the Council to deliver this budget, and to identify and deal with any problems which may unexpectedly arise throughout the year. We fully expect there to be a need to review these budgets throughout the coming financial year in order that we can respond to as yet undefined financial risks. As an organisation we recognise a period of budgetary turbulence and we will use our financial management processes to identify options that will allow us to adjust our budgetary position as and when required. Formal quarterly budget monitoring updates are presented to members throughout the year.
- 10.2 The following table shows the key risks and how we intend to treat them through our risk management practices. Members receive updates through the quarterly performance monitoring process as information becomes available.

Table 14 – Key Risks

Risk	Likelihood	Impact	Action
Fluctuation in business rates	High	High	Growth plans and accurate monitoring
Lack of funding from partners	High	High	Engagement and realism
Inadequate capital resources	High	High	Proportionate spending, sale of surplus assets, capital property fund spend
Central Government policy changes	High	High	Engagement in consultation and policy creation
Reductions in Government Funding	High	High	Lobbying and service transformation
A poor settlement for rural councils	Medium	High	Lobbying as a special interest group
Fee income volatility	Medium	Medium	Early monitoring of deviations
Increased demand for services	Medium	Medium	A robust performance management framework
Failure to deliver the required transformation programme	Low	High	Effective programme and project management

11. CAPITAL PROGRAMME

- 11.1 In drawing together the proposed capital programme we have taken a five year view from 2020/21 to 2024/25, to run alongside our revenue plans. This is sensible and encourages a link between revenue and capital spending decisions.
- 11.2 It is important to emphasise that no scheme will appear on the Capital Programme until the criteria set out in the capital strategy have been met and agreed by committees of the Council. Members may well be aware of several potential projects which are not included in the proposed five year capital programme. This is not to say that they will not happen but that they will not be included until an affordable business case is approved and more information is available. We will have a programme which is likely to have further schemes added once aspirations are turned into robust projects. The decisions that are taken ultimately have to be affordable, prudent and sustainable for the local community.
- 11.3 The future for capital investment, funded from both the Council's resources and external resources, will be dependent on decisions taken as part of each year's budget process. Our capital resources have been substantially eroded over time and we aim to take money from revenue to ensure that statutory commitments can continue to be met. This will demand a greater role for the Council's Asset Management Plan to ensure that future liabilities are reduced and that capital receipts are maximised. Commentary on the plan is provided at **Appendix 6**.
- 11.4 The proposed capital programme (including details of anticipated slippage in the 2019/20 capital programme) for 2020/21 to 2024/25 is shown in table 15 along with how the programme will be financed. It should be noted that some risk exists with capping the finance available for Disabled Facilities Grants (DFG) works as this is a statutory provision dictated by law based on need rather than the ability of the Council to provide the funds to carry out the works, and as such it is subject to ongoing review.
- 11.5 Following the publication of CIPFA's review and MHCLG guidance on the Prudential System (which guides and regulates councils' capital and investment strategies), during 2018/19 the Council made use of external borrowing to support the Council's long term Capital Strategy, by purchasing capital Property Fund units. The intention is to bring a number of benefits to the Council over the medium to long term, including yield, growth in future capital resources, statutory service resilience and historically low interest rate finance. This is subject to regular monitoring and is primarily overseen by the Audit and Governance Committee.

- 11.6 The Peer Review, overseen by the Local Government Association, conducted during the current year, recommended that work be commissioned on an asset condition survey, to provide supporting information to allow a longer term capital programme to be prepared. This will be done during 2020/21 and will inform future capital programmes, particularly when the medium term resource position is clearer.
- 11.7 In addition, Boston was chosen by the Government as one of 101 towns to be able to bid for funding of up to £25m to support growth initiatives for the town over the coming years. As projects are worked up by the Town Board and approved by the Government, the Council's capital programme will be amended accordingly.
- 11.8 Given the resource constraints with regard to funding the Council's future capital commitments it is proposed that the contribution from revenue budgets to the capital reserve is set at £0.4m in 2020/21, and then subject to annual review thereafter. This contribution is necessary given the absence of necessary capital receipts and the cessation of the New Homes Bonus from 2021/22.
- 11.9 The proposed capital programme is affordable, meets the Council's obligations and provides a basis for growth. An update to the capital strategy, which underpins the capital programme proposed from 2020/21 to 2024/25, is attached at **Appendix 6**.

Table 15 – Capital Programme

Capital Programme £'000	Expected Slippage in 2019/20	Revised 2020/21 with Slippage	2021/22	2022/23	2023/24	2024/25
1. Disabled Facilities Grants	-	280	280	280	280	280
2. Housing Strategy	150	150	-	-	-	-
3. Noise Monitoring Equipment	-	-	10	-	-	-
4. Vehicle Replacement Programme						
Refuse Fleet	1,225	1,279	-	-	-	-
Street Cleaning-road sweepers	-	240	75	-	-	-
Ford Transit Tipper Vans 350 (4)	-	-	-	50	56	-
Ford Transit Vans 290, 300 & 1.5tdci Courier(3)	-	-	-	60	-	-
Ford Ranger 2.5	-	-	-	25	-	-
5. Grounds Maintenance – Mower Replacement	-	-	20	80	-	-
6. Town Centre Heritage Scheme	400	981	458	42	-	-
7. Information Technology Refresh	-	100	47	70	20	94
8. Resurfacing and Footpath Improvements	-	11	14	-	-	-
Totals	1,775	3,041	904	607	356	374

Capital Financing £'000	Revised 2020/21 with Slippage	2021/22	2022/23	2023/24	2024/25
1. Capital Grants and Contributions	1,180	700	319	280	280
2. Capital Reserve	1,530	149	218	56	9
3. IT Reserve	100	47	70	20	85
3. Repairs and Renewal Reserve	81	8	-	-	-
4. Housing Reserve	150	-	-	-	-
Totals	3,041	904	607	356	374

12. OPTIONS

- 12.1 There are no alternative options presented, and Cabinet are requested to recommend the budget and council tax level for formal approval by the Council. Given the likely outlook for future resource levels, the Council needs to focus strategically over the next five years, and consider to what extent they wish to maintain existing services, how services might be prioritised, and to develop proposals on how future budgetary shortfalls might be addressed. As in previous years, the Cabinet are encouraged to work with all Members (and stakeholders generally) as critical friends to assist in the development of future years' budgets.

13. REASONS FOR RECOMMENDATIONS

- 13.1 To comply with the budgetary and policy framework.

14. RECOMMENDATIONS

- 14.1 To recommend the proposed budget and associated documents to Full Council for formal approval, specifically:
- The budget setting report and associated policies and strategies 2020/21 – 2024/25,
 - The Borough Council Tax for a Band D property in 2020/21 is set at £192.96,
 - That the Council approves an increase in Council Tax premiums on Long Term Empty properties, to apply the full extent of the provisions of The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018:
 - An additional 50% Council Tax premium on Long Term Empty properties, from 1 April 2020.
 - An additional 100% Council Tax premium on Long Term Empty properties longer than 5 years, from 1 April 2020.
 - An additional 100% Council Tax premium on Long Term Empty properties longer than 10 years, from 1 April 2021.

and that the only exceptions to apply to the premium will be in respect of those empty properties that are already exempt under Council Tax Legislation, and

- That the Council removes the current 10% Second Home discount from April 2020, increasing the Council Tax to 100% charge on furnished, unoccupied dwellings.

SUMMARY OF NET REVENUE EXPENDITURE BY PORTFOLIO HOLDER

	2019/2020 ESTIMATE £	2020/2021 ESTIMATE £	2021/2022 ESTIMATE £	2022/2023 ESTIMATE £	2023/2024 ESTIMATE £	2024/2025 ESTIMATE £
DESCRIPTION						
Hsg, Property & Community	1,412,800	1,654,760	1,044,055	1,064,475	1,007,375	1,082,055
Tourism, Arts, Culture & Heritage	324,840	1,271,912	1,287,395	1,295,735	1,324,102	1,311,572
Town Centre	(488,840)	(474,884)	(481,050)	(504,942)	(494,231)	(511,770)
Environment	2,125,680	1,801,195	2,072,727	2,157,041	2,244,264	2,309,775
Finance	1,659,399	1,873,054	1,878,140	1,975,383	2,010,404	2,087,983
Leader	497,530	489,055	507,761	521,803	534,768	540,395
Regulatory	501,930	376,660	390,410	419,980	445,530	600,270
Economic Development & Planning	895,460	1,023,270	1,078,900	1,070,200	1,242,100	1,182,440
BTAC	680,303	702,696	724,107	745,873	767,999	791,368
Cumulative Transformation savings required	0	0	(926,482)	(1,065,573)	(1,326,827)	(1,420,985)
NET SERVICE EXPENDITURE	7,609,102	8,717,718	7,575,962	7,679,975	7,755,483	7,973,103
Drainage Board Precepts	1,898,600	1,959,500	1,998,700	2,038,700	2,079,500	2,129,700
Parish Council Precepts	404,000	454,200	459,000	463,000	468,000	473,000
TOTAL REQUIREMENT	9,911,702	11,131,418	10,033,662	10,181,675	10,302,983	10,575,803
Appropriations						
Direct Revenue Financing of Capital Expenditure	1,999,000	1,861,000	204,000	288,000	76,000	94,000
Interest on borrowing	499,980	493,640	493,640	493,640	493,640	493,640
Repayment of loan principle / MRP	0	15,000	15,000	15,000	15,000	15,000
Capital Charges contra entry	(1,035,120)	(1,695,957)	(1,860,909)	(1,845,694)	(1,824,859)	(1,773,901)
Return on Cash Investments	0	(99,988)	(122,613)	(147,341)	(181,031)	(217,567)
Return on Property Funds	(711,000)	(976,770)	(981,654)	(986,562)	(991,495)	(996,452)
Contributions To / (From) Reserves	354,518	(925,608)	1,272,258	1,099,761	1,164,229	1,118,197
TOTAL EXPENDITURE	11,019,080	9,802,736	9,053,385	9,098,479	9,054,467	9,308,720
FINANCING						
Retained Business Rates	7,903,829	8,017,524	8,393,000	8,586,000	8,781,000	8,983,000
Tariff	(5,054,650)	(5,140,710)	(5,436,000)	(5,543,000)	(5,650,000)	(5,760,000)
RSG	342,470	311,276	355,000	362,000	369,000	376,000
Levy to Pool	(256,780)	(250,000)	0	0	0	0
NNDR surplus / (deficit)	1,569,420	(272,840)	0	0	0	0
NNDR Renewables	110,969	203,753	163,760	166,980	170,200	173,500
Levy Account Surplus - Settlement Data	40,800	0				
New Homes Bonus	720,880	885,897	482,080	289,130	0	0
Special Area Expense	680,303	702,696	724,107	745,873	767,999	791,368
Parish Council Precepts	404,000	454,200	459,000	463,000	468,000	473,000
Specific Grants	910,200	1,165,000	85,000	85,000	85,000	85,000
Council Tax surplus	29,610	10,900	0	0	0	0
FUNDING	7,401,051	6,087,696	5,225,947	5,154,983	4,991,199	5,121,868
Boston Borough Council precept requirement	3,618,029	3,715,040	3,827,438	3,943,496	4,063,268	4,186,852
TRANSFORMATION SAVINGS REQUIRED	0	0	(926,482)	(1,065,573)	(1,326,827)	(1,420,985)

SUMMARY OF NET REVENUE EXPENDITURE

DESCRIPTION	Excl Recgs					
	2019/2020 ESTIMATE £	2020/2021 ESTIMATE £	2021/2022 ESTIMATE £	2022/2023 ESTIMATE £	2023/2024 ESTIMATE £	2024/2025 ESTIMATE £
Chief Executive	309,090	312,120	319,930	333,680	335,820	343,300
Corporate	1,164,210	1,220,639	1,231,831	1,286,516	1,289,522	1,320,469
Finance	792,489	954,850	965,890	1,013,720	1,062,400	1,112,960
Regulatory	1,919,670	2,035,934	1,449,469	1,506,389	1,477,829	1,718,609
Monitoring Officer	899,480	957,780	1,006,840	992,860	1,158,580	1,092,729
Place & Space	516,640	1,528,909	1,551,176	1,571,774	1,634,222	1,666,493
Operations	1,327,220	1,004,790	1,253,201	1,294,736	1,355,938	1,348,160
BTAC	680,303	702,696	724,107	745,873	767,999	791,368
Cumulative Transformation savings required			(926,482)	(1,065,573)	(1,326,827)	(1,420,985)
NET SERVICE EXPENDITURE	7,609,102	8,717,718	7,575,962	7,679,974	7,755,483	7,973,103
Drainage Board Precepts	1,898,600	1,959,500	1,998,700	2,038,700	2,079,500	2,129,700
Parish Council Precepts	404,000	454,200	459,000	463,000	468,000	473,000
TOTAL REQUIREMENT	9,911,702	11,131,418	10,033,662	10,181,674	10,302,983	10,575,803
Appropriations						
Direct Revenue Financing of Capital Expenditure	1,999,000	1,861,000	204,000	288,000	76,000	94,000
Interest on borrowing	499,980	493,640	493,640	493,640	493,640	493,640
Repayment of loan principle / MRP	0	15,000	15,000	15,000	15,000	15,000
Capital Charges contra entry	(1,035,120)	(1,695,957)	(1,860,909)	(1,845,694)	(1,824,859)	(1,773,901)
Return on Cash Investments		(99,988)	(122,613)	(147,341)	(181,031)	(217,567)
Return on Property Funds	(711,000)	(976,770)	(981,654)	(986,562)	(991,495)	(996,452)
Contributions To / (From) Reserves	354,518	(925,608)	1,272,258	1,099,761	1,164,229	1,118,197
TOTAL EXPENDITURE	11,019,080	9,802,736	9,053,385	9,098,479	9,054,467	9,308,720
FINANCING						
Retained Business Rates	7,903,829	8,017,524	8,393,000	8,586,000	8,781,000	8,983,000
Tariff	(5,054,650)	(5,140,710)	(5,436,000)	(5,543,000)	(5,650,000)	(5,760,000)
Revenue Support Grant (RSG)	342,470	311,276	355,000	362,000	369,000	376,000
Net Levy to Pool	(256,780)	(250,000)	0	0	0	0
NNDR surplus / (deficit)	1,569,420	(272,840)	0	0	0	0
NNDR Renewables	110,969	203,753	163,760	166,980	170,200	173,500
Levy Account Surplus - Settlement Data	40,800	0	0	0	0	0
New Homes Bonus	720,880	885,897	482,080	289,130	0	0
Special Area Expense (BTAC)	680,303	702,696	724,107	745,873	767,999	791,368
Parish Council Precepts	404,000	454,200	459,000	463,000	468,000	473,000
Specific Grants	910,200	1,165,000	85,000	85,000	85,000	85,000
Council Tax surplus	29,610	10,900	0	0	0	0
Funding	7,401,051	6,087,696	5,225,947	5,154,983	4,991,199	5,121,868
Boston Borough Council precept requirement	3,618,029	3,715,040	3,827,438	3,943,496	4,063,268	4,186,852
TRANSFORMATION SAVINGS REQUIRED	0	0	(926,482)	(1,065,573)	(1,326,827)	(1,420,985)

**BOSTON BOROUGH COUNCIL
CORPORATE CHARGING POLICY 2020/21**

POLICY AIM

The aim of this policy is to provide a corporate framework for the setting of fees and charges for the services provided by Boston Borough Council. The policy shows the connection between charging for services and the council's objectives and aims to secure the delivery of services efficiently, effectively and at affordable levels; it also aims to strengthen financial management.

As the overall resources available to the Council are diminishing, it is important to ensure that the charging policy clearly sets out the ways that fees and charges will contribute to the continuation of services for residents, businesses and other consumers.

POLICY STATEMENT

- The Policy applies to all those fees and charges which the Council has discretion to set, regardless of whether the levels are approved by the Cabinet or any alternative Council reporting arrangement (for example Licensing Committee). Services where charges are decided externally will be set in line with the relevant national legal framework and will automatically be changed to reflect the latest position.
- We will identify the full costs of delivering services to make clear the level of subsidy the Council is providing.
- We will operate an effective and efficient collection system. The methods for paying charges will be made clear and the procedures for recovering fees will be governed by established Debt Recovery Procedures. The Council reserves the right to levy charges for the late payment of invoices.
- Reasonable notice will be given to service users before any new charge is implemented. Reasonable notice is defined as one calendar month.
- The effects any new charge has on service usage and income must be closely monitored over the first 12 months by the service manager.
- We will invest receipts from fees and charges in the improvement of the service, subject to statutory requirements and the wider corporate objectives of the Medium Term Financial Strategy. A Service Manager may propose to invest receipts from fees and charges and will prepare a report to the Corporate Management Team identifying their full requirements for use of additional income in their service area.

Appendix 3

- All discretionary fees and charges will be set in line with the approved charging policy for that service and should fall into one of the categories in the following table.

Charging Strategy	Objective
Commercial charges	The council aims to cover the cost of providing the service and make a surplus
Full Cost Recovery	The council aims to recover the costs of providing this service from those who use it
Subsidised	The council wishes users of the service to make a contribution to the costs of providing it. This might be to meet a service objective or to allow competition with other providers
Free	The Council chooses to make the service available at no charge to meet a service objective
Statutory	Charges are determined in line with legal requirements.

- Fees and charges will be regularly reviewed within the Council's financial planning process, any variations outside of this will need formal approval by the Cabinet or Committee as appropriate. Service Managers will complete the corporate template for the review of fees and charges, these will form the bases for reports to the Cabinet or relevant committee, as part of the annual review of fees and charges.
- Increases in fees and charges will, each year, be generally in line with the level of inflation assumed in the budget process, subject to consideration of the specific issues in relation to each service. All changes will be agreed as part of the overall budget setting process.
- Wherever possible charges will be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has started, invoices will be raised within 5 working days, and as necessary appropriate recovery procedures followed.
- The policy requires a comprehensive schedule of all fees and charges to be set up. Each Service Manager will maintain a schedule of fees and charges levied for their areas of responsibility. This schedule will be in a corporate format and should include, but identify separately, those charges that are nationally set. The format will be determined by the Accountancy Manager. There may be instances where, for commercial reasons, specific fees are not quoted on the schedule. Fees for these services will be on a "price on application" basis.

Appendix 3

- The Customer Services Manager will be able to refer to all fees and charges and these will be made available on the Authority's website.
- Charges should be easy to understand.
- Existing policies and procedures should be taken into account when setting fees and charges.
- Setting of fees and charges should be made in accordance with the current value added tax regulations. Where rates of VAT increase then fees and charges will automatically be adjusted upwards. Advice will be provided by the Accountancy team.
- As a general policy no concession is to be given from the charge set. However, it is open to service managers to present a case to the Cabinet arguing that a concession is appropriate for a particular group or that a concession would assist the achievement of the Council's Corporate Objectives.
- In accordance with business need fees and charges can be amended as agreed by the respective Portfolio Holder, Corporate Management Team member, Head of Service and the Section 151 Officer (or Deputy Section 151 Officer) in exceptional circumstances and reported to Cabinet retrospectively.

IMPLEMENTATION

Who is responsible?

Overall responsibility is with the Accountancy Manager and day-to-day operational responsibility with Service Managers.

Complaints procedure

If any member of the public believes that the Council has acted in a way that is not in line with this policy the Council's Formal Complaints Procedure may be followed.

Monitoring and review

The Accountancy Manager will review the implementation of this policy and undertake a triennial review of the policy.

Service Team Plans

All service team plans will be consistent with the principles within this policy.

Value for Money

The Council continually reviews its costs and charges to ensure that Value for Money is being delivered, and in determining next year's fees and charges, annual reviews will seek to challenge subsidies, determine the value placed on the service and how much people are willing to pay. They will also identify any new charges for services.

MONITORING

The policy will be monitored in the following ways:

MONITORING ACTIVITY	PERSON RESPONSIBLE
Data collection	Service Managers
Review of policy	Accountancy Manager
External communication	Customer Services Manager

CONSULTATION

Corporate Management Team and Cabinet were consulted on a draft version of the strategy before full implementation. Changes were made to the policy reflecting the outcomes of the consultation.

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Burial Fee - Adult (Resident of the Borough)	862.00	20.00	882.00	Non business - no VAT
Burial Fee - Adult (Non resident within 5 years)	1,724.00	40.00	1,764.00	Non business - no VAT
Burial Fee - Child 6 - 17 years	248.00	0.00	248.00	Non business - no VAT
Burial Fee - Child 1 month - 5 years	99.00	0.00	99.00	Non business - no VAT
Burial Fee - Child up to 1 month	35.00	0.00	35.00	Non business - no VAT
Burial Fee - Non Viable Foetus or Baby Tissues resulting from post mortem	35.00	0.00	35.00	Non business - no VAT
Excavation of grave space in preparation for construction of brick vault:				
Brick Vault : Single	POA	-	POA	Non business - no VAT
Double	POA	-	POA	Non business - no VAT
Others (pro rata)	POA	-	POA	
Re-opening of grave for interment in existing vault (excavation & re-filling)	862.00	20.00	882.00	Non business - no VAT
Cremated remains placed in coffin for interment	80.00	0.00	80.00	Non business - no VAT
Interment (beneath surface) or exhumation of cremated remains in Cemetery	150.00	2.00	152.00	Non business - no VAT
Double interment of cremated remains (one excavation, 2 caskets or both in same casket)	225.00	3.00	228.00	Non business - no VAT
Scatter of Cremated Remains in cemetery (unwitnessed)	65.00	1.00	66.00	Non business - no VAT
Officer attendance at witnessed scattering or interment of ashes - (by appointment only)	27.00	1.00	28.00	Non business - no VAT
Exhumation of coffined body from cemetery	POA	0.00	POA	Standard rate
Fees and Charges				
Purchase of Exclusive Right of burial (including memorial permit) - single space (resident of Borough)	1,100.00	50.00	1,150.00	Non business - no VAT
Purchase of Exclusive Right of burial (including memorial permit) - single space (non resident)	2,200.00	100.00	2,300.00	non business - no VAT
Purchase of Exclusive Right of Burial for a cremated remains plot at Fosdyke Cemetery	550.00	10.00	550.00	Non business - no VAT
Transfer of grave ownership fee	35.00	1.00	36.00	non business - no VAT
Administration fee for surrender of Exclusive Right of Burial or rectification to change to alternative grave space	50.00	5.00	55.00	Non business - no VAT
Permit for vase (unpurchased graves)	70.00	5.00	75.00	Non business - no VAT
Exclusive right of burial for child grave including memorial permit	75.00	0.00	75.00	Non business - no VAT
Permit for additional inscription on existing memorial	45.00	1.00	46.00	Non business - no VAT
Grave maintenance - Annual contract				
With Planting - Single	110.00	2.00	112.00	Standard rate
With Planting - Double	220.00	4.00	224.00	Standard rate
With Planting - Triple	330.00	6.00	336.00	Standard rate
With Planting - Quadruple	440.00	8.00	448.00	Standard rate
Family History Searches:				
To locate names in the indexes & registers through to identification of the grave on site - per grave	2.50	0.00	2.50	Standard rate
Non-genealogical searches or names not found in indexes	no charge	0.00	no charge	

CCTV Closed Circuit TV

	Charges 2019/20	Proposed Increase 2020/21	Proposed Charges 2020/2021	VAT LIABILITY
	£	£	£	
	Price on application			Business

BOSTON CREMATORIUM

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Memorial Price List				
Book of Remembrance				
2 Line Inscription	79.00	1.00	80.00	Standard rate
5 Line Inscription	116.00	2.00	118.00	Standard rate
8 Line Inscription	146.00	3.00	149.00	Standard rate
Illustration, Badge, Coat of Arms etc (to accompany 5 & 8 line entries only)	79.00	1.00	80.00	Standard rate
Miniature Book of Remembrance 2 line entry	79.00	1.00	80.00	Standard rate
Miniature Book of Remembrance 5 line entry	116.00	2.00	118.00	Standard rate
Miniature Book of Remembrance 8 line entry	146.00	3.00	149.00	Standard rate
Memorial card - 2 line entry	28.50	1.50	30.00	Standard rate
Memorial card - 5 line entry	34.00	1.00	35.00	Standard rate
Memorial card - 8 line entry	39.50	1.50	41.00	Standard rate
Each additional line in existing Miniature Book	18.00	2.00	20.00	Standard rate
Correction or addition to Book of Remembrance entry (client error)	18.00	2.00	20.00	Standard rate
Fixed Term Memorials				
Renewal of dedication for existing individual roses, trees & shrubs - per annum	24.00	1.00	25.00	Standard rate
Each 5 year dedication of one granite Bench plaque (one third share, 3 plaques per granite bench), bench remains the property of the Council	401.00	0.00	401.00	Standard rate
Each 5 year dedication of plaque on wooden bench (one plaque per bench only), includes maintenance of bench which remains the property of the Council	484.00	116.00	600.00	Standard rate
Inscribed granite wall plaque or tower plaque- initial set up plus first year of dedication	84.00	2.00	86.00	Standard rate
Inscribed granite wall plaque or tower plaque - per each year of dedication	42.00	-17.00	25.00	Standard rate
Single Leather Recordia Panel in Chapel of Remembrance (1st yr)	49.00	1.00	50.00	Standard rate
Leather Recordia Panel (per year-2nd year onwards), single or double	24.00	1.00	25.00	Standard rate
Double Leather Recordia Panel in Chapel of Remembrance (1st yr)	98.00	2.00	100.00	Standard rate
Re-enameling of lettering on existing memorial tablet (all types) (5year old or more)	97.00	3.00	100.00	Standard rate
Plaque on babies memorial wall, initial set up charge	56.00	0.00	56.00	Standard rate
Lease of plaque for babies memorial (per year)	16.00	0.00	16.00	Standard rate
Granite Ash Vaults				
Placement of ashes in above-ground granite vault , (99 year lease), including plaque and urn	1,260.00	REMOVED	0.00	Standard rate
Placement of ashes in above-ground granite vault , including plaque and urn - 10 year lease				
20 year lease			950.00	Standard rate
30 year lease			1,425.00	Standard rate
50 year lease			1,900.00	Standard rate
Second placement of ashes in existing above-ground granite vault (existing lease period stands), including plaque and urn	263.00	4.00	267.00	Standard rate
Photo plaque on Vault plaque or Columbarium plaque (each plaque)	110.00	20.00	130.00	Standard rate
Columbarium Niches				
Placement of ashes in columbarium niche, includes inscribed granite tablet and urn 10 year lease				
20 year lease			550.00	Standard rate
30 year lease			825.00	Standard rate
50 year lease			1,100.00	Standard rate
2nd placement in existing columbarium niche (remaining lease period stands), Includes inscribed granite tablet and urn	263.00	4.00	267.00	Standard rate
Supplement for each additional casket of ashes placed during same appointment (or if large casket containing two sets of ashes). Vaults and columbarium			60.00	Standard rate
Other Charges				
Replacement or re-facing of memorial tablet (memorial pathway) incl 30 letters	920.00	0.00	920.00	Standard rate
Grey Granite memorial tablet for Garden of Rest (opposite front entrance), incl 30 letters	315.00	0.00	315.00	Standard rate
Each additional letter of inscription on memorial tablet (memorial pathway & opposite front entrance)	3.70	0.00	3.70	Standard rate
Replacement metal flower container for existing memorial tablet	13.00	1.00	14.00	Standard rate
Additional name/plaque on existing Rose/Shrub or Tree (perspex type)	33.00	2.00	35.00	Standard rate

BOSTON CREMATORIUM

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Addition to or replacement of existing cast bronze plaque in communal rose bed	101.00	2.00	103.00	Standard rate
Upgrade to Cast bronze plaque on existing memorial tree or rose bush	101.00	2.00	103.00	Standard rate
Media Fees				
Audio only: Recording of a funeral service supplied as CD or USB (first copy)	39.00	1.00	40.00	Standard rate
Each additional CD or USB	18.00	1.00	19.00	Standard rate
Audio visual recording of funeral service supplied on DVD or USB - first copy	41.00	1.00	42.00	Standard rate
Each additional DVD or USB audio visual recording	19.00	1.00	20.00	Standard rate
Webcasting of funeral service (USB/DVD of webcast is extra as above if req)	86.00	2.00	88.00	Standard rate
Visual tribute set up fee	12.00	1.00	13.00	Standard rate
Visual tribute (stills) during service with or without music - per photo	2.00	0.00	2.00	Standard rate
video footage per minute used	6.00	0.00	6.00	Standard rate
DVD or USB copy of the visual tribute only	22.00	1.00	23.00	Standard rate
DVD or USB copy of the whole service with the Visual tribute embedded	53.00	1.00	54.00	Standard rate
Fees and Charges				
Cremation Fee - Adult	735.00	15.00	760.00	Exempt - no VAT
Cremation Fee - Direct cremation. No funeral service or mourners, 8.30am or 4pm time slot only (cremation next day). Includes 2 pallbearers (wheeled)	545.00	0.00	545.00	Exempt - no VAT
Cremation Fee - Child 6 - 15 years	95.00	2.00	97.00	Exempt - no VAT
Cremation Fee - Child 1 month to 5 years	27.00	1.00	28.00	Exempt - no VAT
Cremation Fee - Child under 1 month, non-viable foetus or body part resulting from post mortem	17.00	1.00	18.00	Exempt - no VAT
Cremation Fee - Batch Cremation of pre-12 week foetuses (per batch not exceeding 20.)	45.00	1.00	46.00	Exempt - no VAT
Combined cremation and memorial offers				
A. Standard cremation service including up to 5 lines inscription in Book of Remembrance	New charge		810.00	Exempt/standard
B. Standard cremation service including a 1 year lease of a Wall plaque, Tower plaque or Leather Recordia panel (lease renewable in yearly increments)	New charge		810.00	Exempt/standard
C. Standard cremation service including 10 year lease of a columbarium niche	New charge		1,200.00	Exempt/standard
Provision of one pall bearer	22.00	1.00	23.00	Standard rate
Provision of two pall-bearers (maximum & only if available)	44.00	2.00	46.00	Standard rate
Additional service slot in Chapel (when available)	195.00	5.00	200.00	Exempt - no VAT
Use of Crematorium Chapel for a burial or memorial service or for training purposes.	195.00	5.00	200.00	Exempt - no VAT
Courier of Cremated remains (including polytainer)	90.00	0.00	90.00	Exempt - no VAT
Storage of cremated remains after 28 days	8.00	0.00	8.00	Exempt - no VAT
Bronze Urn	19.00	1.00	20.00	Exempt - no VAT
Polytainer	12.00	1.00	13.00	Exempt - no VAT
Interment/ exhumation of cremated remains at Crematorium (unwitnessed)	150.00	2.00	152.00	Exempt - no VAT
Interment/ exhumation of cremated remains at Crematorium (witnessed with staff present)	177.00	3.00	180.00	Exempt - no VAT
Scattering of Cremated remains (Witnessed with staff present)	27.00	1.00	28.00	Exempt - no VAT
Scattering of Cremated remains from other Crematoria (unwitnessed)	65.00	1.00	66.00	Exempt - no VAT
Scattering of Cremated remains from other Crematoria (Witnessed with staff present)	92.00	2.00	94.00	Exempt - no VAT
Double interment of cremated remains, (one excavation, 2 caskets or both in same casket)	225.00	3.00	228.00	Exempt - no VAT
Additional Certificate of Cremation (if remains are split or original lost)	13.00	1.00	14.00	Exempt - no VAT
Photocopy of Registrars or Coroners disposal certificate	13.00	1.00	14.00	Exempt - no VAT
Letter of declaration for customs - remains taken abroad	13.00	1.00	14.00	Exempt - no VAT

COMMERCIAL WASTE FEES AND CHARGES

	Charges 2019/20	Proposed Increase 2020/21	Proposed Charges 2020/2021	VAT LIABILITY
	£	£	£	
Green Bin prices (residual waste)				
240 Litre - Once Weekly			Price on application	Non Business
240 Litre - Twice Weekly			Price on application	Non Business
240 Litre - Fortnightly			Price on application	Non Business
240 Litre - Monthly			Price on application	Non Business
360 Litre - Once Weekly			Price on application	Non Business
360 Litre - Twice Weekly			Price on application	Non Business
360 Litre - Fortnightly			Price on application	Non Business
360 Litre - Monthly			Price on application	Non Business
660 Litre - Once Weekly			Price on application	Non Business
660 Litre - Twice Weekly			Price on application	Non Business
660 Litre - Fortnightly			Price on application	Non Business
660 Litre - Monthly			Price on application	Non Business
1100 Litre - Once Weekly			Price on application	Non Business
1100 Litre - Twice Weekly			Price on application	Non Business
1100 Litre - Fortnightly			Price on application	Non Business
1100 Litre - Monthly			Price on application	Non Business
Trade Bags (10 bags per roll)			Price on application	Non Business
Blue Bin prices				
240L fortnightly			Price on application	Non Business
240L Monthly			Price on application	Non Business
360L - Fortnightly			Price on application	Non Business
360L - Monthly			Price on application	Non Business
660L Fortnightly			Price on application	Non Business
660L Monthly			Price on application	Non Business
1100L Fortnightly			Price on application	Non Business
1100L Monthly			Price on application	Non Business
Trade bags (10 bags per roll)			Price on application	Non Business
Other charges:				
Commercial waste bins:				
Re-instatement of bin			Price on application	Non Business

WASTE SERVICES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
BULKY COLLECTION CHARGES - DOMESTIC				
<u>Bulky Collections: Standard Items</u>				
Collection of 1-2 standard items	18.00	1.00	19.00	Non business
Collection of 3 standard items	25.00	1.00	26.00	Non business
Collection of 4-5 standard items	30.00	1.00	31.00	Non business
<u>Bulky Collections: White Items</u>				
Collection of 1 large white goods	26.25	0.75	27.00	Non business
Collection of 2 large white goods	36.75	1.25	38.00	Non business
<u>Any Other Items</u>				
Eg Carpets, sheds, wood, garden waste	POA		POA	Non business
<u>Refuse Bins</u>				
New/ replacement 240L bin	25.00	0.00	25.00	Non business
New/ replacement 360L bin	50.00	0.00	50.00	Non business
New/ replacement 660L bin	150.00	0.00	150.00	Non business
New/ replacement 1100L bin	175.00	0.00	175.00	Non business
<u>Garden Waste Collections</u>				
Garden waste collections for 1 bin (per annum)	30.00	15.00	45.00	non business
Garden waste collections for each extra bin (per annum)	15.00	5.00	20.00	non business
Garden waste 240L bin purchase	25.00	0.00	25.00	non business
BULKY COLLECTIONS - COMMERCIAL				
<u>Commercial Waste Bulky collections: Standard</u>				
Collection of 1-2 standard items	28.80	31.20	60.00	Non business
Collection of 3 standard items	40.00	30.00	70.00	Non business
Collection of 4-5 standard items	48.00	42.00	90.00	Non business
<u>Commercial Waste Bulky collections: White Items</u>				
Collection of 1 large white goods	42.00	58.00	100.00	Non business
Collection of 2 large white goods	58.80	81.20	140.00	Non business
<u>STREET CLEANING - COMMERCIAL</u>				
Street Cleaning - large sweeper (Driver +1) Hourly rate-min 2 hours	Price on Application			Standard rate
Street Cleaning - small sweeper (Driver +1) Hourly rate - min 2 hours	Price on Application			Standard rate
Street Cleaning - large sweeper (Driver +1) Day rate - min 1 day	Price on Application			Standard rate
Street Cleaning - small sweeper (Driver +1) Day rate - min 1 day	Price on Application			Standard rate

GROUNDS MAINTENANCE CHARGES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Commercial Tree Services:				
Commercial contract services (Tree) -with cherry picker (plus disposal costs of any waste)			Price on Application	Standard rate
Commercial contract services (Tree) - without cherry picker (plus disposal costs of any waste)			Price on Application	Standard rate
Commercial Play inspections and repairs:				
Commercial contract services - Play equipment inspections			Price on Application	Standard rate
Commercial contract services - Play equipment repairs			Price on Application	Standard rate

GUILDHALL

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
<u>Private Hire (after 6pm there is a minimum of 2 hours hire required)</u>				
Private hire within normal opening hours (per hour)	50	0	50	Standard Rates
Private hire outside normal opening hours (per hour) *	80	0	80	Standard Rates
Private hire of more than one room (price on application)	Price on application			Standard Rates
Charity private hire within normal opening hours (per hour)	40	0	40	Standard Rates
Charity private hire outside normal opening hours (per hour) *	50	0	50	Standard Rates
Buffet style catering packages are also available - please contact the Guildhall for further information				
<u>Meeting Room Hire</u>				
Meeting room hire within normal opening hours (per hour)	25	0	25	Standard Rates
Meeting room hire outside normal opening hours 8am to 6pm (per hour)	50	0	50	Standard Rates
Refreshments (per serving)	12	3	15	Standard Rates
Buffet style catering packages are also available - please contact the Guildhall for further information				
<u>Wedding Hire</u>				
Wedding hire - Ceremony only	520	0	520	Standard Rates
Reception to follow wedding (per hour)	85	0	85	Standard Rates
Wedding hire - Ceremony only Outside normal opening hours	620	0	620	Standard Rates
Reception to follow wedding (per hour) Outside normal opening hours	95	0	95	Standard Rates
Buffet style catering packages are also available - please contact the Guildhall for further information				
<u>Tours (price is for upto 20 people)</u>				
Group guided tour within opening hours (booking required)	60	0	60	Standard Rates
Bespoke tours/talks/on and off site/packages	Price on Application			
Paranormal investigations groups	400	0	400	Standard Rates
<u>Other</u>				
Bespoke pitches at events	Price on Application			New fee
Location Hire	Price on Application			Standard Rates
Hire of entire Guildhall	Price on Application			Standard Rates
Photography fee for occasion events	Price on Application			Standard Rates
Loan boxes	0	10	10	New fee

* Upto 10pm and excluding Christmas and Bank Holidays

The Guildhall is not available for wedding bookings or other hire on bank holidays and during its Christmas closure period

All bookings are subject to availability

ENVIRONMENTAL SERVICES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Health Education - 3217				
Unit Food Examination (Charge for initial 1st Hour)	90.20	0.00	90.20	Non business - No VAT charge
Unit Food Examination (Charge per hour after initial hour)	42.40	0.00	42.40	Non business - No VAT charge
Request for a revisit	150.00	0.00	150.00	Non business - No VAT charge
Training courses (food safety)				
Setting up a food business	75.00	0.00	75.00	Non business - No VAT charge
Food Hygiene refresher (Half day)	100.00	0.00	100.00	Non business - No VAT charge
Food Hygiene refresher (Full day)	175.00	0.00	175.00	Non business - No VAT charge
Management system coaching	75.00	0.00	75.00	Non business - No VAT charge
Short courses	25.00	0.00	25.00	Non business - No VAT charge
Dog Warden - 3219				
Dog Fines (Seizure) - FIXED BY STATUTE	25.00	0.00	25.00	Non business - No VAT charge
Stray Dogs - Admin Charge per dog.	20.00	0.00	20.00	Standard rate
Kennelling fees (per day)	11.00	0.00	11.00	Non business - No VAT charge
Dog Control				
Dog Fouling (Fixed penalty) - FIXED BY STATUTE	100.00	0.00	100.00	Non business - No VAT charge
Failing to exclude your dog from a fenced off children's play area - FIXED BY STATUTE	100.00	0.00	100.00	Non business - No VAT charge
Failing to put a nuisance or dangerous dog on a lead when requested to do so by an authorised officer - FIXED BY STATUTE	100.00	0.00	100.00	Non business - No VAT charge
Failure to provide evidence of the means to clear up dog faeces (Bag or receptacle).- FIXED BY STATUTE	100.00	0.00	100.00	Non business - No VAT charge
Mobile Homes Act 2013 - licence fees				
New Site Licence	365.00	20.00	385.00	Non business - No VAT charge
New Site Licence per pitch	8.50	-0.30	8.20	Non business - No VAT charge
Transfer / amendment of existing site licence	225.00	15.00	240.00	Non business - No VAT charge
Significant amendments	255.00	60.00	315.00	Non business - No VAT charge
Annual fee for existing site licence per pitch	3.00	0.10	3.10	Non business - No VAT charge
Enforcement notices	100.00	0.00	100.00	Non business - No VAT charge
Enforcement notices additional one	50.00	0.00	50.00	Non business - No VAT charge
Depositing site rules	50.00	0.00	50.00	Non business - No VAT charge
Pollution - 3216				
Contaminated Land (consultation and advice) - charged per hour	30.00	0.00	30.00	Non business - No VAT charge
Port Health - 3214				
Ship Sanitation Certificate - FIXED BY STATUTE	120.00	0.00	120.00	Non business - No VAT charge
Ship Sanitation Extension - FIXED BY STATUTE	55.00	0.00	55.00	Non business - No VAT charge
Street Cleansing - 3235				
Litter Fixed Penalty - FIXED BY STATUTE	75.00	0.00	75.00	Non business - No VAT charge
Fly tipping penalty - FIXED BY STATUTE	150-400	0	150-400	Non business - No VAT charge
Public Conveniences - 8006				
Radar Keys	5.00	0.00	5.00	Non business - No VAT charge

MISCELLANEOUS LICENCES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 Part A £	Proposed Charges 2020/21 Part B £	Proposed Charges 2020/21 Total £	VAT LIABILITY
Sex Establishments (1st Application)	1,547.00	0.00	1,330.00	217.00	1,547.00	Non business - No VAT charge
Sex Establishments (Renewal Application)	539.00	0.00	322.00	217.00	539.00	Non business - No VAT charge
Pet Shops	112.50	0.00			0.00	Removed
Riding Establishments	131.00	0.00			0.00	Removed
Animal Boarding	122.00	0.00			0.00	Removed
Keeping or training of animals for exhibition	122.00	0.00			0.00	Removed
Day care for Dogs	122.00	0.00			0.00	Removed
Reinspection fee for all types of animal welfare licences	80.00	0.00			0.00	Removed
Dog Breeders	131.00	0.00			0.00	Removed
Dangerous Wild Animals (1st Application)	284.50	0.00			284.50	Non business - No VAT charge
Dangerous Wild Animals (Renewal Application)	210.00	0.00			210.00	Non business - No VAT charge
Dog Breeding (New) + Vets fees rechargeable at invoiced amount New fee	0.00	389.00	351.00	38.00	389.00	Non business - No VAT charge
Dog Breeding (Renewal) New fee	0.00	346.00	308.00	38.00	346.00	Non business - No VAT charge
Riding Establishment (New) + Vets fees rechargeable at invoiced amount New fee	0.00	238.50	213.50	25.00	238.50	Non business - No VAT charge
Riding Establishment (Renewal) + Vets fees rechargeable at invoiced amount New fee	0.00	195.00	170.00	25.00	195.00	Non business - No VAT charge
Selling Animals as Pets (New) New fee	0.00	238.50	213.50	25.00	238.50	Non business - No VAT charge
Selling Animals as Pets (Renewal) New fee	0.00	195.00	170.00	25.00	195.00	Non business - No VAT charge
Boarding Dogs/Cats, Home Boarding and Day Care (new) New fee	0.00	238.50	213.50	25.00	238.50	Non business - No VAT charge
Boarding Dogs/Cats, Home Boarding and Day Care (renewal) New fee	0.00	195.00	170.00	25.00	195.00	Non business - No VAT charge
Exhibition of Animals (New) New fee	0.00	235.00	235.00		235.00	Non business - No VAT charge
Exhibition of Animals (Renewal) New fee	0.00	235.00	235.00		235.00	Non business - No VAT charge
Re-inspection on request New fee	0.00	49.00	49.00		49.00	Non business - No VAT charge
Additional Activity payable in addition to the higher fee (inspection fee) New fee	0.00	49.00	49.00		49.00	Non business - No VAT charge
Change of name/address New fee	0.00	18.50	18.50		18.50	Non business - No VAT charge
Transfer due to death of a licence holder New fee	0.00	18.50	18.50		18.50	Non business - No VAT charge
Variation of Licence + vets fees rechargeable at invoiced amount where applicable New fee	0.00	24.50	24.50		24.50	Non business - No VAT charge
Zoo Licence Grant 4 years	445.00	0.00	368.00	77.00	445.00	Non business - No VAT charge
Zoo Licence Renewal 6 years	368.00	0.00	291.00	77.00	368.00	Non business - No VAT charge
Zoo Licence Transfer	148.00	0.00			148.00	Non business - No VAT charge
Zoo Licence Annual Inspection	77.00	0.00			77.00	Non business - No VAT charge
Tattooing, ear piercing, acupuncture & electrolysis Premises Registration	116.00	0.00	86.00	30.00	116.00	Non business - No VAT charge
Tattooing, ear piercing, acupuncture & electrolysis Personal Registration	49.50	0.00			49.50	Non business - No VAT charge
Street Trading Consent	112.50	0.00			112.50	Non business - No VAT charge
Street Trading daily consent	16.00	0.00			16.00	Non business - No VAT charge
Scrap Metal Dealers						
Scrap Metal Dealer Site Licence	488.50	0.00	316.50	172.00	488.50	Non business - No VAT charge
Scrap Metal Dealer Collector Licence Fee	228.50	0.00	161.50	67.00	228.50	Non business - No VAT charge
Variation of licence collector to site	218.50	0.00			218.50	Non business - No VAT charge
Variation of licence site to collector	57.00	0.00			57.00	Non business - No VAT charge
Change of site manager	47.00	0.00			47.00	Non business - No VAT charge
Minor change e.g. change of licensee details	32.00	0.00			32.00	Non business - No VAT charge
Duplicate Licence (Standard replacement Licence fee for all licence types)	10.50	0.00			10.50	Non business - No VAT charge
Register entry fee (for the first entry and £0.50 per entry thereafter)	10.50	0.00			10.50	Non business - No VAT charge

Premises Licence and Club Premises Certificates 2020/21

Statutory fees - no increase.

<u>Bands</u>	A	B	C	D	E
Non-Domestic rateable value	£0 - £4,300	£4,301 - £33,000	£33,001 - £87,000	£87,001 - £125,000	£125,001 and over

Premises Licences and Club Premises Certificates (New, Variations & Conversion)

If Band D and E are used exclusively or primarily for supply of alcohol for consumption on the premises then a multiplier applies:

Band D = £450 X 2 = £900

Band E = £635 X 3 = £1905

<u>Bands</u>	A	B	C	D	E
Non-Domestic rateable value	£100	£190	£315	£450	£635
Multiplier Charge see above	£0	£0	£0	£900	£1,905

Additional Fee Based on Capacity over 5000 (For New and Variation)

<u>Capacity</u>	5,000 - 9,999	10,000 - 14,999	15,000 - 19,999	20,000 - 29,999	30,000 - 39,999	40,000 - 49,999	50,000 - 59,999	60,000 - 69,999	70,000 - 79,999	80,000 - 89,999	90,000 - Plus
Additional Fee (£)	1,000	2,000	4,000	8,000	16,000	24,000	32,000	40,000	48,000	56,000	64,000

Annual Fee and Variation Fee For Premises Licenses and Club Premises Certificates

Payable on anniversary of grant

Plus additional fee see below if capacity is over 5,000

Multiplier applies to band D and E

If Band D and E are used exclusively or primarily for supply of alcohol for consumption on the premises then a multiplier applies:

Band D = £320 X 2 = £640

Band E = £350 X 3 = £1050

For Club paid by secretary

<u>Bands</u>	A	B	C	D	E
Non-Domestic rateable value	£70	£180	£295	£320	£350

Additional Fee Based on Capacity over 5000

<u>Capacity</u>	5,000 - 9,999	10,000 - 14,999	15,000 - 19,999	20,000 - 29,999	30,000 - 39,999	40,000 - 49,999	50,000 - 59,999	60,000 - 69,999	70,000 - 79,999	80,000 - 89,999	90,000 - Plus
Additional Fee (£)	500	1,000	2,000	4,000	8,000	12,000	16,000	20,000	24,000	28,000	32,000

Other Fees

	OTHER FEE	£
PREMISES	Theft, Loss etc. of Premises Licence or Summary	10.50
	Provisional Statement	315.00
	Change of Name or Address (Premises Licence Holder)	10.50
	Variation of Designated Premises Supervisor	23.00
	Transfer: Premises Licence	23.00
	Interim Authority	23.00
CLUBS	Theft, Loss etc. of Club Premises Certificates or Summary	10.50
	Change of Name or Alteration of Club Rules	10.50
	Change of Registered Address of Club	10.50
TEMPORARY EVENT NOTICE	Temporary Event Notice	21.00
	Theft, Loss etc. of Temporary Event Notice	10.50
PERSONAL LICENCE	Grant/Renewal of Personal Licence	37.00
	Theft, Loss etc. of Personal Licence	10.50
	Change of Name and Address	10.50
FREEHOLDER/LEASEHOLDER	Register of Interest	21.00

Exemption of Fees for Premises Licence and Club Premises Certificates

Applies for regulated entertainment at certain premises

Premises - school, college, church or community hall or similar building

The exemption does not apply to any other licensable activity within these premises

Exemption

No fee for grant or variation

No annual fee

HACKNEY CARRIAGE, PRIVATE HIRE VEHICLE AND OTHER LICENCES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Hackney Carriage/Private Hire Drivers Licence	126.00	0.00	126.00	Non business - No VAT charge
Hackney Carriage/Private Hire Drivers Licence - RENEWAL	106.50	0.00	106.50	Non business - No VAT charge
DVLA Licence check	5.00	0.00	5.00	Non business - No VAT charge
Additional manual DVLA check	5.00	0.00	5.00	Non business - No VAT charge
Hackney Carriage Vehicle Licence	139.00	0.00	139.00	Non business - No VAT charge
Private Hire Vehicle Licence	139.00	0.00	139.00	Non business - No VAT charge
Private Hire Operators Licence	172.50	0.00	172.50	Non business - No VAT charge
Hire of Vehicle Plate	26.00	0.00	26.00	Non business - No VAT charge
Replacement Drivers Badge	10.50	0.00	10.50	Non business - No VAT charge
Drivers Knowledge Test Fee	16.00	0.00	16.00	Non business - No VAT charge
Mogo Plate Fee	12.00	0.00	12.00	Non business - No VAT charge
Mogo Plate Bracket	12.00	0.00	12.00	Non business - No VAT charge
Route 2 DBS validation check	20.00	0.00	20.00	Non business - no VAT charge
DBS check (Set by DBS)	44.00	0.00	44.00	Non business - no VAT charge

FEES FOR GAMBLING ACT 2005 (introduced wef 21st May 2007)

LICENCE TYPE	2020/21 BBC Charge
Bingo Premises Licence	
Application fee for provisional statement	784.00
Licence for provisional statement premises	461.00
Application fee new premises	784.00
Annual Fee	572.50
Variation of Licence	700.00
Transfer fee	448.00
Application for reinstatement	448.00
Adult Gaming Centre	
Application fee for provisional statement	721.00
Licence for provisional statement premises	427.00
Application fee new premises	721.00
Annual Fee	447.50
Variation of Licence	700.00
Transfer fee	448.00
Application for reinstatement	448.00
Family Entertainment Centre	
Application fee for provisional statement	721.00
Licence for provisional statement premises	406.00
Application fee new premises	721.00
Annual Fee	413.50
Variation of Licence	700.00
Transfer fee	448.00
Application for reinstatement	448.00
Betting Premises	
Application fee for provisional statement	721.00
Licence for provisional statement premises	427.00
Application fee new premises	721.00
Annual Fee	392.00
Variation of Licence	700.00
Transfer fee	448.00
Application for reinstatement	448.00
Miscellaneous	
Change of circumstances	25.00
Fee for copy notices	15.00
Fee for copy of a licence	15.00
Fee for Permits - Statutory	15.00
Temporary Use Notices	165.00
Gambling permit	
Gambling permit - Club gaming permit (new/renewal)	200.00
Gambling permit - Club gaming permit annual fee	50.00
Gambling permit - Club gaming permit - copy of permit	15.00
Gambling permit - Variation	100.00
Gambling permit - Club gaming machine permit (new/renewal)	200.00
Gambling permit - Club gaming machine permit annual fee	50.00
Gambling permit - Club gaming machine permit - copy of permit	15.00
Gambling permit - Club gaming machine permit - variation	100.00
Gambling permit - club fast track gaming/gaming machine permit (new/renewal/Transitional fee)	100.00
Gambling permit - club fast track gaming/gaming machine permit Annual fee	50.00
Gambling permit - small society lottery registration	40.00
Gambling permit - small society lottery registration annual fee	20.00
Alcohol and entertainment licences/temporary events permits	
Gambling permit - FEC gaming machine (new/renewal)	300.00
Gambling permit - FEC permit - change of name	25.00
Gambling permit - FEC permit - copy of permit	15.00
Gambling permit - Prize gaming (new/renewal)	300.00
Gambling permit - Prize gaming - change of name	25.00
Gambling permit - Prize gaming - copy of permit	15.00
Gambling permit - Alcohol licensed premises - Notification of 2 or less machines	50.00
Gambling permit - Alcohol licensed premises - more than 2 machines	150.00
Gambling permit - Alcohol licensed premises - more than 2 machines - Annual fee	50.00
Gambling permit - Alcohol licensed premises - more than 2 machines - Change of name	25.00
Gambling permit - Alcohol licensed premises - more than 2 machines - Copy of permit	15.00
Gambling permit - Alcohol licensed premises - more than 2 machines - Variation	100.00
Gambling permit - Alcohol licensed premises - more than 2 machines - Transfer	25.00

LAND CHARGES

	LCC Element £	LCC Element (with VAT) £	BBC Element (no VAT) £	BBC Element (with VAT) £	Proposed Charges 2020/21 £	
CON 29 Search Fee - Part R (Manual)	21.00	25.20	52.50	63.00	88.20	Standard rate
CON 29 Search Fee - Part R (Electronic)	21.00	25.20	52.50	63.00	88.20	Standard rate
Statutory LLC1 - Fixed by statute up to 06-07. Deregulated 07-08 (Manual)	0.00		21.00		21.00	Non business - No VAT charge
NLIS Statutory LLC1 - Fixed by statute up to 06-07. Deregulated 07-08 (Electronic)	0.00		21.00		21.00	Non business - No VAT charge
CON 29 Search Fee - Part O Optional Enquiry 4	1.00	1.20	14.50	17.40	18.60	Standard rate
CON 29 Search Fee - Part O Optional Enquiry 8	1.00	1.20	4.00	4.80	6.00	Standard rate
CON 29 Search Fee - Part O Optional Enquiry 21	3.00	3.60	12.00	14.40	18.00	
CON 29 Search Fee - Part O Optional Enquiry 22	6.00	7.20	8.50	10.20	17.40	Standard rate
CON 29 Search Fee - Part O Optional Enquiry	0.00		12.00	14.40	14.40	Standard rate
Additional Enquiries	0.00		18.00	21.60	21.60	Non business - No VAT charge
CON 29 Search Fee - (manual & electronic) Additional Parcels of Land			17.00	20.40	20.40	Standard rate
LLC1 Additional Parcels of Land	0.00		1.00		1.00	Non business - No VAT charge
Cancellation of LLC1			10.00		10.00	Non business - No VAT charge
Cancellation of CON 29	0.00		30.00	36.00	36.00	Standard rate
Informal Searches	0.00		26.00	31.20	31.20	Standard rate

LEISURE POOL

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
LEISURE POOL				
Swimming				
Adult	4.40		4.40	Standard rate
OAP Concessions	3.40		3.40	Standard rate
Junior Swim	3.20		3.20	Standard rate
Disabled Concession	3.00		3.00	Standard rate
Spectator	1.00		1.00	Standard rate
Family Swim	12.00		12.00	Standard rate
Lessons Junior and Adult (1/2 hour x 7 sessions)	30.80		30.80	Exempt - no VAT
One to One swimming lessons	17.50		17.50	Exempt - no VAT
Crash course swimming lessons (1/2 hour x 5 sessions)	22.50		22.50	Exempt - no VAT
Activity Sessions	6.00		6.00	Exempt - no VAT
Float Fit - Adults	6.00		6.00	Exempt - no VAT
Float Fit - Concession	5.00		5.00	Exempt - no VAT
Float Fit College / School	4.30		4.30	Exempt - no VAT
Float Fit - Staff non member	3.15		3.15	Exempt - no VAT
Float Fit - Staff member	3.00		3.00	Exempt - no VAT
Kids Club - Membership	13.00		13.00	Exempt - no VAT
Child Activity Pack - Monthly Pass	15.00		15.00	Exempt - no VAT
Child Activity Pack - 30 day pass	25.00		25.00	Exempt - no VAT
Kids Club - Member session fee	2.80		2.80	Exempt - no VAT
Kids Club - Non member fee	5.00		5.00	Exempt - no VAT
Under 5's Swim	1.00		1.00	Exempt - no VAT
Aqua Fit (Single session)	6.00		6.00	Exempt - no VAT
School (per child) with staff supervision	1.70		1.70	Exempt - no VAT
Club and Individual Training				
BASC agreed rate per week (as determined throught the Partnership SLA)(not in on Sundays wef: Sept 2015) Price set until August 2018	1,076.90		1,076.90	Exempt - no VAT
Leisure Pool Hire				
Training Room Activity Room	25.50		25.50	See note 1 below
Party Package (Pool plus activity room - max 30) (inc £20 deposit)	125.00		125.00	Standard rate
Party Package (Activity Room)	50.00		50.00	Standard rate
Table Tennis (table hire 55 minutes - activity room)	5.00		5.00	Standard rate
Table Tennis (bat hire 55 minutes - activity room)	1.50		1.50	Standard rate
Six month Swim Pass				
12 months Adult NEW FEE	301.20		301.20	Standard rate
6 months OAP Concessions NEW FEE	270.00		270.00	Standard rate
30 Day Swim Pass	35.00		35.00	
Adult - Direct Debit monthly	26.40		26.40	
Concessions - Direct Debit monthly - now in line with gym - 1 price for concessions	23.70		23.70	
Courses / Training				
RLSS NPLQ (Including First Aid)	230.00		230.00	Exempt - no VAT
First Aid	125.00		125.00	Exempt - no VAT
Defib	70.00		70.00	Exempt - no VAT
NRASTAC (School teacher safety training)	90.00		90.00	Exempt - no VAT

Note 1 - The VAT liability of the charge for the activity areas is exempt if it is purely room hire, without use of pool.

Note 2 - The VAT liability may change if there are a series of lets - please refer to rules on Sports Charges Fees & Charges page

FITNESS SUITE

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
FITNESS SUITE				
Club membership				
Induction (knocked off joining fee in 1st month)	10.00		10.00	Exempt - no VAT
Joining Fee	25.00		25.00	Standard rate
Joining Fee (College/BBC)	15.00		15.00	Standard rate
Monthly fees (club members)				
Gym/health/swim -	29.95		29.95	Standard rate
Corporate	26.50		26.50	Standard rate
Student	21.00		21.00	Standard rate
Concession	23.70		23.70	Standard rate
All facilities annual - 12+1 months from 15 months	359.40		359.40	Standard rate
All facilities annual CONCESSION - 12+1 months from 15 mo	270.00		270.00	Standard rate
3 Month Pack -				REMOVED
3 Month Concession membership				REMOVED
One month activity pass	46.00		46.00	Standard rate
Monthly fees (College)				
All facilities	22.50		22.50	Standard rate
Casual fees (College & BBC)				
Gym	6.80		6.80	Standard rate
Classes	4.50		4.50	Exempt - no VAT
Health/swim	4.50		4.50	Standard rate
Float Fit - Member	3.00		3.00	Exempt - no VAT
Casual fees (non-members)				
Gym	10.00		10.00	Standard rate
Concession Gym	5.25		5.25	Standard rate
Classes	7.00		7.00	Exempt - no VAT
Float Fit - Concession Non-Member	5.00		5.00	Exempt - no VAT
Extend class	2.70		2.70	Exempt - no VAT
Fit Fifties class	3.90		3.90	Exempt - no VAT
Health/swim	7.40		7.40	Standard rate
Full fitness assessment	30.70		30.70	Exempt - no VAT
GP referral scheme	20.00		20.00	Exempt - no VAT
Group Rig and TRX training	10.00		10.00	Exempt - no VAT
Personal Training (member)	15.00		15.00	Exempt - no VAT
Personal Training (NON member)	20.00		20.00	Exempt - no VAT
Weight and body composition	10.00		10.00	Exempt - no VAT

CRAFT MARKET CHARGES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
<u>Craft Market</u> - 15 stalls maximum				
Per stall - payment on day	14.00	0.00	14.00	Exempt - no VAT
Per stall - paid up front (quarter or month)	12.00	0.00	12.00	Exempt - no VAT
<u>Christmas Market (one day)</u>				
One market stall or pop up gazebo	27.00	3.00	30.00	Exempt - no VAT
Pitches (per 1ft frontage)	2.60	0.10	2.70	Exempt - no VAT
Food plot per 1 ft. frontage	5.20	0.00	5.20	Exempt - no VAT
<u>Through the ages, 2 days</u>				
Pop up gazebo	0.00	80.00	80.00	New charge
Pitches (per 1 ft. frontage)	0.00	7.40	7.40	New charge
<u>1940s, 1 day</u>				
Pop up gazebo	0.00	20.00	20.00	New charge
Catering	0.00	50.00	50.00	New charge
Amusements	0.00	50.00	50.00	New charge
Bar	0.00	5% of takings		Standard rate
<u>Outdoor Cinema</u>				
One plot - food/bar/sweets	35.00	£15 plus 5% of takings		Standard rate
<u>Party in the park</u>				
Food trader	62.50	£40 plus 5% of takings		Standard rate
Bar	10% of takings	0.00	10% of takings	Standard rate
Misc. seller - hair braids/balloons	40.00	£20 plus 5% of takings		Exempt - no VAT

A Stall maybe be free of charge if a group are performing at the event
Stalls may not exceed 5 ft. in depth

MARKET CHARGES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
<u>Market Place & Bargate - (stall hire-10ft width)</u>				
<u>Regular trader **</u>				
per market	23.00	0.00	23.00	Exempt - no VAT
per market (monthly in advance)	21.00	0.00	21.00	Exempt - no VAT
per market (quarterly in advance)	20.00	0.00	20.00	Exempt - no VAT
per market (annually in advance)	19.00	0.00	19.00	Exempt - no VAT
<u>Casual Trader</u>				
per market	26.00	0.00	26.00	Exempt - no VAT
Market Place - 100 markets/50 weeks				
<u>Pitches (per 1ft. Frontage)</u>				
<u>Regular trader **</u>				
per market	1.70	0.00	1.70	Exempt - no VAT
per market (monthly in advance)	1.50	0.00	1.50	Exempt - no VAT
per market (quarterly in advance)	1.40	0.00	1.40	Exempt - no VAT
Electricity (other than for lights in winter)	2.00	0.00	2.00	Standard rate
Trade Waste Bin 1000l	13.00	0.00	13.00	Non business - No VAT charge
Trade Waste Bin 240l	3.00	0.00	3.00	Non business - No VAT charge
Trade Waste Bags	2.00	0.00	2.00	Non business - No VAT charge
<u>Casual Trader</u>				
per market	2.10	0.20	2.30	Exempt - no VAT
<u>Market Trader Parking Permits</u>				
3 hour ticket purchased for all day-limited car parks	2.50	-0.50	2.00	Standard or non business (depends on car park)

** Incentive for regular traders that stand every week April to Feb (excluding holidays) can stand for free in March.

** Incentive for NEW traders only stand for 4 markets and get 4 free

EVENT TICKET CHARGES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Outdoor Cinema - One screening				
Early bird adult ticket	5.50	0.25	5.75	standard rate
Early bird child ticket	3.50	0.25	3.75	standard rate
Early bird family ticket *	15.00	1.00	16.00	standard rate
Standard adult ticket	7.00	0.50	7.50	standard rate
Standard child ticket	5.00	0.50	5.50	standard rate
Standard family ticket *	21.00	1.50	22.50	standard rate
Cash price on the gate adult ticket	10.00	0.00	10.00	standard rate
Cash price on the gate child ticket	8.00	0.00	8.00	standard rate
Cash price on the gate family ticket *	30.00	0.00	30.00	standard rate
* family ticket, two adults and two children, adults over 16 yrs., children under 16yrs, babies under 18 months free				
Outdoor Cinema - Two screenings NEW FEES				
Early bird adult ticket	0.00	11.00	11.00	standard rate
Early bird child ticket	0.00	7.00	7.00	standard rate
Early bird family ticket *	0.00	26.00	26.00	standard rate
Standard adult ticket	0.00	14.00	14.00	standard rate
Standard child ticket	0.00	10.00	10.00	standard rate
Standard family ticket *	0.00	36.00	36.00	standard rate
Cash price on the gate adult ticket	0.00	18.00	18.00	standard rate
Cash price on the gate child ticket	0.00	14.00	14.00	standard rate
Cash price on the gate family ticket*	0.00	50.00	50.00	standard rate
*family ticket, two adults and two children, Adults over 16yrs, children under 16yrs, babies under 18 months free				
Early bird on sale for a limited time (minimum 2 weeks and maximum 4 weeks after event announced). Standard go on sale after the early bird tickets are sold out.				
Party in the Park/Music and Beer Festival				
Early bird adult, 17yrs and over **	5.00	0.00	5.00	standard rate
Standard adult, 17 yrs. and over	7.00	0.00	7.00	standard rate
Cash price on the gate adult	10.00	0.00	10.00	standard rate
Under 16yrs free must be accompanied by an adult				
** Limited number available, first month of ticket sales and restricted to 500. Standard go on sale after the early bird tickets are sold out.				

EVENT CHARGES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Community/Individual Event fee not for profit (up to 500 people)	70.00	0.00	70.00	standard rate
Community/Individual Event fee not for profit (between 500 -999 people)	95.00	0.00	95.00	standard rate
Registered Charity (up to 500 people)	70.00	0.00	70.00	standard rate
Registered Charity (between 500 - 999 people)	95.00	0.00	95.00	standard rate
All Commercial events	Price negotiated			standard rate
Use of Premises Licence (500 -999 people)	75.00	0.00	75.00	Non Standard
Use of Premises Licence (up to 500 people)	50.00	0.00	50.00	Non Standard
Assistance with events in Boston Market place (per event)	50.00	0.00	50.00	Non Standard

List of Event Spaces – this relates to Borough Council land only**(other spaces, such as Market Place, are owned and controlled by Lincolnshire County Council)**

Broadfield Lane Recreation Ground
 Burgess Pit Recreation Ground
 Shelton's Field Recreation Ground
 Central Park
 St. Johns Recreation Ground
 Witham Way Country Park
 Woodville Road Recreation Ground

		Hours £											
On/Off Street	Car Parks	0.5hr	1hr	2hr	3hr	4hr	All Day 8am-6pm	Sun 8am-6pm	Eve 6pm-8am	48 hrs (2 days)	72 hrs (3 days)	120hrs (5 days)	168 hrs (7 days)
SHORT-STAY CAR PARKS (Mon-Sat 8am-6pm)													
	Bargate Green	PE21 6RU		1.50	2.50				1.20	1.00			
	Custom House Quay	PE21 6NH		1.50	2.50				1.20	1.00			
On	Market Place	PE21 6EH	0.50	1.50					1.20	1.00			
On	Pump Square	PE21 6QW		1.50	2.50				1.20	1.00			
On	Wide Bargate	PE21 6RX		1.50	2.50				1.20	1.00			
MIXED-STAY CAR PARKS (Mon-Sat 8am-6pm)													
	Cattle Market	PE21 6RX		1.50	2.00	2.50	3.00	4.00	1.20	1.00			
	Botolph Street	PE21 6TU		1.50	2.00	2.50	3.00	4.00	1.20	1.00			
	Doughty Quay	PE21 8SP		1.50	2.00	2.50	3.00	4.00	1.20	1.00			
	West End	PE21 8SS		1.50	2.00	2.50	3.00	4.00	1.20	1.00			
	St George's Road	PE21 8YB		1.50	2.00	2.50	3.00	4.00	1.20	1.00	5.00	7.00	15.00
LONG-STAY CAR PARKS (Mon-Sat 8am-6pm)													
On	Municipal Buildings	PE21 8SS			1.00	1.20	1.50	2.50	1.20	1.00			
	South Square	PE21 6HX			1.00	1.20	1.50	2.50	1.20	1.00			
	Irby Street	PE21 8SA					Permit only £150 per year						
	Artillery Row	PE21 6TY			1.00	1.20	1.50	2.50	1.20	1.00			
	Maud Street	PE21 6TP			1.00	1.20	1.50	2.50	1.20	1.00			
	Blue Street	PE21 8UW					Permit only £150 per year						
	Buoy Yard	PE21 6JX			1.00	1.20	1.50	2.50	1.20	1.00			
	Victoria Place	PE21 8UL			1.00	1.20	1.50	2.50	1.20	1.00			
	Staniland	PE21 8SS			1.00	1.20	1.50	2.50	1.20	1.00			
	George Street	PE21 8XF			1.00	1.20	1.50	2.50	1.20	1.00			
	Spayne Road	PE21 6JT			1.00	1.20	1.50	2.50	1.20	1.00			
On	Station Approach	PE21 8RN			1.00	1.20	1.50	2.50	1.20	1.00	5.00	7.00	15.00
	Tunnard Street	PE21 6PL					2.00	1.20	1.00			8.00	10.00

**Standard
Non Business**

**Off Street Parking
On Street Parking**

Seasonal Tickets Valid at:

Botolph Street	PE21 6TU
Doughty Quay	PE21 8SP
St George's Road	PE21 8YB
Artillery Row	PE21 6TY
Maud Street	PE21 6TP
Buoy Yard	PE21 6JX
Victoria Place	PE21 8UL
Staniland	PE21 8SS
George Street	PE21 8XF
Spayne Road	PE21 6JT
Tunnard Street	PE21 6PL

<u>PARKING SEASON TICKETS AND FINES</u>		Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	
Trade bay (annual)	24 hours per day	370.00	0.00	370.00	
Traders bay (quarterly)	24 hours per day	100.00	0.00	100.00	
Traders bay (monthly)	24 hours per day	35.00	0.00	35.00	
Parent Parking Permits (selected car parks only)	(per day according to number of school days each term)	0.50	0.00	0.50	
Premier Permit (annual) - long stay	24 hours per day	450.00	0.00	450.00	
Premier Permit (quarterly) - long stay	24 hours per day	120.00	0.00	120.00	
Premier Permit (monthly) - long stay	24 hours per day	45.00	0.00	45.00	
24 hour EV charging permit (annual)	24 hours per day	0.00	400.00	400.00	New fee
Season Tickets - daily (annual) - long stay	8 am - 6 pm	350.00	0.00	350.00	
Season Tickets - daily (quarterly) - long stay	8 am - 6 pm	95.00	0.00	95.00	
Season Tickets - daily (monthly) - long stay	8 am - 6 pm	35.00	0.00	35.00	
Season Ticket - overnight (annual)	6 pm - 8.00 am	210.00	0.00	210.00	
Season Ticket - overnight (quarterly)	6 pm - 8.00 am	60.00	0.00	60.00	
Season Ticket - overnight (monthly)	6 pm - 8.00 am	25.00	0.00	25.00	
Overnight EV permit (monthly)	6 pm - 8.00 am	0.00	20.00	20.00	New fee
Resident's season tickets (annual)	24 hours per day	225.00	0.00	225.00	
Resident's season tickets (quarterly)	24 hours per day	60.00	0.00	60.00	
Resident's season tickets (monthly)	24 hours per day	22.50	0.00	22.50	
Resident's season ticket-daily (annual)	8am - 6pm	175.00	0.00	175.00	
Resident's season ticket-daily (quarterly)	8am - 6pm	47.50	0.00	47.50	
Resident's season ticket - daily (monthly)	8am - 6pm	17.50	0.00	17.50	
Resident's season ticket- overnight (annual)	6pm - 8am	105.00	0.00	105.00	
Resident's season ticket- overnight (quarterly)	6pm - 8am	30.00	0.00	30.00	
Resident's season ticket - overnight (monthly)	6pm - 8am	22.50	0.00	22.50	
Resident's overnight EV permit (monthly)	6pm - 8am	0.00	17.50	17.50	New fee

<u>PARKING SEASON TICKETS AND FINES</u>		Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £
Blue Street season ticket	24 hours per day	150.00	0.00	150.00
Staff Charges	7 Days	n/a	0.00	n/a
Bus Departures		0.32	0.00	0.32
Lower Band Penalty Charge Notice(PCN) (paid within 14 days)		25.00	0.00	25.00
Lower Band Penalty Charge Notice(PCN) (paid within 14-28 days)		50.00	0.00	50.00
Lower Band Penalty Charge Notice(PCN) (paid after 28 days)		75.00	0.00	75.00
Higher Band Penalty Charge Notice(PCN) (paid within 14 days)		35.00	0.00	35.00
Higher Band Penalty Charge Notice(PCN) (paid within 14-28 days)		70.00	0.00	70.00
Higher Band Penalty Charge Notice(PCN) (paid after 28 days)		105.00	0.00	105.00

Seasonal Tickets Valid at:

Botolph Street
 Doughty Quay
 St George's Road
 Artillery Row
 Maud Street
 Buoy Yard
 Victoria Place
 Staniland
 George Street
 Spayne Road
 Tunnard Street

The above parking charges are inclusive of VAT

Penalty Charge Notices are Non-Vatable

The bus departure rates are exclusive of VAT (standard rated)

BUILDING CONTROL FEES AND CHARGES

	Charges 2018/19 £	Proposed Increase 2019/20 £	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Copy of Building Regulation Approval (where number is quoted)	38.00		38.00		38.00	Standard rate
Letter of Comfort	48.00		48.00		48.00	Standard rate
Building Regulations (Confirmation of erection of outbuildings in accordance with the approved plans)	189.00		189.00		189.00	Standard rate

PLANNING AND DEVELOPMENT SERVICES

APPENDIX 4

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £
Copy of Planning Decision Notice	5.00		5.00
Planning Committee Agenda	7.10		7.10
Photocopy of Background Papers per sheet	0.10		0.10
Each additional A4 sheet per sheet	0.10		0.10
Planning Application information searches	25.70		25.70
Lincolnshire Design Guide (County wide price)	32.80		32.80
Production of Plans for consultation and inspection purposes only			
A0 size (841mm x 1189mm)	4.10		4.10
A1 size (841mm x 594mm)	2.10		2.10
A2 size (420mm x 594mm)	1.00		1.00
A3 size (297mm x 420mm) Black & White	0.30		0.30
A3 size (297mm x 420mm) Colour	0.60		0.60
A4 size (297mm x 210mm) Black & White	0.10		0.10
A4 size (297mm x 210mm) Colour	0.20		0.20
Adopted South East Lincolnshire Local Plan	78.00		78.00
Postage & Packaging	5.50		5.50
Copy of Tree Preservation Orders	5.00		5.00
Copies of Local Development Schemes	17.10		17.10
If invoice is required for any of above services	5.40		5.40

**VAT
LIABILITY**

Non business - no VAT charge
Zero rated - 0%
Standard rate
Standard rate
Non business - no VAT charge
Zero rated - 0%

Standard rate
Standard rate
Standard rate
Standard rate
Standard rate
Standard rate
Standard rate

Standard rate
Standard rate

Non business - no VAT charge
Zero rated - 0%

VAT liability depends on what invoice is for

Planning Application Fees

**Charges
2020/21
£**

Outline Planning Permission		
Site Area	Not more than 2.5 hectares	£462 per 0.1 hectare
	More than 2.5 hectares	£11,432 + £138 per 0.1 hectares up to a maximum of £150,000

Non business - no VAT charge

Non business - no VAT charge

Householder Applications		
Alterations / extensions to a single dwellinghouse , including works within boundary	Single dwellinghouse	£206.00

Non business - no VAT charge

Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent)		
Alterations or extensions to existing dwellinghouses , including works within boundaries	Single dwellinghouse (or single flat)	£206.00
	2 or more dwellinghouses (or two or more flats)	£407.00
New dwellinghouses	Not more than 50 new dwellinghouses	£462 per dwellinghouse
	More than 50 new dwellinghouses	£22,859 + £138 per additional dwellinghouse up to a maximum £300,000

Non business - no VAT charge

Erection of buildings (not dwellinghouses, agricultural, glasshouses, plant nor machinery)		
Gross floor space to be created by development	No increase in gross floor space or no more than 40 sq m	£234.00
	More than 40 sq m but no more than 75 sq m	£462.00
	More than 75 sq m but no more than 3,750 sq m	£462 for each 75sq m or part thereof
	More than 3,750 sq m	£22,859 + £138 for each additional 75 sq m in excess of 3,750 sq m to a maximum of £300,000

Non business - no VAT charge

The erection of buildings (on land used for agriculture for agricultural purpose)		
Gross floor space to be created by development	Not more than 465 sq m	£96.00
	More than 465 sq m but not more than 540 sq m	£462.00
	More than 540 sq m but not more than 4,215 sq m	£462 for first 540 sq m + £462 for each 75 sq m (or part thereof) in excess of 540 sq m
	More than 4,215 sq m	£22,859 + £138 for each 75 sq m (or part thereof) in excess of 4,215 sq m up to a maximum of £300,000

Non business - no VAT charge

Erection of Glasshouses and Polytunnels (on land used for the purposes of agriculture)		
Gross floor space to be created by development	Not more than 465 sq m	£96.00
	More than 465 sq m	£2,580.00

Non business - no VAT charge

Non business - no VAT charge

Erection / alterations / replacement of plant and machinery		
Site area	Not more than 5 hectares	£462 for each 0.1 hectare (or part thereof)
	More than 5 hectares	£22,859 + additional £138 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £300,000

Non business - no VAT charge

Non business - no VAT charge

Applications other than Building Works			
Car parks, service roads or other accesses	For existing uses	£234.00	Non business - no VAT charge
Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)			
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)	Non business - no VAT charge
	More than 15 hectares	£34,934 + £138 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000	Non business - no VAT charge
Operations connected with exploratory drilling for oil or natural gas			
Site area	Not more than 7.5 hectares	£508 for each 0.1 hectare (or part thereof)	Non business - no VAT charge
	More than 7.5 hectares	£38,070 + additional £151 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £300,000	Non business - no VAT charge
Operations (other than exploratory drilling) for the winning and working of oil or natural gas			
Site area	Not more than 15 hectares	£257 for each 0.1 hectare (or part thereof)	Non business - no VAT charge
	More than 15 hectares	£38,520 + additional £151 for each 0.1 in excess of 15 hectare up to a maximum of £78,000	Non business - no VAT charge
Other operations (winning & working of minerals) excluding oil and natural gas			
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)	Non business - no VAT charge
	More than 15 hectares	£34,934 + additional £138 for each 0.1 in excess of 15 hectare up to a maximum of £78,000	Non business - no VAT charge
Other operations (not coming within any of the above categories)			
Site area	Any site area	£234 for each 0.1 hectare (or part thereof) up to a maximum of £2,028	Non business - no VAT charge
Lawful Development Certificates			
Existing use or operation		Same as Full	
Existing use or operation - lawful not to comply with any condition or limitation		£234.00	Non business - no VAT charge
Proposed use or operation		Half the normal planning fee	Non business - no VAT charge
Prior Approval			
Larger Home Extensions (from 19 August 2019)		£96.00	Non business - no VAT charge
Agriculture and Forestry buildings & operations		£96.00	Non business - no VAT charge
Demolition of buildings		£96.00	Non business - no VAT charge
Communications (previously referred to as 'Telecommunications Code Systems Operators')		£462.00	Non business - no VAT charge
Change of use *refer to guidance		£96.00	Non business - no VAT charge
Change of use including building operations * refer to guidance		£206.00	Non business - no VAT charge
Reserved Matters			
Application for approval of reserved matters following outline approval		Full fee due or if full fee already paid then £462 due	Non business - no VAT charge
Approval / Variation / discharge of condition			
Application for removal or variation of a condition following grant of planning permission		£234	Non business - no VAT charge
Request for confirmation that one or more planning conditions have been complied with		£34 per request for Householder otherwise £116 per request	Non business - no VAT charge

Change of Use of a building to use as one or more separate dwellinghouses, or other cases		
Number of dwellinghouses	Not more than 50 dwellinghouses	£462 for each
	More than 50 dwellinghouses	£22,859 + £138 for each in excess of 50 up to a maximum of £300,000
Other Charges of Use of a building or land		£462

Non business - no VAT charge

Non business - no VAT charge

Non business - no VAT charge

Advertising	
Relating to the business on the premises	£132
Advance signs which are not situated on or visible from the site, directing the public to a business	£132
Other advertisements	£462

Non business - no VAT charge

Non business - no VAT charge

Non business - no VAT charge

Application for a Non-material Amendment Following a Grant of Planning Permission	
Applications in respect of householder developments	£34.00
Applications in respect of other developments	£234.00

Non business - no VAT charge

Non business - no VAT charge

Application for Permission in Principle	
Site area	£402 for each 0.1 hectare (or part thereof)

Non business - no VAT charge

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
TYPE OF DEVELOPMENT				
Householder development including alterations and extensions.	85.00		85.00	Standard rate
Change of use including siting of caravans.	190.00		190.00	Standard rate
Development of 1-10 dwellings, or residential development on sites of less than 0.50 ha including changes of use to residential.	£220 for 1st dwelling; and £130 for each additional dwelling.		£220 for 1st dwelling; and £130 for each additional dwelling.	Standard rate
Development of 11-50 dwellings, or residential development on sites of over 0.50 ha but less than 1.0 ha including changes of use to residential.	£1,000 for the 10th dwelling; and £65 for each additional dwelling.		£1,000 for the 10th dwelling; and £65 for each additional dwelling.	Standard rate
Development of 51+ dwellings, or residential development on sites of more than 1.0 including changes of use to residential.	Minimum fee £3,000 with additional fee subject to negotiation dependent upon complexity of proposal (PPA encouraged) and resources required.		Minimum fee £3,000 with additional fee subject to negotiation dependent upon complexity of proposal (PPA encouraged) and resources required.	Standard rate
Non residential development up to 499 square metres floor area or 0.50 hectare site area.	200.00		200.00	Standard rate
Non residential development of over 500 and 999 square metres floor area or between 0.51 and 1.0 hectares site area.	£250 plus £125 for each additional 100m ² ; or £1,000 for each 0.1 ha		£250 plus £125 for each additional 100m ² ; or £1,000 for each 0.1 ha	Standard rate
Non residential development of over 1000 and 4999 square metres floor area or between 1.1 and 2.0 hectares site area.	£825 for 1000m ² plus £75 for each additional 100m ² or 0.1 ha.		£825 for 1000m ² plus £75 for each additional 100m ² or 0.1 ha.	Standard rate
Non residential development of over 5000 square metres floor area or over 2.1 hectares site area.	£3,000 with additional fee subject to negotiation dependent upon complexity of proposal (PPA encouraged).		£3,000 with additional fee subject to negotiation dependent upon complexity of proposal (PPA encouraged).	Standard rate
Alterations to non-residential development where no new floor area space is created.	100.00		100.00	Standard rate
Variation or removal of planning conditions, Telecommunications development, Certificates of Lawful Development, Advertisements, and Listed Building Advice.	£80.00; Alterations to a listed building £120.00; Additional site visit £125.00		£80.00; Alterations to a listed building £120.00; Additional site visit £125.00	Standard rate
Exemptions and Reductions				
Proposals by parish and town councils and non profit making organisations	No Charge		No Charge	
Proposals relating to the needs of persons with disabilities.	No Charge		No Charge	
Proposals by registered social landlords	No Charge		No Charge	
Proposals relating to a proposal on a property subject to an article 4 direction	No Charge		No Charge	
Proposals form part of a scheme of works covered by the Partnership Scheme in Conservation Areas	No Charge		No Charge	

Where a proposal covers more than one category of development the highest of the relevant fees will be charged.

PLANNING AND DEVELOPMENT SERVICES - PLANNING PERFORMANCE AGREEMENTS

Fees relating to schemes subject to Planning Performance Agreements are negotiated on a case-by-case basis. The charges below are indicative and are not to be considered exhaustive. The Council seek to recover costs of areas not covered below or where external specialist support is required. The costs identified do not include those associated with drawing up or signing the agreement.

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	
Planning				
Daylight / Sunlight assessment	£1,200.00		£1,200.00	Standard rate
Economic / Employment Statement	£1,200.00		£1,200.00	Standard rate
Consultees				
Environmental Health -				
- Contaminated Land	£240.00		£240.00	Standard rate
- Air Quality	£240.00		£240.00	Standard rate
- Noise	£240.00		£240.00	Standard rate
- Vibration	£240.00		£240.00	Standard rate
- Odour	£240.00		£240.00	Standard rate
- Lighting	£240.00		£240.00	Standard rate
- Health Impact Assessments	£240.00		£240.00	Standard rate
Conservation - Heritage	£480.00		£480.00	Standard rate
Conservation - Biodiversity	£600.00		£600.00	Standard rate
Archaeology	£180.00		£180.00	Standard rate
Environmental Operations (Bins / Waste)	£120.00		£120.00	Standard rate
Policy	£480.00		£480.00	Standard rate
Housing Department (Affordable Housing)	£1,000.00		£1,000.00	Standard rate
Structural Assessment of Building	£600.00		£600.00	Standard rate

* Officer Time: (Including VAT)

Senior Development Management Officer £3,000.00

Growth Manager £1,800.00

EXEMPTIONS AND REDUCTIONS No fee will be charged for:

Proposals by parish and town councils and non profit making organisations

Proposals relating to the needs of persons with disabilities

Proposals solely for affordable housing

SPORTS CHARGES

	Charges 2018/19 £	Proposed Increase 2019/20 £	Proposed Charges 2019/20 £	VAT LIABILITY
Football Pitch per match under-10's	17.00	0.00	17.00	Standard rate
Football Pitch per match under-16's	22.00	0.00	22.00	Standard rate
Football Pitch per match Adults	35.00	0.00	35.00	Standard rate
Football Pitch unauthorised use	80.00	0.00	80.00	Standard rate
Bowls per hour	n/a		n/a	charge no longer applicable
Bowls seasonal ticket	n/a		n/a	charge no longer applicable

Please avoid single lets for 24 hours or more and series of lets.

If pitch/court is a single let for 24hours or more, income is exempt and therefore no VAT is charged.

If pitch/court is a series of lets and fulfills ALL of the following criteria, income is exempt (no VAT charged):

1. 10 or more lets/sessions booked
2. Each let is for the same activity
3. Each let is in the same place
4. The interval between each let is at least 1 day, but no more than 14 days
5. The series of lets is paid for as a whole and there is no provision for a refund
6. The facilities are let out to a school, club, association or organisation such as local league
7. The person(s) to whom facilities are let has exclusive use of them during the sessions

Homeless Hostel Rent and Charges

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
- Rent element only per week	156.80	3.92	160.72	Exempt
- Rent element only per night	22.40	0.56	22.96	Exempt
- Service Charge (Heating, lighting, water) - per wk.	21.00	0.56	21.56	Exempt
- Service Charge (Heating, lighting, water) - per night	3.00	0.08	3.08	Exempt
TOTAL CHARGE PER WEEK	177.80		182.28	
TOTAL CHARGE PER NIGHT	25.40		26.04	

HMO LICENCE FEES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Variation of existing licence	0.00	0.00	0.00	Non business - No VAT charge
Process of initial application cost - Part 1	479.00	0.00	479.00	Non business - No VAT charge
Post approval application cost - Part 2	469.00	0.00	469.00	Non business - No VAT charge

Housing Act Notice

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Hazard Awareness Notice (Owner Occupier)	No Charge	0.00	No Charge	Exempt
Hazard Awareness Notice (private rented sector)	100.00	0.00	100.00	Exempt
Improvement Notice; Prohibition Order; Demolition Order - (for one hazard)	200.00	0.00	200.00	Exempt
Improvement Notice; Prohibition Order; Demolition Order - (for each additional hazard included within the Notice / Order)	60.00	0.00	60.00	Exempt

Other Housing Fees

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Property inspection and report (per hour)	95.00	0.00	95.00	Exempt

PROPERTY SERVICES

	Charges 2019/20 £	Proposed Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Naming of a new street	£92.80 per street.		£92.80 per street.	Non business - no VAT charge
Renaming of an existing street at the request of all of its residents.	£92.80 for the street plus £23.20 per dwelling		£92.80 for the street plus £23.20 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on an existing street.	£34.80 per dwelling		£34.80 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on a new development consisting of 1 – 5 plots.	£34.80 per dwelling		£34.80 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on a new development consisting of 6 – 10 plots.	£ 29.00 per dwelling		£ 29.00 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on a new development consisting of 11 - 29 plots.	£ 23.20 per dwelling		£ 23.20 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on a new development consisting of 30 - 74 plots.	£ 17.40 per dwelling		£ 17.40 per dwelling	Non business - no VAT charge
Naming or numbering of a new dwelling on a new development consisting of 75 + plots	£13.35 per dwelling		£13.35 per dwelling	Non business - no VAT charge
Addition or alteration of a name to an existing dwelling.	£ 34.80 per dwelling		£ 34.80 per dwelling	Non business - no VAT charge
Changes to a development after initial application for naming and numbering has been processed.	£ 23.20 per dwelling		£ 23.20 per dwelling	Non business - no VAT charge

CIVIC AND ELECTORAL

	Current Charges 2019/20 £	3% Increase 2020/21 £	Proposed Charges 2020/21 £	VAT LIABILITY
Hire of Council Chamber	21.40	0.60	22.00	Standard rate
Hire of Meeting Room	21.40	0.60	22.00	Standard rate
Hire of Committee Room	21.40	0.60	22.00	Standard rate
Hire of Haven Room	10.70	0.30	11.00	Standard rate
Hire of Maud Foster	10.70	0.30	11.00	Standard rate
Refreshments at meetings	15.10	0.50	15.60	Standard rate
Sale of Electoral Registers - FIXED BY STATUTE				

* These charges are per hour of rental

EARMARKED RESERVES MOVEMENTS SUMMARY

Reserve Purpose	Balance	Transfers	In	Transfers Out	Balance	Net Change	Balance	Net Change	Balance	Net Change	Balance	Net Change	Balance
	31.03.20				31.03.21	in Year	31.03.22	in Year	31.03.23	in Year	31.03.24	in Year	31.03.25
	£'000	£'000		£'000	£'000	£'000	£'000	£	£'000	£	£'000	£'000	£
Capital Funding	(5,298)	(1,808)		1,545	(5,561)	(1,267)	(6,828)	(7,924)	(1,112)	(9,036)	(1,129)	(10,165)	
Transformation	(946)	(31)		11	(966)	(20)	(986)	(1,018)	0	(1,018)	0	(1,018)	
ICT	(322)			100	(222)	47	(175)	(105)	20	(85)	85	0	
Repairs and Renewals	(674)	(35)		81	(628)	(27)	(655)	(690)	(35)	(725)	(36)	(761)	
Housing	(1,244)	(92)		813	(523)	(58)	(581)	(619)	(37)	(656)	(38)	(694)	
Controlling Migration Fund	(80)			80	0	0	0	0	0	0	0	0	
Funding Volatility Reserve	(2,930)	(12)		273	(2,669)	0	(2,669)	(2,669)	0	(2,669)	0	(2,669)	
Insurance	(290)				(290)	0	(290)	(290)	0	(290)	0	(290)	
Property Fund Returns Mitigation Reserve	(1,000)	0			(1,000)	0	(1,000)	(1,000)	0	(1,000)	0	(1,000)	
	(12,784)	(1,978)		2,903	(11,859)	(1,325)	(13,184)	(14,315)	(1,164)	(15,479)	(1,118)	(16,597)	

Capital and Treasury Strategy update 2020/21
(Including 2020/21 Treasury Management Strategy Statement)

1 Introduction

- 1.1 The Council approved a comprehensive Capital and Treasury Strategy for 2018/19 in April 2018 (Appendix 1), which recognised the various constraints upon the capital resources available to it, and included the purchase of £20m Property Fund holdings to create long term funding whilst covering the costs of borrowing throughout the period of the strategy.

(the strategy and its appendices can be found at

<https://modern.gov.boston.gov.uk/ieListDocuments.aspx?CId=132&MId=1165&Ver=4>
agenda item 56)

- 1.2 The Council has a good track record of recent successes in managing its assets. Projects already delivered to support the Council's capital asset base and reduce ongoing revenue spending in the face of resource reductions include -
- Release of Fen Road lease and move to St Johns Depot
 - Sale of Assembly Rooms
 - Installation of biomass boilers at the Geoff Moulder Leisure Centre (GMLC) and Princess Royal Sports Arena (PRSA)
 - Lease of PRSA to 1Life
 - Municipal Buildings, office moves and co-location (Lincolnshire County Council (LCC), Department for Works and Pensions (DWP), Lincolnshire Community and Voluntary Services (LCVS), Citizens Advice Bureau (CAB)
 - Purchase of £20m Property Funds during 2018/19
- 1.3 Ongoing financial constraints and funding uncertainties for councils mean that a full update of the strategy will be undertaken once there is more clarity on future funding arrangements.
- 1.4 In the meantime, specific commentary for the 2020/21 update is included below -

2 Prudential Code

- 2.1 CIPFA's Prudential Code for Capital Finance in Local Authorities, introduced in 2004, provides the framework within which councils must operate. Councils are required to "have regard" to it when developing their capital investment plans. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) has published updated Statutory Investment Guidance relating to the need for councils to prepare an investment strategy annually.
- 2.2 The 2018 update of the Prudential Code formalised the requirement for councils to produce a capital strategy, including risks to the strategy. It continues to be based on the principles of affordability, prudence and sustainability whilst having regard to statutory guidance.

3 Future funding regime

- 3.1 The single year Spending Review 2019 gives councils knowledge of the funding available for the 2020/21 year. Beyond this however there continue to be significant uncertainties due to the proposed changes to business rate localisation, the outcome of the Fair Funding review, and the next multi-year Spending Review in 2020.
- 3.2 Obviously this does not help with financial forecasting, and in order to prepare for a period post-2020 when it is expected there will be some clarity on funds available in the coming years, the Council will commission a condition survey of its assets during 2020/21 to inform future capital strategies.

4 Capital resources

- 4.1 The Council has a number of potential sources to fund spending of a capital nature, namely -
- Borrowing
 - Capital receipts
 - Revenue
 - Reserves
 - Grants
- 4.2 It currently has £16.5m of fixed rate long-term borrowing, which is considered appropriate given the extent of future funding uncertainties at present.
- 4.3 Council borrowing has traditionally been undertaken through the Public Works Loans Board which has generally provided competitive loan rates. However, as councils across the country have increased their borrowing to support commercial activities in response to the reduction in resources as government grant has reduced, in October 2019 the Treasury increased borrowing rates by 1%, making them less attractive.
- 4.4 This will mean that, unless rates are reduced, any future borrowing considered by the Council will be more expensive and therefore business cases will need to be robust, and other sources of funding will be considered.
- 4.5 The Council has limited opportunities to create capital receipts in the short term. In the medium to longer term, the purchase of £20m property fund holdings during 2018/19 is anticipated to deliver capital resources for the Council.
- 4.6 The capital reserve stood at £4.4m at 31 March 2019, with £1.2m of this committed for the replacement of the refuse freighter fleet in 2020/21.
- 4.7 The Council continually seeks opportunities to bid for capital grants to support its priorities, with recent successes including Controlling Migration Fund GMLC and Multi-Use Games Area (MUGA), Housing Infrastructure Fund (HIF) funding towards the Quadrant project, and continuing to deliver Disabled Facilities Grants under the Better Care Fund. The recent announcement of the up to £25m Towns Fund scheme and publication of its prospectus will provide further impetus for capital resources to develop the town and prepare it for the future.

5 Minimum revenue provision and MRP policy

- 5.1 Minimum Revenue Provision (MRP) is the calculated annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI).
- 5.2 The Council is required through statutory guidance to approve an MRP policy each year, incorporated into the Council's Treasury Management Strategy Statement for 2020/21 (see Appendix A).

6 Capital spending

- 6.1 Given the extended period of austerity, and the four-year financial settlement that reduced the amount of Government funding to the Council to 2019/20, the recent approach to capital spending has, in the main, been one of constraint.
- 6.2 In light of the current situation, the MTFS includes a limited capital programme at this time, awaiting the outcome of the condition survey and clarification on future funding levels.

Scheme	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
1.Disabled Facilities Grants	280	280	280	280	280
2.Housing Strategy	150	-	-	-	-
3.Noise Monitoring Equipment	-	10	-	-	-
4.Vehicle Replacement					
Refuse Fleet	1,279	-	-	-	-
Street Cleaning	240	75	-	-	-
Ford Transit Tipper Vans 350 (4)	-	-	50	56	-
Ford Transit Van 290, 300 & 1.5tdci Courier	-	-	60	-	-
Ford Ranger	-	-	25	-	-
5. Grounds Maintenance – Mower Replacement	-	20	80	-	-
6.Town Centre Heritage Scheme	981	458	42	-	-
7.Information Technology Refresh	100	47	70	20	94
8.Resurfacing and Footpath Improvements	11	14	-	-	-
Totals	3,041	904	607	356	374
Financed by:					
1.Capital Grants and Contributions	1,180	700	319	280	280
2.Capital Reserve	1,530	149	218	56	9
3.IT Reserve	100	47	70	20	85
4.Repairs and Renewals Reserve	81	8	-	-	-
5.Housing Reserve	150	-	-	-	-
Totals	3,041	904	607	356	374

- 6.3 For the future, as noted earlier in this report, there will be the need for capital spend on the Council's assets, as well as opportunities to help shape the town's outlook. The Towns Fund will provide much needed impetus to support future economic growth.

7 Risks and mitigations

- 7.1 The 2018 strategy recognises that there are a number of risks. Regular reporting to the Audit and Governance Committee in its role as those charged with governance (including, in November 2019, the commencement of presentations by the Property Fund managers, with support provided by the Council's Treasury advisors) maintains focus on the changing nature of the various risks as they emerge and are mitigated.
- 7.2 The primary financial mitigation included in the 2018 Capital Strategy is the creation of a reserve to provide resource should borrowing costs not be covered by income or a need to provide for capital value fluctuations arises. It is envisaged that this will amount to £1m by the end of the 2019/20 financial year.

8 Asset Management Plan

8.1 Strategic Objective 1

'Over the next three years we will fundamentally review our property holdings and explore all options for underused, costly and inefficient assets'.

Over the past 12 months, we have:

- Continued to review rents in respect of our income-generating portfolio, seeking to increase them where possible in line with the current market.

8.2 Strategic Objective 2

'Over the next three years we will review all of our community asset holdings and assess the long term options for their use. This will include consideration of community asset transfer together with looking at alternative uses that may better meet our corporate objectives'.

Over the past 12 months, we have:

- Entered into negotiations on the possible sale of a sub-station site in the town.
- Completed an asset transfer of a playing field at Old Leake to the Parish Council.

8.3 Strategic Objective 3

'Over the next three years we will review our office accommodation needs. This will include exploring options for sharing with others, making better use of what we already have and looking at whether better opportunities exist for us elsewhere. It will also include looking at how we work and whether opportunities exist for mobile and home working'.

- We have continued the successful new ways of working regime amalgamating various internal teams into remodelled and highly efficient office spaces.
- Supported home working using IT technology where a benefit to the business has been identified.

- Freed up additional office space within the Municipal Buildings to facilitate letting of large areas to DWP, LCC Registrars Service, Lincolnshire Community and Voluntary Service (CVS), Humberside, Lincolnshire and North Yorkshire Community Rehabilitation Company (HLNY CRC Ltd), Citizens Advice Bureau (CAB) and Lincolnshire County Council (Highways and Planning) and (Adult and Child Care).
- Technology solutions to enable mobile working implemented, and used regularly by Building Control, Housing and Town Centre Services.

8.4 Strategic Objective 4

'Over the next three years we will maximise the use of our Asset Management Software. We will do this to ensure that we can better monitor and report information about our portfolio and strengthen our decision making in relation to Strategic Asset Management'

- Implemented our own primary asset information to better inform decision-making and management of our assets (TF Cloud).

9 Peer Review and Internal Audit recommendations

9.1 The Local Government Association peer review report of their work in September 2019, published in October and presented to Council in December, includes recommendations relating to the Council's future capital strategy.

- Lengthening the period of the capital programme
- Undertaking a stock condition survey
- Reviewing the Council's assets

9.2 In addition, the Council's internal auditors conducted a Medium Term Financial Strategy audit during 2019/20, and recommended that the Council undertake a condition survey of its assets as a precursor to updating and potentially lengthening the period of the capital strategy.

10 Treasury Management, and Treasury Management Strategy Statement

10.1 Treasury management activities include the management of the Council's 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. Part of the treasury management operation is to ensure that the 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.

10.2 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 any debt previously drawn may be restructured to meet Council risk or cost objectives. Close monitoring of interest rates and the economic outlook ensures that decisions are taken in a timely manner, as necessary.

10.3 The Council's Treasury management activity is undertaken within parameters set out in the Treasury Management Strategy Statement (TMSS) at Appendix A, with the Prudential Indicators.

Boston Borough Council

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and
Annual Investment Strategy 2020/21

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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.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, from 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 the 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.

The 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 shows:

- 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 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.

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).

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 (in addition, this Council receives quarterly update reports).

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 Overview and Scrutiny - Corporate and Community Committee and the Audit and Governance Committee.

In addition, the Audit and Governance Committee receives quarterly treasury management updates.

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 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 The Current Treasury Position at 31 December 2019

The Council's treasury portfolio position at 31 December 2019 comprised:

Table 1: Current portfolio position

		£m	£m	Average rate of interest %
External Borrowing	PWLB	15.449		2.48%
	Market	1.000		11.13%
Total Debt			16.449	3.00%
Investments				
Treasury Investments	Banks		13.490	0.76%
Non Treasury	Property Funds		20.267	4.96% (gross)
Total Investments			33.757	

The Council's portfolio of cash balances held at 31 December 2019 is set out in Table 2 below with the latest valuation of property funds shown in Table 3.

Table 2: Counterparty List and Cash Balances at 31 December 2019

Financial Institution	Amount £'000	Length of Investment	Interest Rate	Link colour rating
HSBC	1,740	Call	0.43%	Orange (12 months)
CCLA	3,000	Call	0.71%	Yellow 5 Years
Santander	3,000	95 day notice	0.85%	Red – 6 months
Barclays	3,000	95 day notice	0.95%	Red – 6 months
Lloyds	750	1 year	1.25%	Orange (12 months)
	750	1 year	1.10%	Orange (12 months)
	250	1 year	1.25%	Orange (12 months)
Bank of Scotland	1,000	1 year	1.10%	Orange (12 months)
	13,490			

Table 3: Property Fund Valuation at 31 December 2019

Fund	Purchase Cost (including fees) £'000	Current Valuation £'000	Capital Growth	
			£'000	%
Black Rock UK Property Fund	4,500	4,523	23	
Schroder UK Real Estate Fund	4,250	4,315	65	
Threadneedle Property Unit Trust	4,239	4,028	(211)	
M&G UK Property Fund	4,000	3,650	(350)	
AEW	4,000	3,751	(249)	
	20,989	20,267	(722)	(3.44)

The difference between purchase price (i.e. the amount invested) and fair value reflects premiums paid or discount received against the Funds' 'Net Asset Value' at the settlement date together with the movement in fund valuations since acquisition.

1.5 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. The Council has addressed this by targeted training courses for relevant members.

In addition, Officer training is identified through the appraisal process and is also supplemented by both targeted training as necessary and technical advice from our treasury management advisors.

1.6 Treasury Management Consultants

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

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

The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions), and Commercial Property Fund investments. The Council's Property Fund acquisitions required specialist advice, which was provided by Link Asset Services.

It should be noted that as in-year changes to the Capital Programme are made, their impact on the prudential indicators is reported via interim reports to both Cabinet and the Audit and Governance Committee.

2.3 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 through a revenue or capital resource, 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 Council's MRP policy is shown at 2.4.

The Council is asked to approve the CFR projections below:

Table 2: Estimates of Capital Financing Requirement

	'18/19 Actual £'000	'19/20 Est. £'000	'20/21 Est. £'000	'21/22 Est. £'000	'22/23 Est. £'000	'23/24 Est. £'000	'24/25 Est. £'000
Capital Financing Requirement							
Total CFR (services and Property Funds)	20,434	20,419	20,404	20,389	20,374	20,359	20,344
Movement in CFR	19,975	(15)	(15)	(15)	(15)	(15)	(15)
Movement in CFR represented by							
Net financing need for the year	19,990	-	-	-	-	-	-
MRP and other financing movements	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Movement in CFR	19,975	(15)	(15)	(15)	(15)	(15)	(15)

Given the recent spending, and borrowing, on Capital Property Funds, there is a clear expectation that, should there be any part or full disposals, consideration will be given in the first instance to earmarking part or all of the receipt to reduce the CFR (and associated borrowing).

2.4 Minimum revenue provision (MRP) policy statement

If it has a positive Capital Financing Requirement (CFR), the Council is required to pay off an element of the accumulated positive sum through a charge to revenue (known as the Minimum Revenue Provision - MRP).

MHCLG regulations 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 2020/21 -

From 1 April 2008 for all unsupported borrowing the MRP policy will be either:

- 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); or
- depreciation method – MRP will follow standard depreciation accounting procedures.

These options provide for a reduction in the borrowing need over approximately the asset's life.

Assets held for Investment purposes

Where the Council holds investment assets i.e. Property Funds it will determine the amount of MRP on the basis of each holding and how any repayment of debt will be made at the time that any borrowing falls due to be repaid.

The Council will monitor the performance of its Property Fund holdings on a regular basis with performance reported to Audit and Governance Committee quarterly. A decision will then be taken at the end of the financial year as to the appropriate level of MRP required (for example, if an estimated useful life of 20 years was used, MRP of up to £1m p.a. would be payable, depending on the estimated value at the end of the term; this would be up to £0.4m p.a. if 50 years was used).

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. Up to 31 March 2020, there have been no such overpayments.

Voluntary Revenue Provision

The Council can also undertake additional voluntary payments if it chooses (Voluntary Revenue Provision - VRP).

2.5 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 (these balances will either be held as cash or cash equivalents or be used to support internal borrowing).

Table 3: Expected Investment Position*

	'18/19 Actual £'000	'19/20 Est. £'000	'20/21 Est. £'000	'21/22 Est. £'000	'22/23 Est. £'000	'23/24 Est. £'000	'24/25 Est. £'000
General Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Earmarked Reserves	10,519	12,783	12,266	13,570	14,701	15,865	16,983
BTAC	269	125	70	70	70	70	70
Capital Receipts	239	239	239	239	239	239	239
Capital Grants	752	598	-	-	-	-	-
Provisions	540	540	540	540	540	540	540
Collection Fund	1,409	-	-	-	-	-	-
Total Core Funds	15,728	16,285	15,115	16,419	17,550	18,714	19,832
Working Capital	(475)	(475)	(475)	(475)	(475)	(475)	(475)
Internal Borrowing	(3,985)	(3,970)	(3,955)	(3,940)	(3,925)	(3,910)	(3,895)
Expected Investments	11,268	11,840	10,685	12,004	13,150	14,329	15,462
Increase/(decrease) in expected investments	-	572	(1,155)	1,319	1,146	1,179	1,133

*balances shown are estimated year-end figures and will fluctuate throughout the year

2.6. Affordability Prudential Indicators

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

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.

Table 4: Ratio of Financing Costs to Net Revenue Stream

%	'18/19 Actual	'19/20 Est.	'20/21 Est.	'21/22 Est.	'22/23 Est.	'23/24 Est.	'24/25 Est.
Services	0.27	0.30	0.27	0.05	(0.22)	(0.58)	(0.94)
Property Funds	(4.22)	(5.37)	(6.05)	(6.63)	(6.64)	(6.72)	(6.58)
Total	(3.95)	(5.07)	(5.78)	(6.58)	(6.86)	(7.30)	(7.52)

The estimates of financing costs include current commitments and the proposals in this budget report.

3. Borrowing

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

3.1 Current Portfolio Position

The Council's treasury portfolio position from 1 April 2018, with forward projections, is summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 1: Current Portfolio Position

£'000	'18/19 Actual £'000	'19/20 Est. £'000	'20/21 Est. £'000	'21/22 Est. £'000	'22/23 Est. £'000	'23/24 Est. £'000	'24/25 Est. £'000
External Debt							
Debt at 1 April	1,000	16,449	16,449	16,449	16,449	16,449	16,449
In-year change in debt	15,449	-	-	-	-	-	-
Actual gross debt at 31 March	16,449	16,449	16,449	16,449	16,449	16,449	16,449
The Capital Financing Requirement	20,434	20,419	20,404	20,389	20,374	20,359	20,344
(Under)/ over borrowing	(3,985)	(3,970)	(3,955)	(3,940)	(3,925)	(3,910)	(3,895)

Within the above figures the proportion of debt relating to Property Fund acquisition investment is:

	'18/19 Actual	'19/20 Est.	'20/21 Est.	'21/22 Est.	'22/23 Est.	'23/24 Est.	'24/25 Est.
Total Debt at 31 March £'000	16,449	16,449	16,449	16,449	16,449	16,449	16,449
Percentage of total external debt relating to Property Funds %	-	93.92%	93.92%	93.92%	93.92%	93.92%	93.92%

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 2020/21 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 Chief Finance 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: limits to borrowing activity

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

Table 2: Operational Boundary for External Debt

	'19/20 Est. £'m	'20/21 Est. £'m	'21/22 Est. £'m	'22/23 Est. £'m	'23/24 Est. £'m	'24/25 Est. £'m
External Debt	22	22	22	22	22	22
Total	22	22	22	22	22	22

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.

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

Table 3: Authorised Limit for External Debt

	'19/20 Est. £'m	'20/21 Est. £'m	'21/22 Est. £'m	'22/23 Est. £'m	'23/24 Est. £'m	'24/25 Est. £'m
External Debt	25	25	25	25	25	25
Total	25	25	25	25	25	25

3.3 Maturity structure of borrowing

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

3.4 Prospects for Interest Rates

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

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been

a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 3.7 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9.10.19.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. 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.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9 October 2019.

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

beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but were then increased by the Treasury by 100 bps on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. As the gap between longer-term borrowing rates and investment rates has materially widened, and in the long term, Bank Rate is not expected to rise above 2.5%, the council will have to consider very carefully whether to undertake any further longer-term borrowing in the next five years.
- The capital strategy suggests that the council will not undertake borrowing to finance new capital expenditure within the next five years, and that by using cash reserves, there is a benefit (being the difference between higher borrowing costs and lower investment returns).
- Any new short or medium-term borrowing will incur a revenue cost.

3.5 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 2020/21 treasury operations. The Chief Finance 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 borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation) and cash balances were sufficient to maintain the under-borrowed position, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing 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.

3.6 Policy of 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

Current borrowing is on a long-term basis, and no rescheduling is anticipated across the period of this TMSS.

3.8 New Financial Institutions

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.9 Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Overdraft		●

4. Annual Investment Strategy

4.1 Investment Policy – Management of Risk

MHCLG and the Chartered Institute of Public Finance and Accountancy (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).

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 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: -

1. 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.
2. **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” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. 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 section 7 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. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity.

- 5 **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 90% of the total investment portfolio, (see section 7).
- 6 **Lending limits,** Counterparty limits and duration are set out in paragraph 4.2.
- 7 This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
- 8 Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
- 9 This authority 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.
- 10 All investments will be denominated in **sterling**.
- 11 As a result of the change in accounting standards for 2019/20 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. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018)

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.

These 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 & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may 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, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this 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
- **Purple** 2 years
- **Blue*** 1 year
- **Orange** 1 year
- **Red** 6 months
- **Green** 100 days
- No Colour not to be used

***only applies to nationalised or semi-nationalised UK banks**

Counterparty limits are no more than £3m per counterparty and the counterparty group limit is £5m, with UK registered/domiciled banks, and for a period of no more than one year. The only exception to the £3m individual limit is if due to cash flow reasons all counterparties are being used to their maximum limit then any residual balances will be deposited in the Council's Call Account with HSBC. The balance on the call account should not exceed £5m.

Paragraph 1.4 of this Strategy document gives the currently used Counterparties. Changes to the investment policy can be authorised by the Section 151 Officer or the Deputy Section 151 Officer and thereafter will be reported to the Audit and Governance Committee. This is to cover exceptional circumstances so that instant decisions can be made in an environment which is both fluid and subject to high risk.

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

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

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately;
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in 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, as well as 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 1st 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 Country 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.

1. **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 90% of the total investment portfolio.
2. **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
3. **Other limits.** In addition:
 - no more than 20% 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.

Approved Countries for Investment

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

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. While most cash balances are required in order to manage the ups and downs of cash flow, 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.

For its cash flow generated balances, the Council will seek to utilise its instant access call account and notice accounts (30 day and 95 day) in order to benefit from the compounding of interest. The Council's core funds available for investment are detailed in Table 3, paragraph 2.5 of this strategy.

- 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 including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

The Council is budgeting for investment returns over its Medium Term Financial Strategy as shown below:

Year	Cash Balances %	Property Funds (Gross) %
2019/20	0.78%	4.79%
2020/21	1.00%	4.79%
2021/22	1.00%	4.79%
2022/23	1.10%	4.79%
2023/24	1.25%	4.79%
2024/25	1.40%	4.79%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter-term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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

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

Maximum principal sums invested > 365 days					
	'20/21	'21/22	'22/23	'23/24	'24/25
Principal sums invested > 365 days	£21m	£21m	£21m	£21m	£21m
Current Investments as at 31 March 2020 in excess of 1 year maturing in each year	-	-	-	-	-

4.5 Investment performance

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 1, 3, 6 or 12 month LIBID compounded / uncompounded

4.6 Investment reporting

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report and quarterly reports (including a mid-year update report) are also be presented to the Audit and Governance Committee. Any significant issues on a quarterly basis will be reported as part of the quarterly Finance and Performance report to Cabinet and any issues of concern regarding governance (for example risks concerning counterparties) will be reported to the next meeting of the Audit and Governance Committee.

5. Treasury Management Scheme of Delegation

The table below shows in terms of governance arrangements the various levels of member responsibility with regards to the treasury function.

Table 1: Treasury Management Governance Arrangements

Area of Organisation	Responsibilities
1.Full Council	1.1 Approval of the annual Treasury Management Strategy Statement (TMSS) and any changes recommended by the Audit and Governance Committee 1.2 Approval of the appropriate delegations to officers
2.Cabinet	2.1 Budget consideration and approval 2.2 Updates on service and financial performance
3.Overview and Scrutiny - Corporate and Community Committee	3.1 Scrutiny of service and financial performance
4. Audit and Governance Committee	4.1 Recommendation of/amendments to the adopted clauses, TMSS and treasury management practices 4.2 Reviewing the TMSS and procedures and making recommendations to the responsible body 4.3 Receiving and reviewing regular monitoring reports and ensuring recommendations are followed-up

6. The Treasury Management Role of the Chief Finance Officer (Section 151 Officer)

The S151 Officer's main functions with regards to treasury are to:

- recommend clauses, treasury management policy/practices for approval, reviewing them 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 liaise with external audit; and recommend 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;
- ensuring that members are adequately informed and understand the risk exposures taken on by the 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.*

7.1 Specified and Non-Specified Investments

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.

		Minimum 'High Credit' Criteria
1	Debt Management Agency Deposit Facility	Government Secure
2	Term deposits with credit rated banks and building societies with maturities up to one year <ul style="list-style-type: none"> • UK nationalised banks • UK part nationalised banks • Non-UK domiciled banks* 	Minimum Green colour rating – up to 100 days
3	Local Authorities with maturities up to one year	High Security, although Local Authorities are not credit rated.
4	Money Market Funds (CCLA)	Minimum AAA rated by one of the rating agencies
5	Business Reserve Accounts and Deposit Accounts with credit rated banks and building societies	Minimum Green colour rating – up to 100 days

* A maximum of 20% of the total portfolio will be invested in non-UK domiciled banks operating in countries with a minimum sovereign rating of AA+.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 90% will be held in aggregate in non-specified investments.

	Minimum Credit Criteria
Term Deposits with credit rated deposit takers (UK banks and building societies).	Minimum Orange or Blue colour rating –in excess of 1 year.
Callable Deposits with credit rated deposit takers (UK banks and building societies) with maturities greater than one year.	Minimum Orange or Blue colour rating –in excess of 1 year.
Forward deals with credit rated deposit takers (UK banks and building societies)	Minimum Orange or Blue colour rating –in excess of 1 year.
Property funds – in excess of one year*	N/a – see comment below

*The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources.

7.2 Economic Background

UK. Brexit. 2019 was a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. The Conservative Government gained a large overall majority in the **general election** on 12 December; this ensured that the UK left the EU on 31 January. However, there will still be much uncertainty as the detail of a comprehensive trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open three possibilities; a partial agreement on many areas of agreement and then continuing negotiations to deal with the residual areas, the need for the target date to be put back, probably two years, or, a no deal Brexit in December 2020.

GDP growth took a big hit from both political and Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The forward-looking surveys in January have indicated that there could be a significant recovery of growth now that much uncertainty has gone. Nevertheless, economic growth may only come in at about 1% in 2020, pending the outcome of negotiations on a trade deal. Provided there is a satisfactory resolution of those negotiations, which are in both the EU's and UK's interest, then growth should strengthen further in 2021.

At its 30 January meeting, the Monetary Policy Committee held Bank Rate unchanged at 0.75%. The vote was again split 7-2, with two votes for a cut to 0.50%. The financial markets had been predicting a 50:50 chance of a rate cut at the time of the meeting. Admittedly, there had been plenty of downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the general election, together with uncertainty over where Brexit would be going after the election, had depressed economic growth in quarter 4. In addition, three members of the MPC had made speeches in January which were distinctly on the dovish side, flagging up their concerns over weak growth and low inflation; as there were two other members of the MPC who voted for a rate cut in November, five would be a majority at the January MPC meeting if those three followed through on their concerns

However, that downbeat news was backward looking; more recent economic statistics and forward-looking business surveys, have all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and immediate Brexit uncertainty. In addition, the September spending round increases in expenditure will start kicking in from April 2020, while the Budget in March is widely expected to include a substantial fiscal boost by further increases in expenditure, especially on infrastructure. The Bank of England cut its forecasts for growth from 1.2% to 0.8% for 2020, and from 1.8% to 1.4% for 2021. However, these forecasts could not include any allowance for the predicted fiscal boost in the March Budget. Overall, the MPC clearly decided to focus on the more recent forward-looking news than the earlier downbeat news.

The quarterly Monetary Policy Report did, though, flag up that there was still a risk of a Bank Rate cut; "Policy may need to reinforce the expected recovery in UK GDP growth should the more positive signals from recent indicators of global and domestic activity not be sustained or should indicators of domestic prices remain relatively weak."

Obviously, if trade negotiations with the EU failed to make satisfactory progress, this could dampen confidence and growth. On the other hand, there was also a warning in the other direction, that if growth were to pick up strongly, as suggested by recent business surveys, then "some modest tightening" of policy might be needed further ahead. It was therefore notable that the Bank had dropped its phrase that tightening would be "limited and gradual", a long-standing piece of forward guidance; this gives the MPC more room to raise Bank Rate more quickly if growth was to surge and, in turn, lead to a surge in inflation above the 2% target rate.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5% and then even further to 1.3% in December. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September, where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 and then a stunning increase of 208,000 in the three months to November. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.4% in November (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an 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. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

Coronavirus. The recent Coronavirus outbreak could cause disruption to the economies of affected nations. The Chinese economy is now very much bigger than it was at the time of the SARS outbreak in 2003 and far more integrated into world supply chains. However, a temporary dip in Chinese growth could lead to a catch up of lost production in following quarters with minimal net overall effect over a period of a year. However, no one knows quite how big an impact this virus will have around the world; hopefully, the efforts of the WHO and the Chinese authorities will ensure that the current level of infection does not multiply greatly.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front, as China is an authoritarian country that is not averse to using

economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

7.3 Interest Rate Forecasts

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 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 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This 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 in December 2020**, 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 were 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.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even due to the weight of all the uncertainties over post-Brexit trade arrangements and the impact of an expansionary government spending policy (as expected in the Budget on 11th March).
- The balance of risks to increases or decreases in Bank Rate and shorter term PWLB rates are also broadly even.

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 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:

- **Post Brexit trade negotiations** – 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**. In 2018, Italy was a major concern due to having a populist coalition government, which made a lot of anti-austerity and anti-EU noise. However, in September 2019, there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **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. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on some **\$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital

charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.

- **Geopolitical risks**, for example in 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 a comprehensive agreement on a trade deal was reached that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly 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.

Interest Rate Forecasts 2020 – 2023

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80
Bank Rate													
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.30%	2.30%	2.40%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%
Capital Economics	2.40%	2.50%	2.50%	2.60%	2.60%	2.80%	2.80%	2.90%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%
Capital Economics	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.90%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.80%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	-	-	-	-	-

Medium Term Financial Strategy 2020/21 to 2024/25

2020/21 Pay Policy Statement

This statement will be approved by the Council each year annually by the end of March. Any changes to this statement should be approved by Council.

Overview

Each local authority has the autonomy to take its own decisions on pay and pay policies. The 2020/21 statement reflects current practice and existing policies at Boston Borough Council.

Legislation

Section 38 of the Localism Act 2011 requires local authorities to produce and publish a Pay Policy Statement for each financial year.

Policy Statement

We are committed to providing quality public services that provide value for money for our residents. In order to do this we must employ high quality staff and reward them appropriately and fairly. In today's challenging economic climate we must also ensure that we control our employment costs.

Remuneration of senior officers

The Chief Officer Employment Panel has traditionally made recommendations to Council on the level of remuneration to be offered to new appointees. The Panel usually considers relevant evidence in relation to other salaries at the Council, budget constraints, market conditions e.g. recruitment difficulties and rates as well as other information when reaching a decision to make a recommendation. The Chief Officer Employment Panel has the delegated authority to appoint to Chief Officer posts other than for the Chief Executive/Head of Paid Service which is a decision reserved for Full Council.

Full council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State considers that £100,000 is the right level for that threshold to be set. For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.

Information on the remuneration of senior officers can be found in the annual statement of accounts and under the Transparency Agenda on the Council's website.

Chief Executive Remuneration

The terms and conditions of Chief Executives are generally determined by the Joint Negotiating Committee (JNC) for Chief Executives with variation at a local level.

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The actual salary paid to the Chief Executive is published annually in the Statement of Accounts.

The salary is a 'spot' salary which has no automatic increases except when reviewed by the Chief Officer Employment Panel who may recommend increases to Council. Any such increases may be given due to exceptional performance or to retain an attractive salary package at the market rate. Any cost of living increases are normally given after notification from the JNC once agreed at a national level.

The level of remuneration set for the post of Chief Executive encompasses consideration of a number of elements including the size of the organisation and the population to which services are delivered and a number of other factors including market conditions.

There are currently no provisions for bonus or performance related pay outside of the policies set out above.

Chief Officer Remuneration (including deputies)

The salary is a 'spot' salary which has no automatic increases except when reviewed by the Chief Officer Employment Panel who may recommend increases to council. Any such increases may be given due to exceptional performance or to retain an attractive salary package at the market rate.

Any cost of living increases are normally given after notification from the Joint Negotiating Committee (JNC) for Chief Officers once agreed at a national level.

There are currently no provisions for bonus or performance related pay. Additional pay will only be paid in exceptional circumstances where significant additional work has to be undertaken outside of the course of normal duties.

The actual salaries paid to Chief Officers are published annually in the Statement of Accounts under the transparency agenda.

Joint Authority Duties

Where a senior officer takes up a post shared with one or more authorities the salary costs (including on-costs) are to be shared with each authority. The share will depend on each circumstance and will be agreed with the relevant Chief Executives. Where additional responsibility is given, an increase in pay or honorarium may be awarded to reflect the size of the additional duties/responsibilities. The cost of the increase is normally added to the basic salary and the total is shared between partners or apportioned accordingly.

Returning Officer Fees

The fees and charges for European, UK Parliamentary and County Council elections are set by external bodies at each relevant election however, there are no express statutory provisions governing fees payable to Returning

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Officers for local government elections. Historically, the setting of fees for the administration of District and Parish elections have therefore been the responsibility of the Democratic Services Manager based on the Lincolnshire county wide scale of fees and reviewed on an annual basis.

The Returning Officer's fees are regarded as a special responsibility payment in relation to the independent duties carried out. They are personal to the Returning Officer and in addition to salary for performing the duties which a Returning Officer is required to perform.

Employment of officers in receipt of a local government pension scheme payment and/or redundancy/severance pay from this or another authority

Any appointment to a post at Boston Borough Council is made upon merit and is subject to the normal pre-employment checks undertaken for all prospective employees. Provisions relating to redundancy pay in the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 still applies. The Government may be implementing various proposals in 2020 (yet to be confirmed) which will reform exit payments in the public sector including:

- the recovery of exit/compensation payments for senior officers where they subsequently take up other paid work in a local authority within 12 months of leaving
- the fixing of a cap on exit payments made to employees departing public sector employers
- other associated reform of redundancy payment limits and related pension scheme provisions. If these regulations are brought into force mid-year our Pay Policy shall be deemed to comply with any new rules and will be updated for the following financial year.

Contract for Services

All of the facts will be taken into account where a former employee is put forward or puts themselves forward for a contract for services. Where work is sought under a contract for service from officers in receipt of severance pay from this authority each situation will be judged upon merit however such a contract would only be offered in exceptional circumstances.

Other posts may be filled under a contract for services where a business case exists for doing so. Due regard should be paid to the requirements of Her Majesty's Revenues & Customs and IR35 regulations and the particular requirements on public sector employers when making any such arrangements. Any appointment will be dealt with on a case by case basis. The 'recovery regulations' will need to be considered in any such decision – see the section on 'Recovery Regulations' for more information.

Workforce Remuneration

We have adopted a set of local terms and conditions for the whole workforce which are supplemented by those set out under the 'Green Book' (National Agreement on Pay & Conditions of Service – National Joint Council for Local

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Government Services). Local terms will override terms in the Green Book as set out in Boston Borough Council Terms & Conditions of Service 2014.

Any benefits associated with the post are set out in the Boston Borough Council Terms and Conditions of Service 1st April 2014.

We have a pay and grading structure which consists of a single pay scale with broad-banded grades ranging from Grade 1 to Grade 8 and a Head of Service band with single spot salaries within the band. All posts below Head of Service have and continue to be evaluated using the Local Government Single Status Job Evaluation Scheme (LGJES). Individual jobs are allocated a number of points following evaluation and allocated a grade according to the number of points.

Starting salaries are normally at probationary point of the relevant pay grade unless market or other relevant factors such as skills and experience exist to create a business case to pay at a higher point within the grade. Any such business case should be recorded in writing and retained.

Upper band points are available where an agreed criterion is met related to market forces and recruitment/retention matters. The relevant policies should be complied with before any upper band payments can be made.

Any cost of living increases are normally given after notification from the National Joint Council for Local Government Services once agreed at a national level.

Lowest Pay

The lowest pay point in this scale at 1st April 2019 is £9.00 per hour.

The Council does not set a formula for the relationship between the lowest and highest paid employees. Rather it monitors the levels of pay to ensure value for money, fair pay and market conditions.

Apprenticeships

The Apprentice rate at the Council is £3.90 per hour for the first 12 months. Beyond 12 months the rate for an apprentice is the National Minimum Wage for their age group.

Pay multiples

The highest pay remains at approximately 4.99 times the median average full time equivalent pay at the Council (as at 23rd December 2019).

The Council does not have a policy to reach a specific pay multiple across the workforce.

The use of a single pay spine and an analytical job evaluation scheme provides pay transparency across the workforce and set levels of remuneration. The same core terms and conditions of employment apply to the whole workforce regardless of seniority.

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Honorarium/Acting Up

Where temporary additional duties/responsibilities are given to an existing employee, consideration of payment of an honorarium is usually undertaken. The amount payable is authorised by the relevant Head of Service following an assessment of the exact duties/responsibilities and may be a percentage of the difference between the salary of the employee and the post that they are covering if only part of the duties are being undertaken or a full increase to a higher salary if all duties are being undertaken. Honoraria are only to be used on a temporary basis and must be reviewed regularly to ensure appropriateness.

Special responsibility payments

Additional payments may be made in addition to basic salary for additional job duties which may not always form part of the core job role. Where these do form part of the core duties of the role they will be included and evaluated under the relevant Job Evaluation Scheme where available rather than a continued supplement being payable. Any such payments are based upon an assessment of responsibility, market factors and/or a % of time spent on any such duties and are temporary being reviewed at least annually, if not more frequently.

Pay flexibility

Where necessary the use of 'market supplements' is used to deal with any recruitment or retention difficulties. Such payments may be ongoing or a 'one-off'. The use of such practices only applies where a business case has been prepared and signed off by the relevant director in conjunction with finance approval. Any ongoing supplements should be reviewed regularly and at least every 3 years, to ensure there is still a business case to continue payment. Employment contracts should be explicit in this regard.

Early termination of employment

See the Redundancy & Reorganisation Policy and the Pensions & Retirement Policy for more information. Severance payments may be made where the decision is in the best interests of the Council. Where these are outside of the budgetary framework the appropriate approval must be sought. Currently any severance packages of over £100,000 (including pay in lieu of notice, redundancy pay, pension entitlements, holiday pay, fees or allowances paid) should be approved by Full Council and reported in this detail.

Ex gratia payments

Ex gratia payments may be made in exceptional cases and could be made in respect of business continuity or out of pocket costs to employees. The normal Council procedures relating to budgets are followed in any such cases and approval made by the relevant CMT member.

Payments of arrears in respect of Job Evaluation or other re-grading

In line with the Council's Job Evaluation Scheme where a person is appointed to a new position or substantive and permanent post an evaluation should be undertaken after six months service within the role. This is to allow the

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appropriate grade for the post to be established in a timely manner. Where an evaluation results in a grade increase the value of the arrears will be limited to a period not exceeding 3 years.

Pension provision

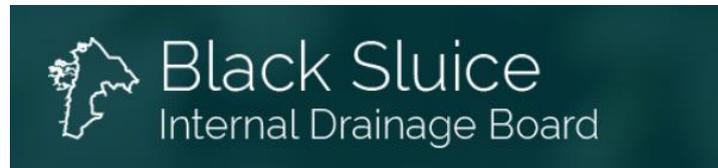
All employees are eligible to join the Local Government Pension Scheme. The Scheme requires contributions from employees based upon their earnings and from 1st April 2014 is a career average scheme. The employer contributes a percentage of pay to the pension fund. This percentage is determined by the administering authority based upon actuarial assessments and for 2020/21 this will be 27.9% in total (made up of a primary percentage rate and a secondary rate deficit repayment lump sum per annum).

Elections

Employees putting themselves forward for any election duties will be required to take relevant leave. Pay for elections work will usually be determined by the Returning Officer based upon the Lincolnshire county wide scale of fees.

Relocation

Relocation assistance may be paid to new appointees up to a maximum of the Her Majesty's Revenue & Custom threshold rate. Further details can be found in the relevant policy.



INTERNAL DRAINAGE BOARDS IN BOSTON (IDBs)

The IDBs' primary role is to manage water levels and reduce the risk from flooding within their districts. This excludes the main river and coastal defences looked after by the Environment Agency. Much of the IDBs' work involves the maintenance and improvement of watercourses and related infrastructure such as pumping stations, weirs, sluices, culverts and embankments within their drainage districts. The above two IDBs are responsible for the maintenance of over 1,450 km of watercourse located in and around Boston covering an area of 87,000 hectares (215,000 acres).

IDBs conduct their work in accordance with environmental duties and aim to promote sustainability and the ecological wellbeing within their districts. Every IDB has its own Biodiversity Action Plan and strives to maintain watercourses as sympathetically as possible. They have a specific duty to further the conservation and enhancement of all designated environmental sites within their districts.

Many farms or land-holdings fall within IDB districts growing crops for food and bio-energy. The service provided by IDBs underpins the food production of the majority in the most valuable and productive land in the UK, with the majority of Grade 1 agricultural land around Boston situated within IDB districts. Water level management by IDBs is therefore an essential component of food security to the UK.

The majority of IDB districts sit at or below sea level and require pumping to for water level management. The two main Boston IDBs have 41 pumping stations between them and during the very wet Summer and Autumn of 2019 the total amount of water pumped by our two IDBs would have nearly filled Rutland Water.

The expenses of an IDB are funded locally by the beneficiaries of the water level management work they provide. Each IDB sets a budget for its planned works and any investment needed for future capital projects. The Land Drainage Act 1991 determines that these expenses shall be met by:

- 1 Drainage rates collected from agricultural land and buildings within the IDB District;
- 2 Special Levies issued on District and Unitary Authorities within the IDB District.