

Council



Forest Heath
District Council

Title of Report:	Referrals Report of Recommendations from Cabinet (<i>Revised Recommendations</i>)	
Report No:	COU/FH/17/003	
Report to and date:	Council	22 February 2017

(A) Referrals from Cabinet: 14 February 2017

2. Treasury Management Report 2016-2017 – Investment Activity (April to December 2016)

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/17/005](#)

Performance and Audit Scrutiny Committee Report No:
[PAS/FH/17/006 & Appendix 1](#)

During the consideration of Report No: CAB/FH/17/005, the Chairman of the Performance and Audit Scrutiny Committee informed the Cabinet of a £4m long term loan of 70 years (taken out in March 2008 and which would mature in March 2078) that had been used to fund the new Newmarket Leisure Centre. The rate of the loan had been set at 4.24%. Following the conversion of this loan by the Lender from a Lenders' Option, Borrowers' Option (LOBO) to a fixed term (at the same interest rate), Officers had contacted the Lender in December 2016 for a redemption figure and a quote was provided of £4m breakage costs on top of the original loan, as a settlement figure (ie making £8m in total).

The Cabinet considered the quoted settlement figure to be totally unreasonable. Therefore, Officers were requested to strongly pursue a re-negotiation with the Lender to see whether a more acceptable settlement figure could be achieved. If this could not be achieved, then Officers to seek further independent advice on the matter.

Therefore, the Cabinet are recommending to Council the following revised recommendations, as highlighted below:

RECOMMENDED:

That:-

- 1. The Treasury Management Report 2016-2017, attached at Appendix 1 to Report PAS/FH/17/006, be approved.**
- 2. In relation to the long term loan of £4m, Officers to strongly pursue further negotiations with the Lender to achieve a more reasonable settlement figure. If this could not be achieved, Officers to seek further independent advice on the matter.**

5. Budget and Council Tax Setting: 2017/18 and Medium Term Financial Strategy 2017-2021

Portfolio Holder: Stephen Edwards

Report No:
[CAB/FH/17/008](#)

(The recommendations emanating from Cabinet's consideration of Report No: CAB/FH/17/008 are to be considered under Report No: COU/FH/17/005, 'Budget and Council Tax Setting: 2017/2018 and Medium Term Financial Strategy 2017-2021', at Agenda Item 9. on this Council agenda).

In the consideration of Report No; CAB/FH/17/008, the Cabinet are required to consider the budget for the authority and the level of Council Tax required to fund the budget.

The Cabinet are recommending a 3.6% increase in Council Tax for 2017/2018 (equating to an increase of £4.95 per year for an average Band D property), with the level of Council Tax for 2017/2018 to be set at £142.28.

Therefore, the Cabinet are recommending to Council the following revised recommendations, as highlighted below:

RECOMMENDED:

That:-

- (1) The revenue and capital budget for 2017-2021 attached at Attachment A to Report No: CAB/FH/17/008 and as detailed in Attachment D, Appendices 1-5 and Attachment E be approved.**
- (2) Having taken into account the conclusions of the Assistant Director (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other**

information contained in Report No: CAB/FH/17/008, Cabinet recommends a 3.6% increase (equates to £4.95 for an average Band D property) in Council Tax for 2017/2018. The level of Band D Council Tax for 2017/2018, therefore, be set at £142.38.

(Note: the level of council tax beyond 2018 will be set in accordance with the annual budget process for the relevant financial year.)

- (3) The Assistant Director (Resources and Performance), in consultation with the Portfolio Holder for Resources and Performance, be authorised to transfer any surplus from the 2016/2017 revenue budget to the Invest to Save Reserve as detailed in paragraph 1.11.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the year;**
- (4) The Discretionary Business Rates Relief awarded for local newspapers as detailed in paragraphs 1.4.2.1 to 1.4.2.3 to Report No: CAB/FH/17/008, be approved.**