

# POLICY AND RESOURCES COMMITTEE

Date: 05 November 2018

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Richard Lewis (Chairman)  
Glenvil Greenwood-Smith (Vice Chairman)  
Steven North (Leader of the Council)  
David Jenney (Deputy Leader of the Council)

Tony Boto  
David Brackenbury  
Val Carter  
John Farrar

Roger Glithero JP  
Dudley Hughes JP  
Rupert Reichhold  
Phillip Stearn

## PUBLIC SPEAKERS

Two members of the public spoke on the item 'Taxi Policy – Removal of Grandfather Rights and the National Taxi Database'.

## VARIATION TO THE ORDER OF THE AGENDA

With the consent of the Committee, the Chairman announced that he would vary the order of the published Agenda.

## APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Helen Harrison, Andy Mercer and Sarah Peacock.

## MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 8 October 2018 were approved and signed by the Chairman.

## DECLARATIONS OF INTEREST

The following declarations of interest were made:

Councillor	Item	Nature of Interest	DPI	Other Interest
David Jenney, Richard Lewis and Steven North	Freedom Leisure Capital Investment Project	Members of Rushden Town Council		Yes

### **QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3**

No questions were submitted under Procedure Rule 10.3.

### **MINUTES OF SUB-COMMITTEES AND WORKING PARTIES**

#### **a) Finance and Performance Sub-Committee – 29 October 2018**

The minutes of the meeting of the Finance and Performance Sub-Committee held on 29 October 2018 were received (see pages [REDACTED]).

A recommendation on the Treasury Management Strategy Update would be considered later on the agenda.

#### **Council Tax Support Scheme 2019/20**

#### **RESOLVED TO RECOMMEND TO FULL COUNCIL:**

That the Council Tax Support Scheme 2019/2020 for East Northamptonshire adopts the existing Council Tax Support Scheme with no amendments.

*(Reason: To deliver a Council Tax Support Scheme for 2019/2020 that meets all the statutory requirements.)*

### **TAXI POLICY – REMOVAL OF GRANDFATHER RIGHTS AND THE NATIONAL TAXI DATABASE**

The Health Protection Manager presented a report which provided an update in relation to the proposal to remove the 'Grandfather Rights' from the Taxi Policy and the use of the National Taxi Database. At the Committee's meeting on 11 June 2018, it was agreed that amendments to the policy would be submitted for further consultation.

Following the meeting in June, a meeting had taken place with representatives from the taxi trade where they had expressed concern that the wheelchair accessible vehicle specification as set out in our policy was very restrictive, with the effect that it limited the type of vehicle that they could use to those which were generally more expensive. Further research had confirmed that our specification was in fact very restrictive compared to the others in the county. In light of this, it was now proposed that further consultation on removal of the 'Grandfather Rights' now not happen at this time and instead we change the wheelchair accessible vehicle specification to make it less restrictive. This would be easier for the trade to have wheelchair accessible vehicles and would ensure that we retained a mixed fleet to suit a wide range of needs. If the proposal to establish a unitary council was accepted, there would be a need to eventually harmonise the four existing policies into a single taxi policy and the issue of 'Grandfather Rights' would be considered during that process.

The Council had now signed up to the National Taxi Database which allowed Councils to record revocations and refusals of driver licences, ensuring officers and councillors used all available information when making a fit and proper person assessment. The taxi policy had been updated to reflect our use of the database and to ensure compliance with data protection requirements.

Members welcomed the dialogue with the taxi trade and the positive way forward for the future.

**RESOLVED** that:

- (i) the previous decision made on 11 June 2018 (minute 33 refers) to carry out further consultation on the removal of 'Grandfather Rights' be rescinded;
- (ii) the amendments to sections 10.0 – 10.8 of the Taxi Policy be approved; and
- (iii) the contents of the report in respect of the National Taxi Database be noted.

*(Reason: Consistency of previous decisions.)*

**FREEDOM LEISURE CAPITAL INVESTMENT PROJECT – CONVERSION OF PEMBERTON SUITE AT THE PEMBERTON CENTRE**

The Healthy and Active Lifestyles Officer presented a report seeking approval of the conversion of the Pemberton Suite to a Gymnastics Hall as part of Freedom Leisure's Capital Investment Programme. He was accompanied by Dan Palframan, ENC Area Manager and Shane Davies, Centre Manager.

Freedom Leisure had committed to investing around £2million into our facilities to improve the overall offer and help us achieve our corporate priority outcomes. A capital investment proposal made by Freedom Leisure was to replace the floor in the Pemberton Suite with a "like for like" replacement due to the existing flooring being beyond repair in various places. Freedom Leisure had reviewed this and now proposed that instead of just replacing the wooding flooring, the room be turned into a bespoke and dedicated Gymnastics Hall in order to better support their internal Eclipse Gymnastics Club and their ability to provide gymnastics in East Northamptonshire. A change to the Pemberton Suite would see the loss of an available community space for hire, although Freedom Leisure had stated that there was only one existing regular hirer of the room, who following consultation could be accommodated elsewhere within the Centre. Other user groups had since moved to different venues within the town.

A letter from Rushden Town Council had been circulated which stated that whilst they welcomed the investment in the facility, they had concerns about the loss of the community aspect and also a lack of consultation with the Town Council.

During debate on the item, Members acknowledged that the proposal would be taking away a facility available to the whole community but noted that the existing user could be accommodated elsewhere. Members welcomed the investment by Freedom Leisure and acknowledged that the needs of communities were changing. The Leader asked for it to be noted that whilst the letter from the Town Council was on headed paper, the Town Council had not yet taken a formal position on the matter.

**RESOLVED:**

That the investment project proposals to allow Freedom Leisure to convert the Pemberton Suite into a dedicated Gymnastics Hall be approved.

*(Reason: To encourage healthy and active lifestyles across East Northamptonshire.)*

## **DITCHFORD LAKES – OTTER FENCING PROPOSALS**

The Head of Customer and Community Services presented a report which put forward proposals by the tenants at Ditchford Lakes, aimed at combatting attacks by otters on fishing stocks.

Ditchford Lakes was a site owned by ENC, situated to the north west of Rushden Lakes Retail and Leisure Park, and formed part of a wider area managed by the Wildlife Trust, known as the Nene Wetlands Nature Reserve. The site had Special Protection Area (SPA) status by virtue of its location within the Nene Valley wetlands and as such the site had specific restrictions and regulations enforced by Natural England. The site was currently leased to a fishing club with two of the members taking the role as joint tenants under the provision of the lease. Provisions within the lease required the tenants to maintain the site in good and substantial repair and comply with current fishery bylaws and regulations.

Since the commencement of the lease, the tenants had increased fish stocks at their own expense and had now made the Council aware of several occurrences of attacks by otters on the fish stock. As a result, several of the club members were now considering not renewing their memberships, which could result in the club becoming unsustainable. The tenant had now identified a potential solution to combat the otter situation by proposing the erection of a fence structure of a design and type that had proved to keep otter species out of water courses, lakes and streams where angling took place. The tenants believed that this was the only way to protect the site's fish stock from attacks from otters whilst not compromising the species' ability to hunt, feed and live in the rest of the wetlands site area.

The Head of Customer and Community Services advised that over the weekend there had been a large number of social media traffic about the proposals and a large number of emails had also been received both in support and against the proposals.

During debate on the item, Members acknowledged that a decision on this matter would be a balancing act between the needs of the fishing club and the other visitors to the lakes. Some members felt that the fencing would be restrictive to public access, especially as Rushden Lakes was building a leisure offer in the area. Members also felt that the Council had an overriding duty to protect the otters and the proposed type of fencing would spoil the countryside. The Chairman advised that he had received an email from a member of the public which stated that the lakes were community land and not a private fishery and access should be protected. It was acknowledged that the tenants undertook a lot of maintenance at the site and if they decided not to renew the lease then the Wildlife Trust would have to take that over. In response to a question as to whether only one of the ponds could be fenced off, Officers clarified that the split in the ponds was not accessible so that would not be a practical option.

### **RESOLVED:**

That the proposals for installing otter fencing at Ditchford Lakes not be approved.

*(Reason: To consider a request for the installation of fencing at Ditchford Lakes.)*

## **TREASURY MANAGEMENT STRATEGY UPDATE**

The Executive Director (Resources and Commercial) presented a report which provided an update on the Treasury Management Strategy 2018/19 in order to reflect changes to the

capital programme and any potential need to borrow in future years.

During 2018/19, the Capital Programme had changed significantly for future years and needed to incorporate the inclusion of the East Northants Enterprise Centre based on current estimates.

**RESOLVED:**

That the revised Prudential Indicators and Capital Finance Requirement for 2018/19 be noted.

**RESOLVED TO RECOMMEND TO FULL COUNCIL:**

That the revised Prudential Indicators and Capital Finance Requirement for 2018/19, as detailed in Appendix 1 of these minutes, be incorporated as an addendum to the Treasury Management Strategy 2018/19 as 'Appendix F'.

*(Reason: In accordance with CIPFA guidance and best practice in Treasury Management.)*

**EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED:**

That the public and press be excluded from the meeting during consideration of the following items of business as it was likely that exempt information, as defined under paragraph 3 of Schedule 12A of the Local Government Act 1972, may be disclosed.

**HOUSING OPTIONS CONTRACT AWARD**

The Monitoring Officer presented a report which sought Member approval to award the Housing Options Contract to the preferred bidder.

**RESOLVED:**

- (i) That the Equality Implications relating to the report be noted; and
- (ii) That the initial Privacy Impact Assessment be noted.

**RESOLVED TO RECOMMEND TO FULL COUNCIL:**

- (iii) That the Housing Options Contract is awarded to Midland Heart Housing Association; and

*(Reason: To enable the continued delivery of the service from 1 April 2019 in an efficient and cost effective manner.)*

- (iv) That the additional budget for the new contract is included in the MTFS for 2020/21 onwards, including the annual inflation increase.

*(Reason: To match future funding requirements for this contract.)*

. **URGENT ITEM**

The following item of business had been added to the published Agenda with the consent of the Chairman in accordance with Section 100B(4)(b) of the Local Government Act 1972 as a decision was required before the next scheduled meeting of the Committee due to the deadline in deciding if further action was required.

. **DECISION TAKEN BY NORTHAMPTONSHIRE COUNTY COUNCIL AS THE WASTE AND MINERALS LOCAL PLANNING AUTHORITY**

The Monitoring Officer advised the Committee that Northamptonshire County Council, as the waste and minerals local planning authority, had approved a planning application on 18 October 2018 for a Plastic Recycling and Recovery Facility in Rushden.

Concerns had subsequently been expressed as to the advice provided by the NCC Planning Officer at the meeting in relation to the weighting to be given to the provisions of the Joint Core Strategy as a material planning consideration in the determination of the application.

**RESOLVED** that:

- (i) the Monitoring Officer commission urgent senior legal advice as to the accuracy of the advice given at the meeting and whether there are grounds for legal challenge of the decision, with any initial costs to be taken from the Legal Services Reserve; and
- (ii) if there should be grounds for further action, the Monitoring Officer, after consultation with the Leader, be authorised to initiate that further action and bring a report to the Policy and Resources Committee with estimated cost implications.

*(Reason: To consider whether further action is required in relation to a decision taken by Northamptonshire County Council.)*

**Chairman**



## Finance and Performance Sub-Committee

**Minutes of a meeting held on Monday 29 October 2018 at 7.00pm, at East Northamptonshire House, Thrapston**

**Present:** Councillors: Steven North - Chairman  
Roger Glithero JP  
Glenvil Greenwood-Smith  
David Jenney  
Richard Lewis

Officers: David Oliver Chief Executive  
Glenn Hammons Executive Director (Resources and Commercial)  
Michelle Drewery Head of Resources  
Julia Smith Head of Customer and Community Services  
Amy Eyles Finance Manager  
Lucy Hogston Benefits Manager  
Matthew Lineham Facilities Manager

### **1.0 APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were reported on behalf of Councillor David Brackenbury.

### **2.0 MINUTES**

2.1 The minutes of the meeting of the Finance and Performance Sub-Committee held on 10 September 2018 were approved and signed by the Chairman.

### **3.0 DECLARATIONS OF INTEREST**

3.1 No declarations of interest were made.

### **4.0 QUESTIONS UNDER PROCEDURE RULE 10.3**

4.1 There were no questions submitted under Procedure Rule 10.3.

### **5.0 TREASURY MANAGEMENT STRATEGY UPDATE**

5.1 The Sub-Committee considered a report recommending the updating of the Treasury Management Strategy 2018/19, in order to reflect changes to the capital programme and any potential need to borrow in future years.

It was noted that the prudential indicators and capital financing requirements had changed during 2018/19 significantly for future years and would also need to incorporate

the inclusion of the East Northants Enterprise Centre, based on current estimates.

**RESOLVED:**

- a) That the revised Prudential Indicators and Capital Finance Requirement for 2018/19, as at appendix 1 to the report, be noted.

**RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE:**

- b) That Council incorporates the revised Prudential Indicators and Capital Finance Requirement as an addendum to the Treasury Management Strategy 2018/19, as 'Appendix F'.

*(Reason – To accord with CIPFA guidance and best practice in Treasury Management.)*

**6.0 COUNCIL TAX SUPPORT SCHEME 2019/20**

- 6.1 The Sub-Committee considered a report outlining the options for a local Council tax Support (CTS) Scheme for 2019/20.

It was noted that the report presented two options, the first of which was to make no change to the percentage reduction in the current scheme, which would present an estimated overall funding gap in 2019/20 of approximately £304k, of which £25k related to East Northamptonshire Council. The second option was to increase the percentage reduction in the current scheme from 20% to 31%.

Members noted that there were a number of factors that could affect both the scheme going forward and the resultant collection rates. These included the likely need to harmonise the support scheme should a new unitary be formed in north Northamptonshire, the delayed rollout of universal credit, and potential for increased council tax arrears on those least able to pay.

It was therefore considered prudent not to introduce any changes for 2019/20.

**RESOLVED TO RECOMMEND TO POLICY AND RESOURCES COMMITTEE ON 5 NOVEMBER 2018 AND TO COUNCIL ON 28 JANUARY 2019:**

That the Council Tax Support Scheme 2019/20 for East Northamptonshire adopts the existing Council Tax Support Scheme with no amendments.

*(Reason – To deliver a Council Tax Support Scheme for 2019/20 that meets all the statutory requirements.)*

**7.0 NCC Stabilisation Plan**

- 7.1 The Sub-Committee considered a verbal update from the Executive Director (Resources and Commercial) on the Northamptonshire County Council Stabilisation Plan which included measures, savings and initiatives totalling almost £20m to tackle its 2018/19 overspend, some of which would directly impact on East Northamptonshire Council.



These impacts included the following measures:-

- i) Early payment of the County Council's share of council tax during the current financial year – work was being undertaken with other Borough and District Councils and the external auditor to assess its validity and if so, how it should be recorded in the council's accounts;
- ii) Reducing the level of bad debt provision – Borough and District Councils had agreed to review and work with the County Council and external auditor to see if there was the potential for a reduction, noting there was a variation in collection rates of debt across some authorities.

Any work in reducing the level of bad debt provision in East Northamptonshire, which already performed very highly in this area, would be undertaken in compliance with East Northamptonshire Council's existing policies.

- iii) Proposal to freeze recycling credits – this would mean the inflationary update not being applied, saving the County Council £205k, spread across the District and Borough Councils.

**NOTED:**

The update on the NCC Stabilisation Plan.

*(Reason: To keep the Sub-Committee informed of potential impacts on the Council arising from the NCC Stabilisation Plan.)*

**8.0 TRANSFER OF FUNDS INTO THE 2018/19 CAPITAL PROGRAMME**

- 8.1 The Sub-Committee considered a report requesting approval to transfer the budget of £18,000 in relation to the procurement of a committee management system from the development pool into the 2018/19 capital programme.

It was noted that some provision would be made in the 2019/20 budget for use of technology to deliver efficiencies arising from the procurement.

**RESOLVED:**

That approval be granted for the transfer of £18,000 from the development pool into the 2018/19 capital programme for the purchase of a Committee Management System.

*(Reason: To enable improvements to the creation, publication and dissemination of agendas, reports and minutes and to prepare staff and councillors for new ways of working.)*

**9.0 EXCLUSION OF PUBLIC AND PRESS**

- 9.1 **RESOLVED:**

That the public and press be excluded from the meeting during consideration of the following item of business because exempt information, as defined under paragraph 3 of Schedule 12A of the Local Government Act 1972, may be disclosed.

## **10.0 ASSET MANAGEMENT – OCTOBER 2018 UPDATE**

- 10.1 The Sub-Committee received an exempt report updating it on the Council's asset management and which sought approval for various actions to be taken in relation to specific sites.

### **RESOLVED:**

That the updates in the report be noted.

*(Reason: To deliver the Asset Management Strategy)*

**Chairman**

Addendum to the Treasury Management Strategy 2018/19Appendix FFor Illustration purposes only

**The below illustrates the impact that borrowing funds to support the delivery of the East Northants Enterprise Centre may have on the Council's Treasury Management Strategy Prudential Indicators from 2019/20. As borrowing will not be required until 2019/20, the 2018/19 TMS does not need to be formally changed. However, this addition highlights what the prudential indicators may look like going forward if the East Northants Enterprise Centre is approved by Council. All changes have been highlighted in yellow.**

### 1. Borrowing Requirement and Strategy

1.1. The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR) – see Appendix B, section 5. The CFR represents the cumulative capital expenditure of the local authority that has not been financed (the underlying need to borrow). To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision (MRP) from the Revenue budget each year.

1.2. Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR and subject to the nature of the borrowing, will in turn produce an increased requirement to charge MRP in the Revenue Account.

1.3. Physical external borrowing may be greater or less than the CFR, but in accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

### 1.4. Balance Sheet Summary

1.4.1. As indicated in Table 1, the Authority is currently debt free (excluding the finance lease) and its capital expenditure plans do not currently imply any external borrowing requirement in 2018/19. The Council currently has sufficient balances and reserves to avoid the need for borrowing and is able to minimize borrowing costs and overall treasury risk. However, for the medium term, the Council has recently agreed the Corporate Plan 2018-2021 and will need to consider the type and level of investment required to deliver it and any potential borrowing requirements as indicated below. It assumes in this table that the CFR is funding from external resources.

Table 1	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund CFR	52	0	2,412	2,412
<b>Total CFR</b>	<b>52</b>	<b>0</b>	<b>2,412</b>	<b>2,412</b>
Less: External Borrowing	-	-	(2,412)	(2,412)
Less: Other Long Term Liabilities	(52)	0	0	0
<b>Gross Borrowing Requirement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Usable Balances	(18,460)	(12,073)	(13,575)	(13,575)
<b>Net Borrowing Requirement/(Investments)</b>	<b>(18,460)</b>	<b>(12,073)</b>	<b>(13,575)</b>	<b>(13,575)</b>

## 1.5. **Sources of Borrowing and Portfolio Implications**

- 1.5.1. In conjunction with advice from its treasury advisor, Link Asset Services, the Council will keep under review the following borrowing options:
- PWLB loans
  - Borrowing from other local authorities
  - Internal borrowing from cash resources
- 1.5.2. The cost of carry (which is the financial cost of borrowing, including interest costs, brokers fees and minimum revenue provision) has resulted in an increase in the availability of shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns.
- 1.5.3. The Authority's requirement of shorter dated borrowing is kept under regular review by reference to the difference between variable rate and longer term borrowing costs.

## 2. **Annual MRP Statement**

- 2.1. East Northamptonshire Council will in accordance with the main recommendations contained within the guidance issued by the Secretary of State, under section 21(1A) of the Local Government Act 2003, assess their MRP for 2018/19.
- 2.2. Expenditure reflected within the debt liability at 31 March 2019 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure, using the equal annual instalment method. For example, capital expenditure on a new building or on the refurbishment or enhancement of a building will be related to the estimated life of that building. Under this option no MRP charge is required until the financial year after that in which an item of capital expenditure is fully incurred or in case of a new asset comes into service.
- 2.3. MRP in respect of leases and Private Initiative Schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principle repayment for the associated deferred liability.
- 2.4. Estimated life periods will be determined under delegate powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt this period. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 2.5. The Council's CFR at 31 March 2018 is estimated to be nil and therefore, there is no requirement to charge MRP in 2018/19. However, based on the current medium term capital plan, it would indicate that the council will have a CFR going forward and will be required to make a charge for MRP within the councils revenue budget.

## CAPITAL PRUDENTIAL INDICATORS AND BORROWING

### 1. Background:

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

### 2. Net Borrowing and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for capital purposes, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

### 3. Estimates of Capital Expenditure:

- 3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	2017/18	2017/18	2018/19	2019/20	2020/21
	Approved £'000	Revised £'000	Estimate £'000	Estimate £'000	Estimate £'000
General Fund	1,804	5,948	8,127	5,314	1,325
<b>Total</b>	<b>1,804</b>	<b>5,948</b>	<b>8,127</b>	<b>5,314</b>	<b>1,325</b>

- 3.2 Capital expenditure will be financed or funded as follows:

Capital Financing				
	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Capital Reserves	975	1,464	512	825
Government Grants / Contributions	481	662	500	500
Revenue Contributions	89	0	0	0
Earmarked Reserves Contribution	4,403	6,001	1,890	0
<b>Total Funding</b>	<b>5,948</b>	<b>8,127</b>	<b>2,902</b>	<b>1,325</b>
Supported Borrowing	-	-	-	-
Unsupported Borrowing	-	-	2,412	-
<b>Estimated Borrowing</b>	<b>-</b>	<b>-</b>	<b>2,412</b>	<b>-</b>
<b>Total Financing</b>	<b>5,948</b>	<b>8,127</b>	<b>5,314</b>	<b>1,325</b>

### 4. Ratio of Financing Costs to Net Revenue Stream:

- 4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget

required to meet borrowing costs. The definition of financing costs is set in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Approved %	2017/18 Revised %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
General Fund	0.00	0.00	0.56	0.64	0.65
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.56</b>	<b>0.64</b>	<b>0.65</b>

## 5. Capital Financing Requirements:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and capital financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure<sup>1</sup>.

Capital Financing Requirement	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund	389	52	0	2,412	2,412
<b>Total CFR</b>	<b>389</b>	<b>52</b>	<b>0</b>	<b>2,412</b>	<b>2,412</b>

5.2 The Council's Chief Finance Officer confirms that this Council had no difficulty meeting this requirement in 2017/18 nor are difficulties envisaged for the current or future financial years.

## 6 Borrowing

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/3/2018	£'000
Borrowing	-
Other Long-term Liabilities	52
<b>Total</b>	<b>52</b>

## 7 Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

<sup>1</sup> In line with CIPFA's guidance, any investments or other item of not falling within the classification fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.

Incremental Impact of Capital Investment Decisions	2017-18 Approved £	2017-18 Revised £	2018-19 Estimate £	2019-20 Estimate £	2020-21 Estimate £
Increase in Band D Council Tax	0.00074	0.001	0.002	0.008	0.01

## 8 Authorised Limit and Operational Boundary for External Debt:

- 8.1 The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external-borrowing items on the Balance Sheet (i.e. long and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved Treasury Management policy statement and practices.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2017/18 Approved £'000	2017/18 Revised £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Borrowing	2,000	2,000	2,000	5,000	5,000
Other Long-term Liabilities	100	100	0	0	0
<b>Total</b>	<b>2,100</b>	<b>2,100</b>	<b>2,000</b>	<b>5,000</b>	<b>5,000</b>

- 8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst-case scenario.

Operational Boundary for External Debt	2017/18 Approved £'000	2017/18 Revised £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Borrowing	0	0	0	2,450	2,450
<b>Other Long-term Liabilities</b>	<b>60</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>60</b>	<b>60</b>	<b>0</b>	<b>2,450</b>	<b>2,450</b>