

Date: 28 October 2022
My ref: Cabinet Executive
Your ref:
Contact: Sandeep Tiensa
Tel no: 0116 272 7640
Email: committees@blaby.gov.uk

To Members of the Cabinet Executive

Councillor Terry Richardson (Leader)	– Leader of the Council
Councillor Maggie Wright (Deputy Leader)	– Finance, People & Performance Portfolio Holder
Councillor Sharon Coe	– Health, Wellbeing, Community Engagement & Business Support Portfolio Holder
Councillor Nigel Grundy	– Neighbourhood Services & Assets Portfolio Holder
Councillor Les Phillimore	– Housing, Community & Environmental Services Portfolio Holder
Councillor Ben Taylor	– Planning Delivery and Enforcement & Corporate Transformation Portfolio Holder

Dear Councillor,

A meeting of the **CABINET EXECUTIVE** will be held in the Council Chamber, Council Offices, Narborough on **MONDAY, 7 NOVEMBER 2022** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



Louisa Horton
Corporate Services Group Manager and
Monitoring Officer

AGENDA

1. Apologies for Absence
2. Disclosure of Interests from Members
To receive disclosures of interests from Members (i.e. the existence and the nature of those interests in respect of items on this agenda).
3. Minutes (Pages 3 - 8)
To approve and sign the minutes of the meeting held on 5 September 2022 (enclosed)
4. Public Speaking Protocol
Requests received by the Protocol deadline to be reported by the Senior Democratic Services Officer with details of the Agenda Item to which they relate. (Such persons entitled to use the Protocol attend for the purpose of making representations, answering questions or giving evidence relating to the business of the meeting and the time allocated to each person is a maximum of three minutes unless extended at the discretion of the Chairman).
5. Scrutiny Recommendations to Cabinet Executive: Affordable Housing (Pages 9 - 32)
To consider the report of the Scrutiny Commission (enclosed).
6. UK Shared Prosperity Fund (Pages 33 - 44)
To consider the report of the Planning & Strategic Growth Group Manager (enclosed).
7. Quarter 2 Budget Review 2022/23 (Pages 45 - 56)
To consider the report of the Accountancy Services Manager (enclosed).
8. Establishment 2022/23 and 2023/24 (Pages 57 - 68)
To consider the report of the Accountancy Services Manager (enclosed).
9. Quarter 2 Capital Programme Review 2022/23 (Pages 69 - 74)
To consider the report of the Accountancy Services Manager (enclosed).
10. Treasury Management Mid Year Monitoring Report 2022/23 (Pages 75 - 86)
To consider the report of the Finance Group Manager (enclosed).

CABINET EXECUTIVE

Minutes of a meeting held in the Council Chamber.

MONDAY, 5 SEPTEMBER 2022

Present:

Councillor Terry Richardson (- Leader of the Council) (Leader)
Councillor Maggie Wright (- Finance, People & Performance Portfolio Holder) (Deputy Leader)

Cllr. Sharon Coe	- Health, Wellbeing, Community Engagement & Business Support Portfolio Holder
Cllr. Nigel Grundy	- Neighbourhood Services & Assets Portfolio Holder
Cllr. Les Phillimore	- Housing, Community & Environmental Services Portfolio Holder
Cllr. Ben Taylor	- Planning Delivery and Enforcement & Corporate Transformation Portfolio Holder

Officers present:-

Julia Smith	- Chief Executive
Sarah Pennelli	- Strategic Director - S.151 Officer
John Richardson	- Strategic Director
Nick Brown	- Finance Group Manager
Anna Farish	- Environmental Services Manager
Katie Hollis	- Accountancy Services Manager
Louisa Horton	- Corporate Services Group Manager & Monitoring Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer

Also in attendance as Observers:

Cllr. Geoff Welsh – Scrutiny Commissioner
Cllr. Roy Denney – Scrutiny Commissioner

1. DISCLOSURE OF INTERESTS FROM MEMBERS

No disclosures were received.

2. MINUTES

The minutes of the meeting held on 4 July 2022, as circulated, were approved and signed as a correct record.

3. **PUBLIC SPEAKING PROTOCOL**

None.

4. **FIXING OF THE HACKNEY CARRIAGE FARES**

Considered – Report of the Environmental Services Manager.

Other options considered: There are no other options considered at this time.

DECISIONS

1. That the Hackney Carriage table of fares as presented in Appendix C of the report, be agreed and “fixed”, and subject to any objections being received following a statutory consultation period of 14 days, that the fares come into effect from 1st October 2022.
2. That delegated authority be provided to the Group Manager for Environmental Health, Housing & Community Services, in conjunction with the Portfolio Holder, to determine any future changes to the table of fares and authorise statutory publication.

Reasons:

1. To enable the updated table of fares to be effective from 1st October 2022.
2. To allow the Group Manager for Environmental Health, Housing & Community Services, in conjunction with the Portfolio Holder, to review and update the table of fares as frequently, reasonably and practicably required.

5. QUARTER 1 BUDGET REVIEW 2022/23

Considered – Report of the Accountancy Services Manager.

Other Options Considered: None.

DECISIONS

1. That the financial performance against the budget for the quarter ending 31st June 2022 be accepted.
2. That the forecast contribution of £975,735 from General Fund balances be accepted.
3. That approval be given for the Housing Benefit Write Off as detailed in section 4.5 of the report.

Reason:

The Council's performance up to 30th June 2022, together with the anticipated impact on the Council's services due to the cost of living crisis and the increase in inflation, the current forecast is that a significant, additional contribution from balances is likely to be required.

Additional approvals and commitments to date have seen the call on balances rise to £975,735 and there is a likelihood that this could increase further in line with rising inflation.

6. QUARTER 1 CAPITAL PROGRAMME REVIEW 2022/23

Considered – Report of the Accountancy Services Manager.

Other Options Considered: None.

RECOMMENDATIONS TO COUNCIL

1. That the report be accepted.
2. That the latest Capital Programme totalling £5,507,463 be approved.

Reasons:

To ensure that the Council has adequate resources in place to meet its capital expenditure commitments.

7. REVIEW OF MINIMUM REVENUE PROVISION POLICY

Considered – Report of the Strategic Finance Manager.

Other options considered: None. It is a legislative requirement that the Council receives an annual report covering its treasury activities for the financial year.

RECOMMENDATIONS TO COUNCIL

That the revised MRP Policy Statement for 2022/23 at Appendix B of the report be approved.

Reason:

To take the opportunity to move to a more suitable and cost effective method for calculating MRP, whilst ensuring that it remains prudent and complies with the MRP Guidance.

8. STRATEGIC PROPERTY INVESTMENT FOR REGENERATION

Considered – Report of the Executive Director (Section 151 Officer)

Other options considered:

1. Consideration was given to bring before Cabinet or Council each opportunity to invest as it arose. The swift nature of such transactions however made this an unviable alternative.
2. To not engage in property investment for regeneration. This is not discounted as not undertaking the activity will not allow the Council to actively participate in all aspects of place-shaping.

RECOMMENDATIONS TO COUNCIL

1. That Cabinet approve the Commercialism Position Statement at 4.2 of the report.
2. That Cabinet approve the delegation to the Chief Executive, Executive Director (S151 Officer) and Monitoring Officer to approve the purchase or disposal of commercial properties in accordance with the listed criteria in consultation with the Leader of the Council and the Deputy Leader, Finance, People and Performance Portfolio Holder.
3. That £2.5m be added to the capital programme to be drawn upon to make acquisitions.

Reasons:

1. To date, the Council has lacked a Position Statement which outlines the direction of Commercialism.
2. Delegation is required to enable the Council to make decisions quickly regarding commercial acquisitions and disposals.
3. It is necessary for an investment amount to be added to the capital programme in order to make acquisitions.

THE MEETING CONCLUDED AT 6.08 P.M.

This page is intentionally left blank

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Scrutiny Commission Recommendations to Cabinet Executive: Affordable Housing This is not a Key Decision and is not on the Forward Plan
Lead Member	Cllr. Les Phillimore - Housing, Community & Environmental Services
Report Author	Senior Democratic & Scrutiny Services Officer
Corporate Priority	A Place to Live

1. What is this report about?

- 1.1 This report presents the findings and recommendation of the Live Scrutiny Working Group following a review of Affordable Housing in the District.

2. Recommendation(s) to Cabinet Executive

- 2.1 That Cabinet considers the Affordable Housing report and recommendations at Appendix A.
- 2.2 That a written response to the report recommendations is provided to the Scrutiny Commission within 2 months of receipt of the report using the response form at Appendix B.

3. Reason for Decisions Recommended

- 3.1 It is a legal requirement for Cabinet Executive to respond to Scrutiny Commission recommendations within two months of receiving any such recommendations.

4. Matters to consider

4.1 Background

The report seeks to ensure that the continuing and increasing challenge of affordable housing provision within the Blaby District is reflected and forms a core focus in the Local Plan and associated Blaby District policies and strategies.

The Working Group acknowledges that the shortage of affordable homes remains one of the biggest policy challenges across the UK and is not confined to the Blaby District. We also acknowledge that at the time of considering the review scope, the up-to-date Leicester & Leicestershire Statement of Common Ground had not yet been received.

Whilst conducting this piece of work, members have gained a thorough understanding of the many factors, difficulties and barriers that have contributed to the current housing situation, as well as a greater understanding of the complexities involved in addressing it. We have therefore sought to think creatively in formulating our recommendations, following discussions with various stakeholders, that will lead to an improvement in the provision of affordable homes and a reduction in the growing number of families and single households that are becoming homeless. From the evidence received, it is clear that to address this increasing and urgent need, there must be a strong and proactive lead from the authority, working closely with relevant stakeholders, to ensure that all possible opportunities are explored.

The Working Group's initial scope and key tasks were to:

- Investigate what policy adjustments can be suggested/implemented that may increase our delivery of affordable housing within our District.
- Including what we can change/improve in our local plan to accommodate the above objective.
- Review the 15 or more threshold to bring it in line with other policy requirements.
- Review the need for viability assessments where a contribution is made (RP's need to provide financial info for homes England / viability assessments have always proved the need for contribution).

Scrutiny report findings and recommendations, approved by the Scrutiny Commission on 19 October 2022, are attached at Appendix A.

4.2 Proposal(s)

Scrutiny requires Cabinet Executive to:

- Consider the report
- To respond by identifying actions proposed in light of the report
- If Scrutiny has published the report, to publish any response
- If Scrutiny has copied the report to a member, to provide a copy of their response to the member.

The notice of requirement with Scrutiny recommendations is attached at Appendix B for response by Cabinet Executive within 2 months of receipt of its report. Cabinet Executive must comply with the notice of requirement.

4.3 Relevant Consultations

As outlined within Appendix A.

4.4 Significant Issues

No significant issues relating to Human Rights, Legal Implications, Human Resources, Equalities, Public Health Inequalities and Climate Local were identified.

5. What will it cost and are there opportunities for savings?

5.1 There are no cost or savings implications relating to this report.

6. What are the risks and how can they be reduced?

6.1 None

7. Other options considered

7.1 No other options were considered.

8. Environmental impact

8.1 In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

10.1 Appendix A – Live Scrutiny Working Group Review of Affordable Housing,

10.2 Appendix B - Scrutiny Commission Notice of Requirement

11. Background paper(s)

11.1 None

12. Report author's contact details

Sandeep Tiensa	Senior Democratic & Scrutiny Services Officer
sandeep.tiensa@blaby.gov.uk	0116 272 7640

This page is intentionally left blank



Affordable Housing
Live Scrutiny Working Group Review
FINAL REPORT
July 2022

Contents

- 1. Working Group Membership**
- 2. Foreword**
- 3. Initial scope and key tasks**
- 4. Background Information**
- 5. Key terms**
- 6. The Challenges in the Current Market**
- 7. Creative Solutions?**
- 8. Conclusions and Recommendations**

1. Working Group Membership

The Working Group comprised:

- Councillor Sam Maxwell – Chair
- Councillor Shabbir Aslam
- Councillor Lee Breckon
- Councillor Nick Brown
- Councillor Adrian Clifford
- Councillor Janet Forey
- Councillor Paul Hartshorn
- Councillor Mark Jackson
- Councillor Christine Merrill
- Councillor Phil Moitt
- Councillor Louise Richardson
- Councillor Mike Shirley
- Councillor Jane Wolfe
- Councillor Chris Frost

The Working Group extends its formal thanks to:

- Ian Jones – Housing Services Manager
- John Crane – Housing Strategy Team Leader
- Cat Hartley – Planning & Strategic Growth Group Manager
- Caroline Harbour – Environmental Health, Housing & Community Services Group Manager
- Councillor Les Phillimore - Housing, Community & Environmental Services Portfolio Holder
- Councillor Ben Taylor - Planning Delivery and Enforcement & Corporate Transformation Portfolio Holder
- Purnima Wilkinson (EMH)
- Laura Morgan (EMH)

2. Foreword

I am pleased to present this report on behalf of the Live Scrutiny Working Group. The report seeks to ensure that the continuing and increasing challenge of affordable housing provision within the Blaby District is reflected and forms a core focus in the Local Plan and associated Blaby District policies and strategies.

The Working Group acknowledges that the shortage of affordable homes remains one of the biggest policy challenges across the UK and is not confined to the Blaby District. We also acknowledge that at the time of considering the review scope, the up-to-date Leicester & Leicestershire Statement of Common Ground had not yet been received.

Whilst conducting this piece of work, members have gained a thorough understanding of the many factors, difficulties and barriers that have contributed to the current housing situation, as well as a greater understanding of the complexities involved in addressing it. We have therefore sought to think creatively in formulating our recommendations, following discussions with various stakeholders, that will lead to an improvement in the provision of affordable homes and a reduction in the growing number of families and single households that are becoming homeless. From the evidence received, it is clear that to address this increasing and urgent need, there must be a strong and proactive lead from the authority, working closely with relevant stakeholders, to ensure that all possible opportunities are explored.

Finally, on behalf of the Working Group, I would like to thank all those who have contributed to and supported this review.

Councillor Sam Maxwell

Live Scrutiny Working Group Chairman

3. Initial Scope and Key tasks

The Working Group's initial scope and key tasks were to:

- Investigate what policy adjustments can be suggested/implemented that may increase our delivery of affordable housing within our District.
- Including what we can change/improve in our local plan to accommodate the above objective.
- Review the 15 or more threshold to bring it in line with other policy requirements.
- Review the need for viability assessments where a contribution is made (RP's need to provide financial info for homes England / viability assessments have always proved the need for contribution).

4. Background Information

To meet our Affordable Housing need entirely we would need to build 534 units per year up until the year of 2030.

As shown in Figure 1, Affordable Housing Delivery is significantly down post 2019 but is now recovering, Officers explained this was down to numerous factors such as:

- Covid-19 Pandemic Slowdown (post 2020)
- Blaby Policy focus on large SUE Developments (longer timescales)
- Adaptation to the change in structure of RP funding through Homes England
- Market Forces – i.e. less market led sites coming forward or built out.
- Lubbethorpe Negotiation (reduced affordable housing %) – due to the amount of upfront infrastructure that was required at the start of the development (i.e. the delivery of the M1 bridge and road and other infrastructure) which is linked to the viability of the site in its early stages, a reduced percentage of affordable units was negotiated for the first 600 Dwellings. 10% of the first 600 Dwellings were required to be delivered as Affordable Housing. Once those first 600 Dwellings had been delivered, the usual policy requirement of 20% provision of affordable housing is then required.

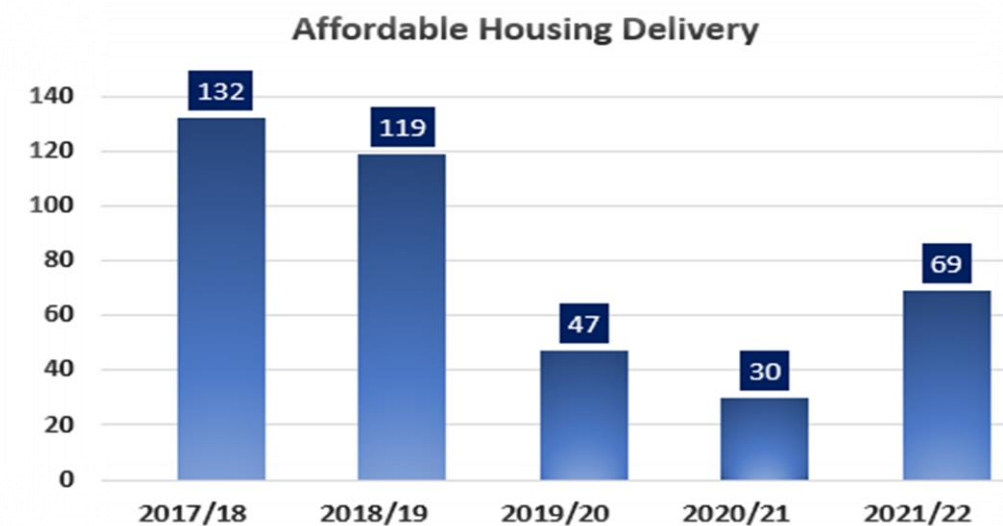


Figure 1 - Past Affordable Housing Delivery 2017 - 2021

Local Plan Requirements in contrast to Affordable Housing Need

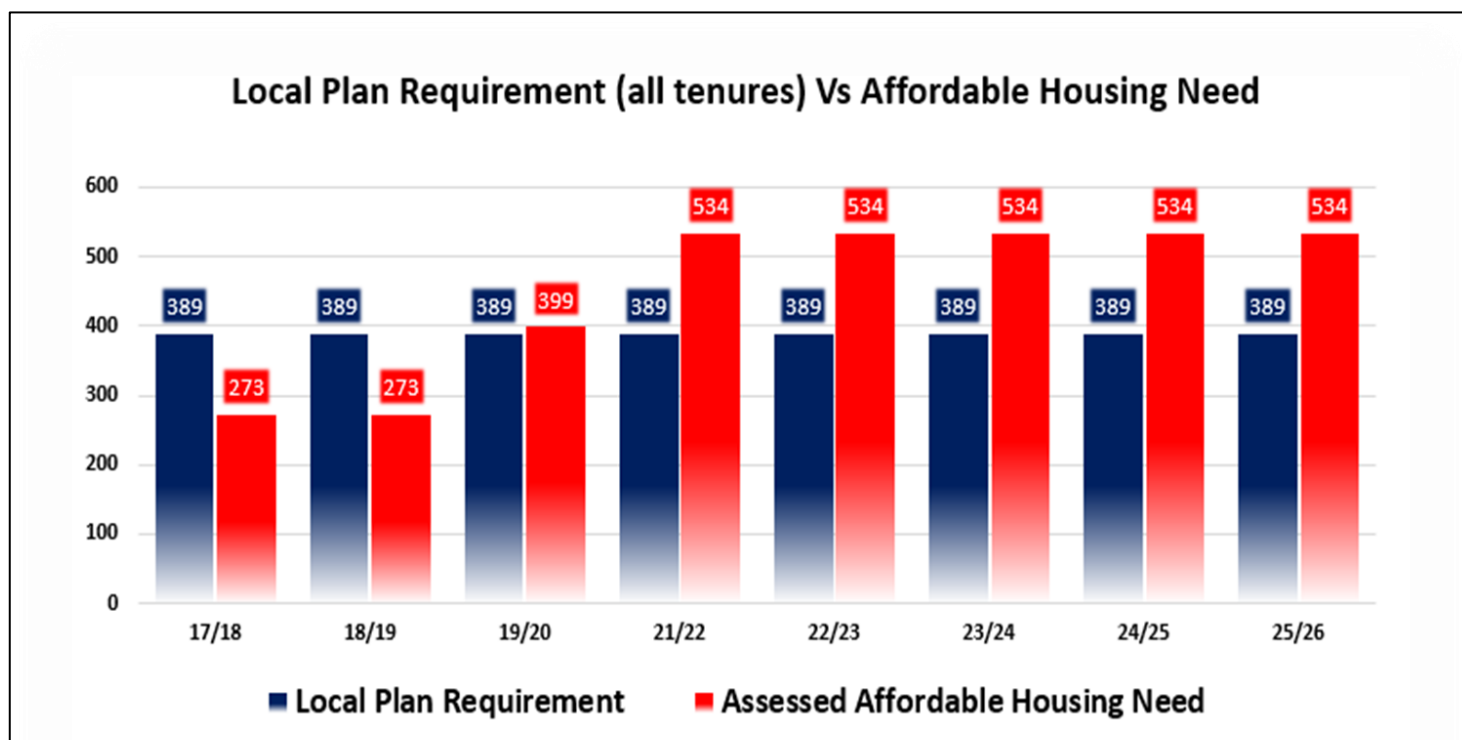


Figure 2 - Local Plan Requirement vs Affordable Housing Need

In order for Blaby District Council to demonstrate our five year land supply, 389 houses must be built (minimum). Without a justified 5 year land supply, Blaby District Council lose the ability to enforce Local Plan policies in the formation and location of sites.

To contrast this with the Affordable Housing Need for Blaby District, in order for us to meet our need entirely, we would have to build 534 units per year up to 2030.

Blaby District Council does not currently have an Affordable Housing Target due to the various variables that are outside of our control that can affect the delivery of AH units. If we used our need figure (534) as a target, this would not be achievable. To put this figure into perspective, at our current policy of 25% affordable units on market led sites, we would need to build 2,000 homes per year to attempt to meet the need of 534.

East Midlands Homes Partnership

On the 3rd May 2022 Members received a presentation from one of Blaby District's housing providers EMH (East Midlands Homes). From the presentation, Members were provided with background information into EMH and their partnership with Blaby District Council.

Background:

EMH was founded in 1946 and began work to provide Affordable homes for ex-service people from the war. Now, EMH have around 30,000 homes across the East Midlands and provide housing and care to increase opportunities for all people. EMH provide around 600 new homes a year and over 1,000 re-lets a year.

EMH have 3 different procurement strands which are the following:

- 1) EMH buy Section 106 properties from developers such as Davidsons who are developing big sites with a proportion of Affordable Housing that are secured through the planning system.
- 2) Package deals – This is where a developer will bring to EMH land together with the build contract so that EMH can build out homes – an example in the Blaby District is Warwick Road , Littlethorpe that EMH built out with Westleigh.
- 3) Land led – Which means that EMH buy land in their own right, then get architects to design it, obtain planning permission and then find a contractor who will build out the development.

EMH Accommodation in the Blaby District

Supported Housing – Oak Court, Blaby



Figure 3 - Oak Court, Blaby (Image from Procon Leicestershire)

EMH are focused on housing and care, which includes supported housing accommodation. An example of this type of accommodation in the Blaby District Authority is Oak court, Blaby.

Regeneration of brownfield sites



Figure 4 - Littlethorpe, old depot site (Image from Leicester Mercury)



Figure 5 - Plans for development in Littlethorpe, old depot site (Image from Leicester Mercury)

EMH are also focused on a diverse development programme, which includes regeneration of brownfield development sites. An example of this in the Blaby District is Duncan avenue, Huncote and also the former depot site in Littlethorpe (See images above), which EMH are currently to clear contamination from.

EMH provide a range of tenures including: Shared ownership, rent to buy, social rent, affordable rent.

On major schemes (section 106) the minimum affordable housing requirement is 25% of the total number of homes and this is typically what is achieved. This method remains the major contributor of affordable homes in the District.

On all affordable schemes (Package or Land Led Schemes) the whole of the site is developed as affordable housing. An example of this within the Blaby District is the Littlethorpe site which will house 32 affordable homes which will be split into 16 rented and 16 shared ownership. They also have rural housing sites, for example in Croft, Sapcote and Sharnford.



Figure 6 - EMH Modular homes in Beeston (Image from Housing Today)

Innovation and new kinds of developments are also a focus and EMH have built over 100 passivhaus houses, including some in Leicester City. Another kind of new development that EMH are trialling is a modular scheme, which means that the houses are built in a factory and then brought to the development site. They are currently trialling a pilot scheme site with this in Beeston, Nottinghamshire, partnered with Oak Homes (See image above).

Strategic Partnerships

Homes England changed the way in which it engaged with the sector and how it was going to fund them. It launched strategic partnerships funding in 2018, EMH one of the first 8 in the country to gain funding from Homes England to build 948 homes by 2026. Strategic Partnerships add to existing funding that EMH already have. EMH have also been successful in bidding with Blaby District Council for the rough sleeping accommodation programme from the Department for Levelling Up for 6 one bed properties within Leicestershire for rough sleepers. EMH were also successful in the Strategic Partnership to bid with Homes England which provides funding and partnership with Midlands Heart, this funding will take them from 2021-2026 with homes to be completed by 2028.

The Future

EMH will continue to deliver rural housing and supported accommodation as well as focusing on the future of homes standards, specifically in regards to climate change and sustainability. One of the ways in which they are working towards this goal is to make sure future homes are properly insulated and that new technologies such as ground source heat pumps are considered in order to minimise the use of energy but maximise the benefits to residents.

EMH currently have a pipeline scheme that will involve 163 new homes being built across Blaby District. They are also continuing to look at supported accommodation in Blaby for the elderly and also for people with disabilities.

EMH commitment to the climate change agenda

EMH provided a statement to Members on how they are approaching the climate change agenda, please find the statement below.

Our Sustainability Strategy takes a holistic approach, the key objective being to reduce our carbon footprint across all our operational areas. We have a track record of innovation and being at the forefront of new build technology. To date we have built 112 new homes to the PassivHaus standard, including the largest residential development of its kind in Europe, showcasing our commitment to sustainable ideology. This commitment is the starting point to our ambition towards creating future-proofed net zero homes

Existing stock

EMH's commitment to decarbonisation has been ongoing for some years, particularly with elements of ground source and air source heating installations, which in the main has focused on replacing costly electric storage heating to address fuel poverty. More recently, EMH has submitted 2 successful government funded bids with Blaby under the LAD 2 and Social Housing Decarbonisation Fund (SHDF). Works on the LAD 2 bid are nearing completion, which were ground source heat pumps, cavity wall and loft insulation. As these works finish on site, we will commence with the SHDF works which focus on a fabric first/worst first approach. This initiative will focus on External Wall Insulation (EWI) and cavity wall and loft insulation. Both programmes focus on properties that are below EPC C rating and aim to improve the rating to EPC C and above to meet the Government requirement in 2030. EMH have been recognised for their commitment over the last 2 years by being awarded the best Local Authority/Housing Association of the Year at the East Midlands Energy Efficiency Awards for 2 consecutive years, with further recognition for large scale projects on 2 schemes involving complex ground source/air source installations.

New developments

The Climate Change agenda is a key priority for the business, and EMH are updating their Environmental Sustainability Strategy by taking a holistic approach, to reduce carbon footprint. Some of the ways in which EMH are looking to achieve this include:

- Taking a fabric first approach on new build homes.
- Reducing reliance on fossil fuel heating systems.
- Where possible Include electric vehicle charging points in new developments.
- Taking account of enhanced estate works to protect and promote the natural environment and biodiversity.
- Develop 50 homes over several schemes to the Future Homes Standard to test our approach in advance of the Building Regulation changes, to understand the costs, maintenance implications and benefits for our customers.
- Deliver a modular development.
- Reduce carbon used in production of homes by utilising Modern Methods of Construction and enhancing the Pre-Manufactured Value (PMV) of those new homes.
- Implement the findings of the Government review into Building Regulations ahead of the mandatory date of 2025 to be building net zero homes.
- Install Smart controls to manage heating and other actions.

5. Overview of key terms and Issues – Officer Presentation

Key Terms:

Affordable Housing: can be for either rent or sale, is for those whose needs are not met by the market. It includes different tenures, including social rent, affordable rent and shared ownership, among others. Social Rent – Social rent is usually rent that is paid to registered providers and local authorities. It is low-cost rent that is set by a government formula. This means it is significantly lower than the rent a tenant would pay in the normal market.

Affordable Rent – Affordable Rent properties are subject to regulation by the Tenant Services Authority, where they are provided by a Registered Provider. Affordable Rent will offer housing associations the flexibility to convert vacant social rent properties to Affordable Rent at re-letting, at a rent level of up to 80% of market rent.

First Homes – First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes.

Shared Ownership – Shared ownership allows you to buy a share of a property and pay rent to the landlord (normally a Registered Provider) on the rest. When you buy a home through shared ownership, you:

- buy a share between 10% and 75% of the home’s full market value
- [pay rent to the landlord](#) for the share they own

6. The Challenges in the current market

6A) Current Picture: Market Forces

Houses within Blaby District have grown by 12.8% in the 12 months, which has resulted in Blaby house prices now being 51.0% above their previous peak in 2007, compared to +44.4% for the East Midlands and +47.8% across England.

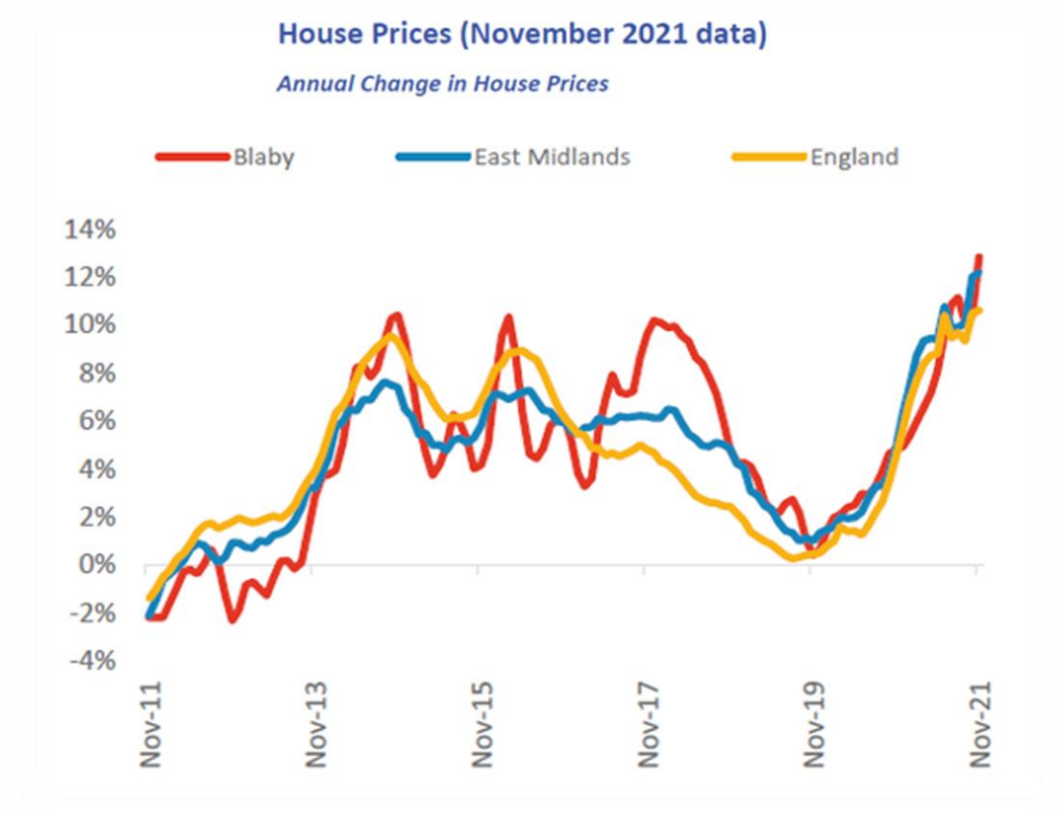


Figure 4 - House Prices (November 2021)

6B) Current Picture: Affordable Delivery Pipeline

Parish	RP	Approved Number (OUT or FUL)	Pre Planning or awaiting decision	Potential Units Due
Braunstone	EMH	0	13	13
Blaby	NCHA	0	15	15
Cosby	EMH	36	0	36
Glen Parva	TBC	0	42	42
Glenfield	N/A	2	0	2
Kirby Muxloe	TBC / EMH	19	222	246
Littlethorpe	EMH	34	12	46
Narborough	NCHA	0	50	64
New Lubbethorpe	Multiple	152	0	152
Sapcote	Stonewater	15	0	15
Whetstone	TBC	78	59	137
		Total = 336	Total = 413	Total = 749

Figure 5 - Affordable Delivery Pipeline

As seen above, there is number of Affordable Housing Units in the future pipeline to provide the Affordable Housing need in Blaby District. However, there are a number of variables both out of our control, as well as those that we can control that may affect the delivery of these units.

The variables to consider for the future delivery are as follows;

Out of our control

- Post Brexit workforce reduction continues (higher wages).
- Materials Cost, Supply and Delivery Times (have not recovered to pre pandemic levels and remain challenging for house builders however signs of improvement).
- House Prices remain high – up 12.8% in the last year (Blaby DC) – This filters into higher land values and could lead to a renewed focus of developers to maximise profits with larger homes. As well as, higher land values may also restrict RP's in their search for suitable land for all affordable sites.
- Land Supply – Shortage of Brownfield Sites – The current Brown Field Register shows only 3 sites over 15 units suitable for development (The graph below reflects the decrease in sites available).

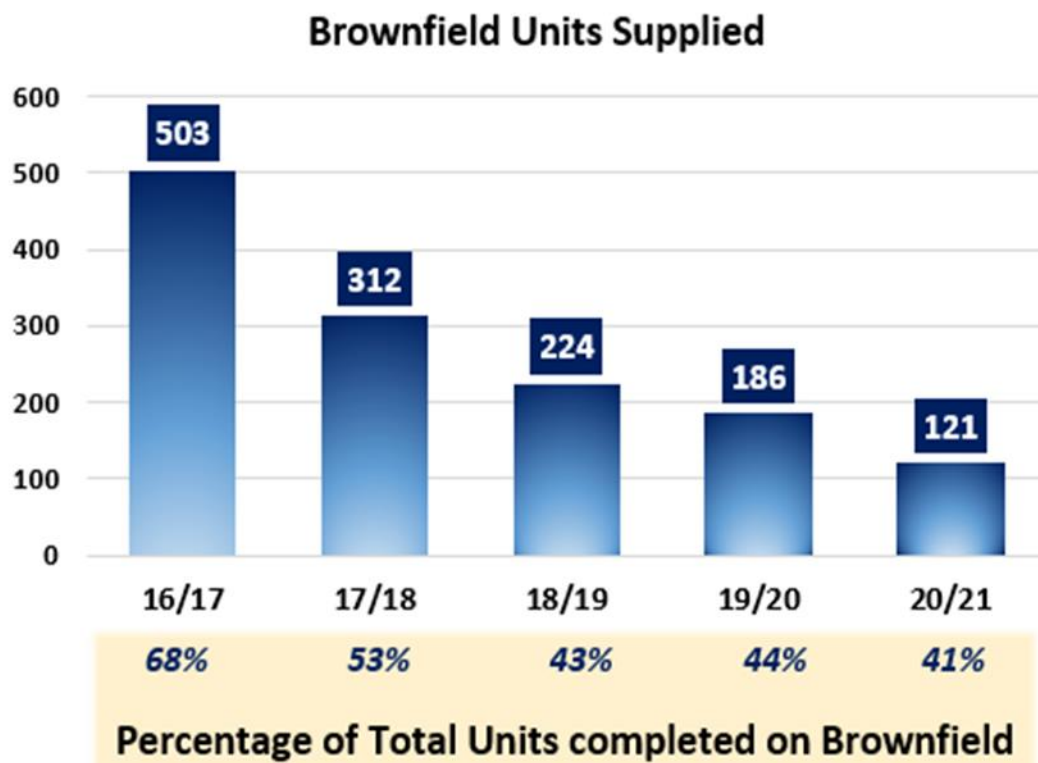


Figure 6 - Brownfield Units Supplied x Percentage of Total Units completed on Brownfield Sites

7. Creative Solutions?

What we can influence to promote appropriate delivery:

Review our Affordable Housing Threshold

Currently our threshold applies to sites of 15 units or more, this could be reduced to any site above 10 units in line with NPPF guidelines. This threshold is to be reviewed in the revising of the New Local Plan and will be determined by various technical factors that will produce a viable threshold number for the delivery of Affordable Housing in the Blaby District.

Continue to nurture our relationships with Strategic Partner RP's

This can be achieved by continuing to prioritise Affordable Housing Schemes through the planning process and continuing to resolve issues through the Affordable Housing Group across departments.

Utilise Council owned assets for potential affordable housing

There are numerous Council owned assets that have potential to provide Affordable Housing for the Blaby District, such as; the old depot site in Littlethorpe, College Road and High Street in Whetstone.

Negotiate the appropriate mix of housing (Size and Tenure)

This can be achieved by providing developers / RPs with an evidence base of local and district need for all applications and by also ensuring that the appropriate number of affordable dwellings is provided on site (currently 25%). Also being explored with our RP partners are ways in which we can introduce new tenure types that can be provided above our 25% on Market led sites (e.g Right Plus – renting leading to eventual purchase).

Continue to engage with the Rural Housing Group Consortium

This can allow the team to explore potential Rural Exception Sites outside normal planning rules.

Use our lessons learned from Lubbesthorpe

By learning from the lessons from the development of Lubbesthorpe we can aim to ensure affordable housing delivery is not negatively impacted by other constraints on potential SUE's (Whetstone Pastures / Stoney Stanton SUE).

Specialist Housing Delivery

Officers are currently trying hard to diversify our affordable housing stock to include more supported housing for both older residents (Extra Care, Dementia Friendly) but also working age adults (Currently in our pipeline are two specialist units - one for those suffering Mental Health issues and one for residents with Learning Difficulties).

MMC

Blaby District Council are also committed to seek out opportunities to move towards sites built with Modern Methods of Construction (MMC).

8. Conclusions and Recommendations

The Working Group's initial scope and key tasks were to:

- Investigate what policy adjustments can be suggested/implemented that may increase our delivery of affordable housing within our District.
- Including what we can change/improve in our local plan to accommodate the above objective.
- Review the 15 or more threshold to bring it in line with other policy requirements.
- Review the need for viability assessments where a contribution is made (RP's need to provide financial info for homes England / viability assessments have always proved the need for contribution).

After receiving a presentation from the Housing Services Team and East Midlands Homes, it became apparent to Members that many of the key tasks above that were set at the scoping meeting are heavily restrained by national policies and the work of the Local Plan. Therefore, this has constrained the Live Scrutiny Working Group as to what recommendations could be proposed that would try to alleviate the current strains on delivering Affordable Housing within Blaby District. After many detailed discussions, the Live Scrutiny Working Group hereby recommends the following:

1. That Members continue to respond robustly to consultation in respect of the National Planning Policy Framework, where policies are proposed which encourage the increase of Affordable Home Ownership and where this is at the expense of other tenures which are needed in the Blaby District.
2. That Blaby District Council continue to support and grow relationships with housing providers and strategic partners and to continue to research and identify funding opportunities that will help Affordable Housing projects increase across the District.
3. That Blaby District Council work with housing providers to investigate new forms of housing such as passivhaus that are also sustainable and contribute towards the green agenda.
4. That Scrutiny Commission is updated every 6-12 months on the need of Affordable Housing and new ways in which Affordable Housing sites can be achieved through different types of methods e.g. Modular Homes.
5. That all Members receive in depth training on the topic of Affordable Housing from relevant Officers.
6. That Members note the increasing need for temporary accommodation due to the growing number of families and single households becoming homeless and the pressures and demands that this puts on the service.

This page is intentionally left blank

BLABY DISTRICT COUNCIL

Cabinet Executive Response to Scrutiny Recommendations – Affordable Housing

Date submitted to Cabinet Executive: 7 November 2022

Cabinet Member responsible for compliance with notice of requirement: **Cllr. Les Phillimore – Housing, Community and Environmental Services.**

	Recommendation	Agreed YES/NO/ IN PART	Cabinet Response including proposed action	Responsible Officer	Action by date
R1	That Members continue to respond robustly to consultation in respect of the National Planning Policy Framework, where policies are proposed which encourage the increase of Affordable Home Ownership and where this is at the expense of other tenures which are needed in the Blaby District.				
R2	That Blaby District Council continue to support and grow relationships with housing providers and strategic partners and to continue to research and identify funding opportunities that will help Affordable Housing projects increase across the District.				
R3	That Blaby District Council work with housing providers to investigate new forms of housing such as passivhaus that are also sustainable and contribute towards the green agenda.				

	Recommendation	Agreed YES/NO/ IN PART	Cabinet Response including proposed action	Responsible Officer	Action by date
R4	That Scrutiny Commission is updated every 6-12 months on the need of Affordable Housing and new ways in which Affordable Housing sites can be achieved through different types of methods e.g. Modular Homes.				
R5	That all Members receive in depth training on the topic of Affordable Housing from relevant Officers.				
R6	That Members note the increasing need for temporary accommodation due to the growing number of families and single households becoming homeless and the pressures and demands that this puts on the service.				

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	UK Shared Prosperity Fund This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Terry Richardson - Leader of the Council
Report Author	Planning & Strategic Growth Group Manager
Corporate Priority	All Priorities: A Place to Live; A Place to Work; A Place to Visit; People Strategy; Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 This report provides information on the UK Shared Prosperity Fund (UKSPF) and seeks approval for Year 1 projects to be developed and funded.

2. Recommendation(s) to Council

- 2.1 To approve the allocation of UK Shared Prosperity Fund against a programme of Year 1 projects, subject to confirmation of funding.

3. Reason for Decisions Recommended

- 3.1 To enable the Blaby District Council allocation of UK Shared Prosperity Fund to be spent in accordance with the submitted Investment Plan.

4. Matters to consider

4.1 Background

The UK Shared Prosperity Fund (UKSPF) is part of the Government's Levelling Up agenda. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula. It is intended to help places across the country deliver enhanced outcomes by reducing inequalities and bridging gaps in the provision of opportunities.

The UKSPF guidance states that it will support the Government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency

Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities:

- Communities and Place
- Supporting Local Business
- People and Skills

There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up White Paper mission. Further detailed information is available here:

<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>

Funding Allocations

Every area of the UK will receive a funding allocation paid to lead local authorities, and Blaby District Council will receive an allocation in the sum of £2,115,168. It was originally indicated that this would be paid in September, but no further dates have been provided. As a lead local authority, we will have responsibility for the full management of the fund including assessing and approving applications, processing payments and day-to-day monitoring. Within the total fund allocation, 4% (£84,606) is earmarked for expenditure on resources to help with this management.

The allocation is conditional upon a number of requirements being met, and the key one of these was the production of an Investment Plan. This was signed off by Council in July and submitted to Government.

Key Stages

The UKSPF was launched in April, and the timescales for the work required have been short from the outset. Resources have been mobilised from within existing teams and some external support was secured.

The key stages are broadly compromised of the following:

- Establishing resources and governance structure
- Setting the local context – data analysis, identifying challenges and inequalities

- Establishing the priorities and required interventions
- Developing the delivery mechanisms / projects
- Submitting the Investment Plan
- Developing the delivery mechanisms / projects
- Delivering the projects
- Monitoring and reporting
- Ongoing consultation with stakeholders

Most of these work streams are ongoing, with the exception of the Investment Plan which has been submitted.

One of the aims of the UKSPF is to contribute to a better evidence base for supporting interventions in local areas. The collation and analysis of local data and evidence is an extremely important stage in developing an Investment Plan, and a mandatory requirement for drawing down the funding allocation. Work has been undertaken since April to understand the data and evidence for Blaby District, and what this tells us about the local challenges and intervention requirements.

This information, which was presented to Council in July and included within the submitted Investment Plan, has been used to inform the consideration of a longlist of projects. These projects have been put forward both internally by officers, and externally by a range of organisations.

The UKSPF funding has been allocated for 3 years between 2022 and 2025, with a pre-set expenditure profile set out (see section 7 below). The profiled expenditure for 2022/23 is currently required to be spent by the end of March 2023, and therefore it is necessary to agree the Year 1 projects as soon as possible.

These projects have been assessed against the UKSPF criteria and a range of other factors including:

- Can they realistically spend the allocation by the end of March 2023.
- Does the Council have the resources in place to deliver the projects, and if not can additional resources be built into the project.
- Are the timescales for delivery realistic, for example are we dependent on recruitment or procurement.
- Are they likely to have stakeholder support based on the consultation undertaken.

Following an assessment of potential projects, as set out above, a proposed Year 1 project list has been finalised which is attached at Appendix 1.

Work to further develop and deliver these projects continues, as does the development of projects for years 2 and 3. Further reports will be brought to Cabinet to seek approval for projects for 2023/24 and 2024/25.

Governance and Consultation

It will be necessary to ensure that the fund is properly managed, and this will require careful monitoring of expenditure against each of the projects. In addition, a reporting framework has been set which requires returns to be submitted to Government.

To facilitate this, it is proposed that a small internal officer working group be established. This group will monitor and co-ordinate projects, oversee any performance returns to Government, liaise closely with key Members, and make recommendations to Cabinet regarding projects.

In addition, the UKSPF guidance requires us to ensure stakeholder input and consultation through a Local Partnership Group (LPG); although it does not define what this should look like. Having carefully considered this, the proposal for satisfying this requirement is:

- One or two workshops/forums a year to brief stakeholders on the programme and seek views
- Use of the dedicated UKSPF area of the website to share project information
- Dedicated and frequent communication via platforms such as social media
- Updates and discussion at existing groups – ie Business Breakfasts and Parish Liaison Group meetings
- Briefing and updating the MPs

The proposed governance arrangements are set out in Appendix 2.

Resources

To date the significant amount of work required to get to the current position has been undertaken with the help of some external support. This has been funded by a separate amount of money (£20,000) to be paid to us specifically for the purposes of developing an Investment Plan and programme.

It is now necessary to consider how to manage and monitor the programme going forward, and 4% of the overall UKSPF allocation is available for this purpose. It is proposed that a fixed-term Programme Co-ordinator role is created. This post-holder could for example co-ordinate the LPG, monitor projects, work with project leads to provide performance returns, etc. This would ensure that the programme could be properly managed, whilst also recognising the broad range and scope of projects.

It is recognised that the UKSPF money has not yet been paid, and therefore recruitment would only commence on confirmation that funding is being provided to avoid any at risk spend.

4.2 Proposal(s)

Taking all of the above into consideration, it is proposed that

- A Local Partnership Group is established as set out above, to ensure robust consultation and stakeholder input.
- Approval is granted by Cabinet for the Year 1 projects set out at Appendix 1 (with delivery subject to confirmation of funding).
- A fixed-term Programme Co-ordinator role is created to manage and co-ordinate the UKSPF programme (recruitment subject to confirmation of funding).

4.3 Relevant Consultations

In developing Investment Plans, lead local authorities are required to undertake stakeholder consultation. To ensure that we can properly consult on our emerging Investment Plan, preferred projects, and ongoing emerging projects, we have put in place plans which are set out at 4.4 with a stakeholder workshop held in July and a further session held in October. The feedback from this consultation has actively shaped the proposed Year 1 Projects.

Following the announcement of the fund, officers have been working closely with a range of stakeholders and organisations. This has been essential in ensuring that we can properly identify the evidence, challenges, and potential projects.

4.4 Significant Issues

There are no significant issues directly arising from this report.

5. What will it cost and are there opportunities for savings?

- 5.1 The UKSPF criteria requires expenditure to be split across the three years on a 'tapering up' basis. This results in the following yearly allocation inclusive of 4% resources/admin element:

Year	Tapering	Allocation
2022/23	12%	£256,695
2023/24	24%	£513,390
2024/25	64%	£1,345,083
Total		£2,115,168

In addition, a proprietary sum of £20,000 has also been allocated to each Lead Authority to cover any expenditure on preparing their Investment Plan in line with the fund's prospectus. This sum has been used to appoint an external consultant to assist with preparing the Investment Plan and supporting documents for submission to central government. Therefore, there are no costs to the Council arising from this report.

6. What are the risks and how can they be reduced?

6.1 The risks and proposed mitigation are set out in the table below:

Current Risk	Actions to reduce the risks
Lack of stakeholder support for Year 1 projects	Stakeholder engagement workshop and feedback session held. Robust governance
Project delivery within Year 1	Project plans developed with project leads and an internal officer group established to monitor progress
Funding not received from government	No projects will commence or recruitment started until funding has been confirmed
Lack of capacity to deliver projects	Projects involving Blaby District Council staff will have management costs built in and have been planned into officer work programmes
Increase in project costs due to inflation or other pressures	Any project issues will be reported through the working group and consideration will be given for allocation of further funds in Year 2 and Year 3

7. Other options considered

7.1 The other option is to not allocate any funding to a programme of Year 1 projects, however this would result in the allocation for 2022/23 potentially being lost.

8. Environmental impact

8.1 There are no implications directly arising from this report. The environmental impacts from each of the projects which receive funding will be carefully considered at the appropriate time.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern. Furthermore, the proposed Year 1 projects will have positive impacts in terms of public health and access to additional services.

10. Appendix

10.1 Appendix A – Proposed UKSPF Year 1 Projects

10.2 Appendix B – Proposed Programme Governance Arrangements

11. Background paper(s)

- 11.1 There is a suite of documents available on the Gov.uk website.
Council Report July 2022 and associated appendices

12. Report author's contact details

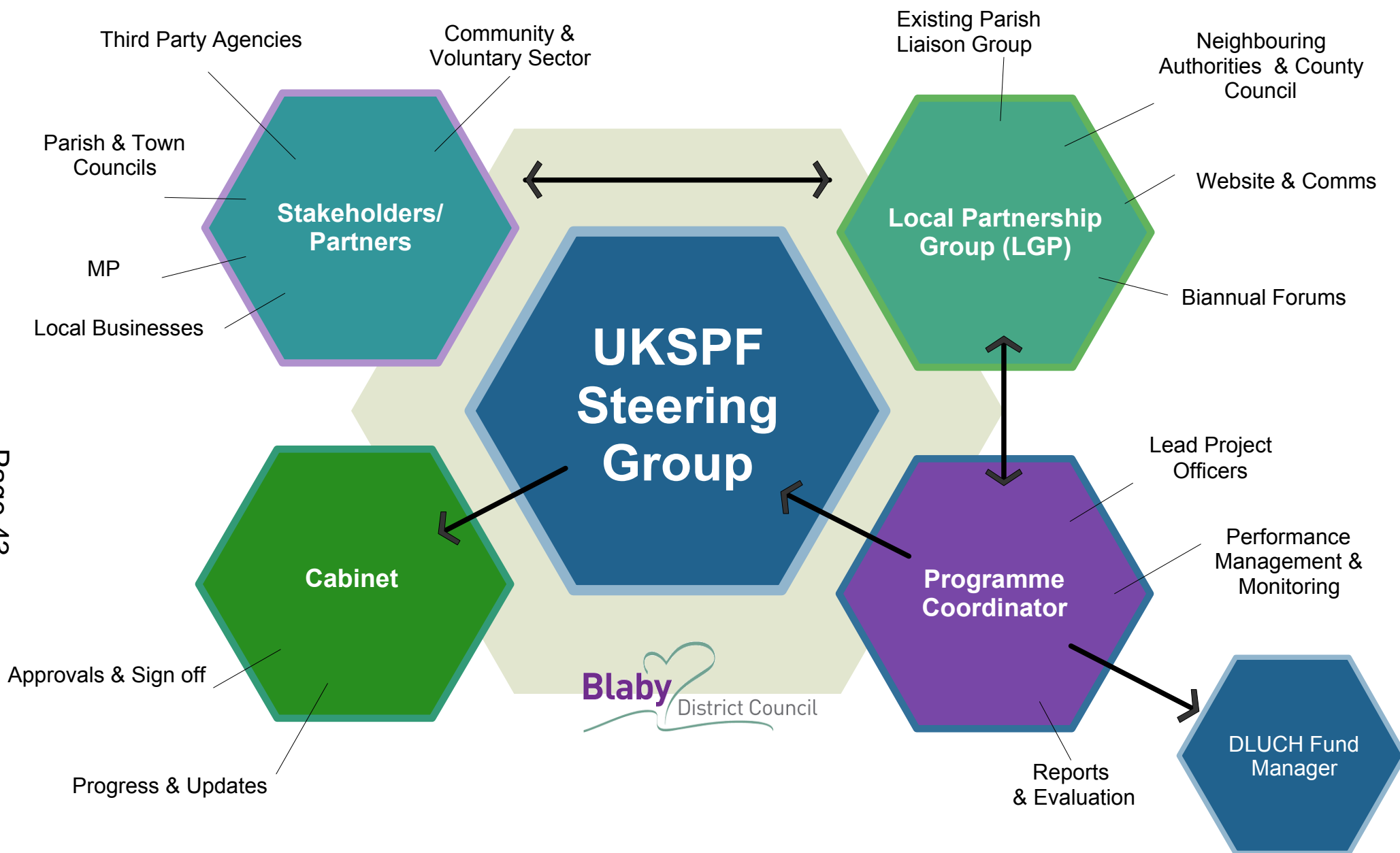
Cat Hartley Strategic Growth & Planning Manager
Catherine.hartley@blaby.gov.uk 0116 272 7727

This page is intentionally left blank

UKSPF – Year 1 Proposed Projects

Project	Priority
Community Safety CCTV Scheme Cameras linked to HBBC control centre	Communities & Place
Walk & Ride development (*) Development of LCWIP via Sustrans P/T delivery officer	Communities & Place
Community Mental Health Support (*) Local partnership, plan and support delivery	Communities & Place
Active Referral Scheme (*) Increased BDC capacity to support ageing population	Communities & Place
Housing - Temporary Accommodation Site feasibility	Communities & Place
Small Business Unit Development Site feasibility	Supporting Local Businesses
Rural/Village Centre Support (*) Economic Development Strategy, Officer capacity to deliver Recovery Plan, developing focussed action plans in priority centres	Supporting Local Businesses
FSB Support Offer (*) 1 st year FSB membership	Supporting Local Businesses
KAM (*) Bespoke Support for business delivered by City Council Place Marketing Team	Supporting Local Businesses
Green Initiatives (*) Queens Green Canopy, Parish Council Carbon Footprint support via LRALC	Communities & Place
Cost of Living Support (*) Warm Spaces grants, Social supermarket feasibility	Communities & Place
Total	

This page is intentionally left blank



This page is intentionally left blank

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Quarter 2 Budget Review 2022/23 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 The report gives Members an overview of the financial performance against the budget for the second quarter of 2022/23.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 30th September 2022 is accepted.
- 2.2 That the forecast contribution of £455,800 from General Fund balances is accepted.

3. Reason for Decisions Recommended

- 3.1 The Council's performance up to 30th September 2022, together with the anticipated impact on the Council's services due to the cost-of-living crisis and the increase in inflation, is giving rise to significant pressure on reserves and balances.

However, the Council has been able to mitigate the impact of rising inflation on the budget by revising the Minimum Revenue Provision (MRP) Policy and taking advantage of higher investment returns.

4. Matters to consider

4.1 Background

The Council's original budget was approved on 24th February 2022. The approved budget before contributions from reserves and government grants was £13,484,546. It was agreed that the budget would be supported by a contribution of £397,563 from the General Fund Balance and a contribution of £230,940 from earmarked reserves, resulting in a net expenditure budget of £12,856,043.

The 1st quarterly report was presented to Cabinet Executive in September, and noted that, based on information available at the time a contribution from General Fund Balances of £975,735 was required, with a likelihood that this could increase further due to the impact of the cost-of-living crisis and rising inflation.

Since then, there have been some further changes made to the budget.

The following table sets out the movement in the Working Budget between 30th June and 30th September.

	£
Approved budget before contributions from reserves and government grant	16,724,209
Additional funding from Earmarked Reserves	
Unspent budget provision carried forward from prior years	69,300
Additional Funding from General Fund Balances	
Urgent Health and Safety works required	50,000
Legal Costs	89,850
Asset Review work	20,000
Solar Farm Application	6,600
Net impact of revised Key Income budgets	(390,618)
	16,569,341

Unspent budget specifically transferred to Earmarked reserves in previous years for the Housing Enablement Team, and for the Local Development Framework has been transferred to the Service.

A Tree Survey was carried out on some of the Council's strategic sites to identify any dead, dying, diseased and dangerous trees. Following the survey, urgent Health and Safety works were required and, although an element of the cost can be met from existing budget, an additional £50,000 was required in

order to make these sites safe. The additional cost was approved by the Chief Executive under delegated authority.

Additional Budget has been added for legal costs associated with the Cork Lane Appeal. The budget is specifically for a Contaminated Land Consultant, Planning Consultant and Legal Representative required.

Approval was given at Council in November 2021 for £100,000 revenue funding to commission an options appraisal to best meet the Councils Accommodation needs and any associated development opportunities. £50,000 was added in 2021/22 and £50,000 in 2022/23. Any unspent funding unused in 2021/22 was to be carried forward to be used in 2022/23, this amount was not included at year end, so has been added from General Fund balances.

Budget has been added for external landscape advice required on two solar farm applications.

Appendix A shows the net service expenditure to 30th September 2022 compared with the profiled budget and reflects a positive variance to date of £225,665. This is due in part to assumptions made about the pattern of expenditure and income when the profiled budget was compiled and does not necessarily give an accurate representation of the forecast outturn. If there are any known variances these are reflected in column F to give an indication of the possible outturn.

The budgets for the year are currently being reviewed as part of the budget setting process for the next financial year. Whilst this exercise is still in progress details of the proposed budget amendments for the Council's Key Income Streams are detailed within the table of section 4.3.

4.2 Establishment

As at 30th September, at an overall level, establishment costs were £6,788,869, against a profiled budget of £7,153,414, i.e. £364,544 under the profiled budget. The variances are shown in the table below:

Portfolio	(Under)/Over £	Note
Planning Delivery and Enforcement and Corporate Transformation	(114,911)	1
Neighbourhood Services & Assets	(86,604)	2
Health, Wellbeing, Community Engagement & Business Support	(57,943)	3
Leader	(17,030)	4
Housing, Community and Environmental Services	(27,233)	5
Finance, People and Performance	(24,287)	6
Total Variance	(364,544)	

Reasons for variances

1. The underspend is mainly due to vacant posts within Customer Services and Communications. Two posts have now been recruited to within Customer Services, and three posts within the Communications team.
2. The underspend is due to vacant posts within Parks and Open Spaces, Waste Operations Management and Vehicle Maintenance. The vacancies within Parks and Open Spaces and Vehicle Maintenance have both been filled.
3. The underspend is mainly due to vacancies within Building Control and the Community, Development, Work & skills team. Two of these posts have now been filled.
4. The main variance is due to a vacant post within the Corporate Health and Safety team, and vacant posts in the Information Governance team. Two vacancies have now been filled.
5. The variance is mainly due to the vacant posts within the Environmental Health team and Environmental Services team. The post in Environmental Health has been recruited to and interviews have been held for the posts in the Environmental Services team.
6. The variance is due to a vacant post within the Performance Management team, which has filled, and 2 vacant posts within the Recovery team, which have both been filled.

The gross establishment variance at 30th September was £364,544 as set out in the table above. However, this does not consider the vacancy savings provisions. When this is taken into account, establishment is showing a net variance of £ £164,544.

The approved establishment budget made provision for a 2% pay award. The National Employers have put forward a pay offer of £1,950 across all pay grades which, if accepted, could add another £488,000 to the pay bill in 2022/23. The trade unions are currently consulting their members before deciding whether to accept or decline the offer. The potential additional cost is not yet reflected in the budget but has been provisionally allowed for when considering the forecast contribution from General Fund balances.

The HR team are working with Service Managers to assist in recruiting to vacant posts throughout the Council. Where we are able temporary measures are put in place to cover positions, but with the external skills shortage this isn't always possible. At the time of writing the report, a number of vacancies within departments had been filled.

The vacancy numbers impact on services in a number of ways:

- Loss of skill and expertise
- Pressure on existing staff
- Additional time taken to recruit

The Finance team is working with Service Managers through their monthly monitoring meetings to remove any confirmed vacancy savings from service

budgets. In the first instance any such savings will be offset against the vacancy savings provision of £200,000 that is included within the overall establishment budget.

4.3 Key Income

	Working Budget	Proposed Revised Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£	£
Planning Fees	(560,000)	(560,000)	(280,000)	(234,453)	45,547
Building Control Fees	(1,212,000)	(1,212,000)	(606,000)	(553,986)	52,014
Building Control Partnership	(99,313)	(99,313)	(49,657)	(49,657)	0
Land Charges	(247,000)	(247,000)	(123,500)	(114,969)	8,531
Investment Interest	(100,000)	(409,902)	(50,000)	(182,007)	(132,007)
Refuse and Recycling	(1,686,000)	(1,648,000)	(1,564,500)	(1,524,035)	40,465
Car Parks	(160,000)	(245,500)	(80,000)	(60,008)	19,992
Leisure Income	(267,334)	(300,550)	(133,667)	(154,331)	(20,664)
Total	(4,331,647)	(4,722,265)	(2,887,324)	(2,873,446)	13,878

As can be seen in the table above, a number of the Key Income Streams were performing below target at the end of the second quarter of the year. Some of the shortfall is attributable to the profiling of the income budgets because many of our main income streams have peaks and troughs throughout the year.

As part of the budget setting process, the Key Income budgets are reviewed, and the proposed revised budgets are shown in the table above.

The Planning Fees budget has not been updated at this point although there are some potential large-scale applications in the pipeline that might have a positive impact on the income position.

Building Control Income is running behind profile at the half year point. This has a potential impact on the overall performance of the Building Control Partnership, although vacancy savings will partially offset any deficit. The

income budget remains unchanged at this point in time but is under review in conjunction with the Building Control Partnership Manager.

The Refuse and Recycling income has fallen below the budget target for the 2nd quarter of the year, this is mainly due to a shortfall in Garden Bin income and Trade Refuse income. However, we have seen an increase in mixed trade Recycling. The budgets are proposed to be revised in line with actuals to date and estimated income to the end of the year. It is thought the dry summer may have resulted in a lower take up of Garden waste bins.

The Car Parking Strategy was approved at Council on 19th July 2022. The changes, which included amendments to the fees and charges came into effect on 5th October 2022. The forecast budget reflects the additional income expected to be generated from the increased fees. Early indications are that, whilst footfall has declined following the introduction of new charges, income has increased.

Land charges income has fallen just below profile during the 2nd quarter of the year. At this point the income budget has not been adjusted but there may be a small impact if the proposed migration of LLC1 searches goes ahead this financial year. This is likely to take place in the final quarter unless implementation is delayed.

Investment rates have begun to rise following increases in base rate introduced by the Monetary Policy Committee. The Council has been able to take advantage of rising interest rates more recently, and investment income has already exceeded the full year budget. Based on expectations for interest rates in the coming months, coupled with the Council's current and forecast cash flow, a revised budget of £400,000 is proposed.

The revised position for leisure centre income is based on the proposals contained in the Council report in July.

As the Budget review process is currently ongoing, the proposed income budgets are subject to change, and a further update will be given in the Quarter 3 report.

4.4 Earmarked Reserves

In addition to the General Fund balance the Council also maintains a number of Earmarked Reserves. Some of these are set aside for specific purposes whilst others have been created to mitigate the uncertainties that still surround local government funding. A detailed breakdown of the movement on Earmarked Reserves during the 2nd quarter of the financial year and the forecast to the end of the year appears at Appendix B.

£4,270,355 of the balance is technically not available for use as it is set aside to offset the NNDR Collection Fund deficit.

4.5 Forecast Outturn

The budget changes referred to in the table in paragraph 4.1 have reduced the call on General Fund balances to £751,567, when compared with the previous quarterly report. However, this does not include the potential impact of the 2022/23 pay offer or the change in policy relating to Minimum Revenue Provision (MRP) approved by Council in September.

The latest forecast, when taking these factors into account, is as follows:

	£
Current budget gap	751,600
Add increased cost of pay offer (if accepted)	488,000
Less savings arising in year from change in MRP Policy	(783,800)
Forecast budget gap	455,800

This results in a forecast contribution from General Fund Balances of £455,800, which is within £60,000 of the approved contribution when the budget was set In February.

Further work is being undertaken, as part of the latest budget cycle, to identify further savings and to formulate measures to address the current and future years budget gaps. These measures include the potential investment in regeneration activities and actions listed within the plan appended to the Commercial Strategy; budget challenges to services and future transformational activity to drive efficiencies.

5. What will it cost and are there opportunities for savings?

5.1 Not applicable.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
Net expenditure may exceed the approved budget due to shortfall in income or overspending arising from the current economic situation.	Ongoing budget monitoring to highlight variances, income generation activities (including a review of fees and charges), and transformation of services.
The change in MRP policy, whilst generating short-term savings, will result in increased MRP charges in the medium to longer term.	The Council can consider the use of additional voluntary revenue provision to smooth the profile of future year's charges. The existing and proposed capital programme will be reviewed to identify alternative sources of finance, and opportunities to defer and/or downscale projects.

7. Other options considered

7.1 None

8. Environmental impact

8.1 In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

10.1 Appendix A – Budget Monitoring Statement to 30th September 2022

10.2 Appendix B – Reserves Position as at 30th September 2022

10. Background paper(s)

10.1 None

11. Report author's contact details

Katie Hollis	Accountancy Services Manager
katie.hollis@blaby.gov.uk	0116 272 7739

GENERAL FUND REVENUE ACCOUNT

BUDGET MONITORING STATEMENT TO 30TH SEPT 2022

Portfolio		A Approved Budget £	B Working Budget £	C Profiled Budget £	D Actual to P6 £	E Variance to Profile £	F Forecast Outturn £
HCES	HOUSING, COMMUNITY & ENVIRONMENTAL SERVICES	2,537,039	3,386,680	885,537	857,078	(28,459)	3,386,680
NSA	NEIGHBOURHOOD SERVICES & ASSETS	2,556,096	2,763,297	680,371	620,781	(59,590)	2,763,297
FPP	FINANCE, PEOPLE & PERFORMANCE	2,309,060	2,018,369	932,834	927,272	(5,562)	2,018,369
HWCEBS	HEALTH, WELLBEING, COMMUNITY ENGAGEMENT & BUSINESS SUPPORT	516,666	2,013,621	611,804	589,351	(22,453)	2,013,621
LEAD	LEADER	1,404,676	1,544,942	682,326	655,236	(27,090)	1,544,942
PDECT	PLANNING DELIVERY & ENFORCEMENT AND CORPORATE TRANSFORMATION	2,840,157	3,440,510	1,550,796	1,468,284	(82,512)	3,440,510
Net Expenditure on Services		12,163,694	15,167,418	5,343,667	5,118,002	(225,665)	15,167,418
	Additional cost of pay offer	0	0	0	0	0	488,000
RCCO	Revenue Contributions to Capital Outlay	100,000	100,000	0	0	0	100,000
MRP	Minimum Revenue Provision	1,173,162	1,173,162	0	0	0	783,800
OTHAPP	Appropriations & Accounting Adjustments	47,690	128,761	46,165	46,165	0	128,761
		13,484,546	16,569,341	5,389,832	5,164,167	(225,665)	16,667,979
EAR	Contributions to/(from) Earmarked Reserves	(230,940)	(2,961,731)	0	0	0	(2,961,731)
GFBAL	Contributions to/(from) General Fund Balances	(397,563)	(751,567)	0	0	0	(455,800)
Net Budget Requirement		12,856,043	12,856,043	5,389,832	5,164,167	(225,665)	13,250,448

This page is intentionally left blank

FORECAST RESERVES & BALANCES AS AT 31ST MARCH 2023
APPENDIX B

	GL Code	Balance at 31/03/22 £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/23 £
Leisure Centre Renewals Fund	9999/VBA	(62,361)	0	0	(62,361)
Computer Room Environment	9999/VBB	(255,407)	0	0	(255,407)
Licensing Reserve	9999/VBC	(27,868)	0	0	(27,868)
Insurance Reserve Fund	9999/VBD	(100,000)	0	0	(100,000)
Blaby Plan Priorities Reserve	9999/VBJ	(452,667)	0	0	(452,667)
General Reserve Fund	9999/VBK	(1,697,764)	0	59,950	(1,637,814)
Ongoing Projects Reserve	9999/VBM	(2,923,063)	0	2,923,063	(0)
Elections Reserve	9999/VBQ	(121,944)	0	0	(121,944)
Choice Based Lettings Reserve	9999/VBR	(952)	0	0	(952)
Lubbesthorpe New Town Reserve	9999/VBS	0	0	0	0
New Homes Bonus Reserve	9999/VBT	(41,327)	0	0	(41,327)
COVID Support Reserve	9999/VBU	(700,000)	0	0	(700,000)
Economic Development Initiatives	9999/VBX	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(34,654)	0	0	(34,654)
Community Rights Reserve	9999/VCB	(48,724)	0	0	(48,724)
Hardship Reserve	9999/VCD	(325,000)	0	100,000	(225,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	0	(881)
NNDR Income Reserve	9999/VCF	(1,702,174)	(429,403)	0	(2,131,577)
Flexible Working Reserve	9999/VCG	(162,678)	0	0	(162,678)
Planning Fee Income Reserve	9999/VCH	0	0	0	0
Local Plan Reserve	9999/V CJ	(483,595)	0	26,450	(457,145)
Lottery Reserve	9999/VCK	(21,132)	0	0	(21,132)
IT System Replacement Reserve	9999/VCL	(54,415)	0	0	(54,415)
Property Fund Reserve	9999/VCM	(88,462)	(45,000)	0	(133,462)
Tax Income Guarantee Reserve	9999/VCN	0	0	0	0
S31 Grant Reserve	9999/VCO	(4,270,355)	0	2,768,199	(1,502,156)
Huncote Major Reserve	9999/VCP	(423,433)	(100,000)	0	(523,433)
Court Fees Income Reserve	9999/VCQ	(31,813)	0	0	(31,813)
		(14,080,669)	(574,403)	5,877,662	(8,777,410)
Less Earmarked Reserves set aside to meet the Collection Fund Deficit		4,270,355			1,502,156
Usable Earmarked Reserves		(9,810,314)			(7,275,254)
General Fund Balance		(4,698,909)	0	1,239,500	(3,459,409)
TOTAL RESERVES & BALANCES		(14,509,224)			(10,734,664)

This page is intentionally left blank

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Establishment 2022/23 and 2023/24 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 To provide members with an update in respect of the 2022/23 establishment budget, and to set out the proposed establishment budget for 2023/24.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the latest forecast in respect of the 2022/23 establishment is accepted.
- 2.2 That the proposed establishment budget for 2023/24 is approved.

3. Reason for Decisions Recommended

- 3.1 The cost of the establishment is a significant part of the council's overall budget and members are asked to consider and approve the budget for the next financial year. The final establishment costs will be incorporated into the General Fund budget for consideration in February 2023.

4. Matters to consider

4.1 Background

Establishment costs represent a substantial proportion of the Council's core costs, and include salaries, employers' pension and national insurance contributions, as well as provisions for sickness, family leave, temporary staffing and agency costs.

The following report sets out the key facts and figures in relation to the size and structure of the current establishment, the associated costs, and additional staff-related information. It is based on the available information at

the time of writing but any future changes which come to light will be reflected in the final budget proposals in February 2023.

4.2 Establishment Budget – Current Year

The 2022/23 Establishment cost which formed part of the original budget approved by Council on 24th February 2022 was £13,482,473 before taking into account external funding. The net budget after external funding was £11,634,231.

This allowed for a 2% pay increase, the cost of employers' national insurance and pension contributions, contractual increments, and the Apprenticeship Levy.

Since the budget was approved in February the following changes have been made to the establishment, this also includes budgets brought forward from 2021/22 specifically for Establishment posts -

	Gross Cost £	External Funding £	Net Cost £
Approved Budget	13,929,986	(1,578,984)	12,351,002
<u>Add:</u>			
Management Restructure	35,765		35,765
Change for Life Project	34,610	(34,610)	0
New Lubbesthorpe Major Schemes Officer	25,000	(25,000)	0
Active Together Officer	32,540	(32,540)	0
Environmental Assistant, Overtime & Contaminated Land Officer	59,675	0	59,675
Resident Support Officer	35,200	0	35,200
Corporate Health Improvement Casual Staff	1,026	0	1,026
Exercise Referral Officer	35,331	(35,331)	0
Active Travel Officer	32,540	(32,540)	0
Domestic Abuse Link Worker	33,290	(33,290)	0
Hospital & Housing Enablement Officers	98,030	(98,030)	0
Assisted Technology & Dementia Officers	32,485	(32,485)	0
LCC Occupational Therapist	20,340	(20,340)	0
<u>Removed:</u>			
Youth Service	(14,915)	0	(14,915)
Additional Overtime no longer required	(22,235)	0	(22,235)
Children's Support Worker	(31,109)	24,900	(6,209)
Working Budget	14,337,559	(1,898,250)	12,439,309

Performance against the Budget

As at 30th September, at an overall level, establishment costs were £6,788,869, against a profiled budget of £7,153,414, i.e. £364,544 under the profiled budget. The variances are shown in the table below:

Portfolio	(Under)/Over £	Note
Planning Delivery and Enforcement and Corporate Transformation	(114,911)	1
Neighbourhood Services & Assets	(86,604)	2
Health, Wellbeing, Community Engagement & Business Support	(57,943)	3
Leader	(17,030)	4
Housing, Community and Environmental Services	(27,233)	5
Finance, People and Performance	(24,287)	6
Total Variance	(364,544)	

Reasons for variances

1. The underspend is mainly due to vacant posts within Customer Services and Communications. 2 posts have been recruited to within Customer Services, and interviews have been taking place within Communications.
2. The underspend is due to vacant posts within Parks and Open Spaces, Waste Operations Management and Vehicle Maintenance. The vacancies within Parks and Open Spaces and Vehicle Maintenance have both been recruited to.
3. The underspend is mainly due to vacancies within Building Control and the Community, Development, Work & skills team, 2 of these posts have been recruited to.
4. The main variance is due to a vacant post within the Corporate Health and Safety team, and vacant posts in the Information Governance team. 2 posts have now been recruited to.
5. The variance is mainly due to the vacant posts within the Environmental Health team and Environmental Protection team. The post in Environmental Health has been recruited to and interviews have been held for the posts in the Environmental Protection team.
6. The variance is due to a vacant post within the Performance Management team, which has now been recruited to, and 2 vacant posts within the Recovery team, which have both been recruited to.

The gross establishment variance at 30th September was £364,544 as set out in the table above. However, this does not consider the vacancy savings provisions. When this is taken into account, establishment is showing a net variance of £164,544.

Included within the budget across all services is a 2% estimate for the pay award which has not yet been realised. The National Employers have put forward a pay offer of £1,950 across all pay grades. This is not yet reflected in the budget, but if accepted could add another £488,000 to the pay bill in 2022/23

Staff Turnover

Staff turnover for 2021/22 was 15.8%, compared to 10.2% in the previous year.

Sickness Absence

The actual number of days lost to sickness in 2021/22 was 6.2 days per employee, compared to 6.96 days in the previous year.

4.3 Budget Proposals 2023/24

The estimated costs for 2023/24, as shown in the table at Appendix A, are based on the forecast establishment as at 1st April 2023.

A provision has been included in the budget for a 3% pay award. Any change to this situation will be reflected in the base budget as soon as it becomes known.

In addition to a pay award provision, the budget proposals for 2023/24 take into account the cost of employers' national insurance and pension contributions, contractual increments, the Apprenticeship Levy, and any movement in headcount.

The establishment budget for 2023/24 is £14,487,210 before taking into account external funding. It is estimated that external funding will account for £1,345,232, leaving a net establishment cost of £13,141,978 for the year. This represents an increase of £702,669 compared with the 2022/23 current Working Budget.

Appendix B details the movements in posts between the Original approved 2022/23 budget and the proposed budget for 2023/24.

Full Time Equivalents (FTEs)

The establishment budget is based upon 361 posts, or 329.91 full time equivalents (FTEs). Appendix B provides a summary of the movement between the two years.

Employers' National Insurance Contributions

Contribution rates and thresholds for 2023/24 are included at a rate of 15.05%, this rate takes into account the Health and Social Care Levy of 1.25%. We are awaiting confirmation that this is formally being withdrawn. 15.05% was also the rate which was used for 2022/23.

Employers' Pension Contributions

Pension contribution rates are set by Leicestershire County Council, the scheme administrators, in conjunction with the Pensions Actuary on a triennial

basis. The latest review date was 31st March 2022. At the time of writing the report the results of the triennial review had not been released. Pension contributions for 2023/24 are based on an estimated rate of 26% until the final rates are released. Any divergence from the estimate once the rates are confirmed will be built into the final budget in February.

External Funding

The following table demonstrates the extent to which services are funded or part-funded by external grants and contributions over the two years 2022/23 and 2023/24. These figures also appear in Appendix A.

	2022/23 Approved £	2022/23 Working £	2023/24 Base £
Children's Support Workers	27,600	2,700	0
Hospital Housing Enablers	260,051	334,681	278,623
HET – Community Hospitals	0	23,400	0
Light Bulb Central Hub & Localities	851,824	851,824	859,824
Building Control Partnership	99,313	99,313	84,416
Active Travel Officer	0	32,540	0
Active Together	0	32,540	0
Sportivate	25,375	25,375	0
Exercise Referral	0	35,331	0
Change for Life	0	34,610	0
Whetstone Garden Village	45,414	45,414	0
Rail Freight Project	27,870	27,870	30,008
New Lubbethorpe	39,104	64,104	0
Housing Services	0	33,290	49,870
Social Prescriber	92,308	92,308	0
Housing Occupational Therapist	43,365	43,365	5,303
LCC Occupational Therapist	0	20,340	0
Assistive Technology & Dementia Pilot	32,515	65,000	0
Air Pollution Enforcement and Monitoring	17,546	17,546	0
COVID-19 Contain Funding	16,699	16,699	0
Defra Air Quality	0	0	37,188
Total	1,578,984	1,898,250	1,345,232

Salary costs that are reliant upon external funding have only been included in the 2023/24 establishment budget where that funding has formally been confirmed. If external funding is confirmed at a later date, both salary costs and grant income will be brought into the budget at that point.

Apprenticeship Levy

All employers with a pay bill of over £3m are required to pay an apprenticeship levy to make an investment in apprentices. Employers pay a levy of 0.5% of their pay bill above £3m. For Blaby this equates to approximately £65,673 in

2022/23 and £70,936 in 2023/24. In return, an employer's Apprenticeship Levy Account is credited with a sum of money which may then be spent on training apprentices.

Vacancy Savings Provision

The budget makes allowance for vacancy savings of £200,000 arising during the financial year.

5. What will it cost and are there opportunities for savings?

5.1 Financial implications are covered throughout this report

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
Withdrawal of external funding used to support posts within the establishment.	Salary costs have only been included within the establishment where external funding has been confirmed for 2023/24. Beyond 2023/24 officers will maintain dialogue with partners in order to identify any loss of external funding at an early stage.
Contribution rates for employer's national insurance and pension contributions could exceed the assumptions built into the draft budget.	Officers will monitor announcements by the Government and Leicestershire County Council to ensure that any changes to contribution rates are reflected in the final budget proposals,

7. Other options considered

7.1 Not to produce a separate report on establishment costs ahead of the main budget proposals. This option is not considered appropriate given that the establishment budget constitutes such a significant proportion of core costs.

8. Environmental impact

8.1 In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

10.1 Appendix A – Budgeted Establishment Costs for 2022/23 and 2023/24

10.2 Appendix B – Numbers of FTEs for 2022/23 and 2023/24.

11. Background paper(s)

11.1 None

12. Report author's contact details

Katie Hollis	Accountancy Services Manager
katie.hollis@blaby.gov.uk	0116 272 7739

This page is intentionally left blank

Establishment Costs Summary Original 2022-23 - Approved 2022-23 - Working 2022-23 - Proposed 2023-24

	November 2021 - Original Approved			February 2022 - Approved			September 22 - Working Budget 2022-23			Difference Between Net Working to Net Original		Difference Between Net Proposed to Net Original			Difference Between Net Proposed to Net Working		
	Budget 2022-23	Externally Funded	Net Original Budget 2022-23	Budget 2022-23	Externally Funded	Net Approved Budget 2022-23	Budget 2022-23	Externally Funded	Net Working Budget 2022-23	Proposed Budget 2023-24	Externally Funded	Net Proposed Budget 2023-24	Proposed Budget 2023-24	Externally Funded	Net Proposed Budget 2023-24	Net Proposed to Net Original	Net Proposed to Net Working
LEADER	1,154,507	0	1,154,507	1,154,507	0	1,154,507	1,154,507	0	1,154,507	1,186,638	0	1,186,638	1,186,638	0	1,186,638	32,131	32,131
FINANCE, PEOPLE & PERFORMANCE	1,368,099	0	1,368,099	1,393,662	0	1,393,662	1,395,654	0	1,395,654	1,413,016	0	1,413,016	1,413,016	0	1,413,016	44,917	17,362
NEIGHBOURHOOD SERVICES AND ASSETS	2,992,396	0	2,992,396	3,014,638	0	3,014,638	2,992,403	0	2,992,403	2,981,840	0	2,981,840	2,981,840	0	2,981,840	-10,556	-10,563
HEALTH, WELLBEING, COMMUNITY ENGAGEMENT & BUSINESS SUPPORT	2,772,964	-1,690,708	1,082,256	3,220,477	-1,421,450	1,799,027	3,507,379	-1,707,326	1,800,053	3,077,588	-1,228,166	1,849,422	3,077,588	-1,228,166	1,849,422	767,166	49,369
HOUSING, COMMUNITY & ENVIRONMENTAL SERVICES	2,768,718	-45,146	2,723,572	2,768,718	-45,146	2,723,572	2,850,859	-53,536	2,797,323	3,016,858	-87,058	2,929,800	3,016,858	-87,058	2,929,800	206,228	132,477
PLANNING DELIVERY, ENFORCEMENT & CORPORATE TRANSFORMATION	2,377,984	-112,388	2,265,596	2,377,984	-112,388	2,265,596	2,436,757	-137,388	2,299,369	2,811,270	-30,008	2,781,262	2,811,270	-30,008	2,781,262	515,666	481,893
	13,434,668	-1,848,242	11,586,426	13,929,986	-1,578,984	12,351,002	14,337,559	-1,898,250	12,439,309	14,487,210	-1,345,232	13,141,978	14,487,210	-1,345,232	13,141,978	1,555,552	702,669
CENTRAL PROVISIONS																	
SICK PAY/COVER	25,625		25,625	25,625		25,625	25,625		25,625	25,625	0	25,625	25,625		25,625	0	0
OCCUPATIONAL MATERNITY PAY	21,000		21,000	21,000		21,000	21,000		21,000	21,000	0	21,000	21,000		21,000	0	0
GROSS STATUTORY MATERNITY PAY	43,200		43,200	43,200		43,200	43,200		43,200	43,200	0	43,200	43,200		43,200	0	0
RECOVERABLE STAT. MATERNITY PAY	-35,553		-35,553	-35,553		-35,553	-35,553		-35,553	-35,553	0	-35,553	-35,553		-35,553	0	0
CHILDCARE VOUCHER SCHEME	200		200	200		200	200		200	200	0	200	200		200	0	0
APPRENTICE LEVY	65,673		65,673	65,673		65,673	65,673		65,673	70,936		70,936	70,936		70,936	5,263	5,263
ADDITIONAL PENSION			0			0						0			0	0	0
OTHER			0			0						0			0	0	0
NET TURNOVER SAVINGS RE VACANCIES	-80,000		-80,000	-80,000		-80,000	-200,000		-200,000	-200,000		-200,000	-200,000		-200,000	-120,000	-120,000
	13,474,813	-1,848,242	11,626,571	13,970,131	-1,578,984	12,391,147	14,257,704	-1,898,250	12,359,454	14,412,618	-1,345,232	13,067,386	14,412,618	-1,345,232	13,067,386	1,440,814	587,932

Difference from Original Budget 22-23 to Approved Budget 22-23

8002 - HR Extension of fixed term post	25,563
2130 - Vehicle Maintenance Overtime amendment	22,242
2212 - Building Control Division	447,513
	<u>13,970,131</u>
Less	
Externally funded posts	<u>-1,578,984</u>
	<u>12,391,147</u>

Difference from Approved Budget 22-23 to Working Budget 22-23

8013 - Environmental Protection Contaminated Land Officer	37,440
2002 - SPA Parents and Children additional funding received	34,610
8006 - Financial Services Management restructure	1,992
8200 - Service Transformation Management restructure	55,732
2015 - SPA Inactive Young People additional funding received	24,140
Funding carried forward from 20-21 for specific posts	343,884
Less	
2160 - Community Develoipment change to Youth Service	-14,915
2025 - Childrens support, end of post and fixed term funding	-31,109
1301 - Corporate Services Management restructure	-20,438
8025 - Customer Services Management restructure	-1,521
2130 - Vehicle Maintenance Overtime amendment	-22,242
Increase in Vacancy Savings provision	-120,000
	<u>14,257,704</u>
Less	
Externally funded posts	<u>-1,898,250</u>
	<u>12,359,454</u>

This page is intentionally left blank

Movement in Posts between Original Budget 2022/23 and Proposed Budget 2023/24

Cost Code	Department	Original Budget 2022/23	Original No of Posts	Original FTE	Movement in Posts	Movement in FTE	Proposed Budget 2023/24	Proposed No of Posts	Proposed FTE
LEADER									
1103	CHIEF EXECUTIVE	150,939	1	1.00	0.00	0.00	157,319	1	1.00
1111	INFORMATION MANAGEMNT	95,300	3	2.32	-1.00	-0.32	90,579	2	2.00
1305	ELECTORAL SERVICES	87,207	4	2.67	0.00	0.00	95,039	4	2.67
1308	LAND CHARGES	165,590	6	5.81	0.00	-0.11	191,813	6	5.70
1370	DEMOCRATIC SERVICES & GOVERNANCE	126,070	2	1.89	0.00	0.11	130,182	2	2.00
8005	DEMOCRATIC SERVICES	119,283	3	3.00	0.00	0.00	103,235	3	3.00
8019	CORPORATE HEALTH & SAFETY	52,851	1	1.00	0.00	0.00	49,690	1	1.00
8024	STRATEGIC DIRECTOR	129,660	1	1.00	0.00	0.00	132,533	1	1.00
8037	PA TEAM	97,947	3	2.43	0.00	0.00	103,715	3	2.43
8090	STRATEGIC DIRECTOR (S151)	129,660	1	1.00	0.00	0.00	132,533	1	1.00
		1,154,507	25	22.12			1,186,638	24	21.80
FINANCE, PEOPLE & PERFORMANCE									
8006	FINANCE	547,775	13	11.50	1.00	1.00	623,366	14	12.50
3070	INCOME & COLLECTIONS	225,738	6	6.00	0.00	0.00	239,801	6	6.00
8002	HR & TRAINING	332,863	8	6.27	1.00	1.21	393,497	9	7.48
1112	CORPORATE PERFORMANCE	261,723	6	5.42	-2.00	-2.07	156,352	4	3.35
		1,368,099	33	29.19			1,413,016	33	29.33
NEIGHBOURHOOD SERVICES & ASSETS									
2005	OPEN SPACES & GROUNDS MAINTENANCE	400,339	11	11.00	0.00	0.00	426,446	11	11.00
2126	CLEANSING	378,095	11	10.80	0.00	-0.30	354,730	11	10.50
2127	REFUSE & RECYCLING	1,501,406	45	44.00	0.00	0.00	1,488,208	45	44.00
2130	VEHICLE MAINTENANCE	253,380	5	5.00	0.00	0.00	233,750	5	5.00
8008	COUNCIL OFFICES/CLEANERS/CARETAKERS	60,794	2	2.00	0.00	0.00	60,045	2	2.00
8016	NEIGHBOURHOOD SERVICES MGMT & ADMIN	182,060	5	4.61	0.00	0.00	194,280	5	4.61
8029	PROPERTY SERVICES	111,506	2	2.00	0.00	0.00	116,814	2	2.00
8070	NEIGHBOURHOOD SERVICES GROUP MANAGER	104,816	1	1.00	0.00	0.00	107,568	1	1.00
		2,992,396	82	80.41			2,981,840	82	80.11
HEALTH, WELLBEING, COMMUNITY ENGAGEMENT & BUSINESS SUPPORT									
2003	LEISURE DEVELOPMENT - SPORTS	58,351	1	1.00	0.00	0.00	55,484	1	1.00
2014	SPORTVATE	25,375	1	1.00	-1.00	-1.00	0	0	0.00
2036	A PLACE TO GROW	16,427	1	0.53	0.00	0.02	16,345	1	0.55
2038	COVID 19 CONTAIN FUNDING	16,699	2	1.54	-2.00	-1.54	0	0	0.00
2040	SOCIAL PRESCRIBING	92,308	4	2.58	-4.00	-2.58	0	0	0.00
2044	HOSPITAL HOUSING ENABLER TEAM	260,051	6	6.00	0.00	0.00	278,623	6	6.00
2140	HEALTH & RECREATION	92,081	2	2.00	0.00	0.00	100,177	2	2.00
2141	CORPORATE HEALTH IMPROVEMENTS	45,823	1	0.81	0.00	0.00	34,687	1	0.81
2207	ECONOMIC DEVELOPMENT	74,399	2	1.61	-2.00	-1.61	0	0	0.00
2212	BUILDING CONTROL	757,287	17	16.61	13.00	8.40	1,241,682	30	25.01
3500	LIGHTBULB CENTRAL HUB	260,727	7	5.55	0.00	0.35	290,810	7	5.90
3591	HOUSING OCCUPATIONAL THERAPIST	43,365	1	0.81	0.00	0.00	5,303	1	0.81
3593	ASSISTIVE TECHNOLOGY & DEMENTIA PILOT	32,515	1	1.00	-1.00	-1.00	0	0	0.00
3599	LIGHTBULB LOCALITIES	591,097	19	17.06	-2.00	-1.42	569,014	17	15.64
8017	COMMUNITY DEVELOPMENT AND PARTNERSHIPS	238,508	7	6.12	1.00	1.10	316,311	8	7.22
8050	REGULATORY & LEISURE SERVICES GRP MGR	123,282	2	1.61	0.00	0.00	126,271	2	1.61
8055	TOURISM	44,669	1	1.00	1.00	0.00	42,882	2	1.00
		2,772,964	75	66.83			3,077,588	78	67.55
HOUSING, COMMUNITY & ENVIRONMENTAL SERVICES									
1302	REVENUES	272,048	11	8.77	0.00	-0.09	296,079	11	8.68
2006	COMMUNITY SERVICES	323,709	7	7.00	0.00	0.00	342,582	7	7.00
2025	CHILDRENS SERVICES	95,731	3	2.11	-1.00	-0.61	71,886	2	1.50
2052	AIR QUALITY CONTROL	17,546	2	1.61	-2.00	-1.61	0	0	0.00
2054	DEFRA AIR QUALITY NEW SCHEME	0	0	0.00	1.00	1.00	37,188	1	1.00
2160	COMMUNITY DEVELOPMENT YOUTH ISSUES	14,915	4	0.48	-4.00	-0.48	0	0	0.00
3008	BENEFITS	560,279	18	15.79	0.00	-0.83	579,649	18	14.96
3021	HOUSING SERVICES	510,465	14	13.00	3.00	3.00	614,557	17	16.00
3050	COMMUNITY SERVICES GROUP MANAGER	105,350	2	1.50	0.00	0.00	115,284	2	1.50
8013	ENVIRONMENTAL SERVICES	414,027	13	10.20	0.00	0.41	470,735	13	10.61
8014	ENVIRONMENTAL HEALTH	454,648	11	10.56	0.00	0.00	488,897	11	10.56
		2,768,718	85	71.02			3,016,858	82	71.81
PLANNING DELIVERY & ENFORCEMENT & CORPORATE TRANSFORMATION									
1109	COMMUNICATIONS	254,064	6	5.54	0.00	0.00	281,017	6	5.54
1301	CORPORATE SERVICES GROUP MANAGER	136,488	2	1.91	0.00	0.00	126,022	2	1.91
2013	STRATEGIC GROWTH TEAM	61,251	1	0.86	0.00	0.00	57,545	1	0.86
2202	PLANNING DELIVERY	583,996	14	12.65	1.00	1.96	660,033	15	14.61
2204	PLANNING ENFORCEMENT	216,725	5	4.81	0.00	0.19	236,588	5	5.00
2205	PLANNING POLICY	277,679	6	5.50	1.00	1.01	325,168	7	6.51
2210	PLANNING ADMINISTRATION	45,974	1	1.00	0.00	0.00	48,555	1	1.00
2213	WHETSTONE GARDEN VILLAGE	74,742	3	3.00	-2.00	-2.00	61,330	1	1.00
2214	RAIL FREIGHT HUB TEAM	28,536	1	0.50	0.00	0.50	30,008	1	1.00
2215	NEW LUBBESTHORPE	97,759	2	2.00	0.00	0.00	122,659	2	2.00
2270	PLANNING GROUP MANAGER	104,816	1	1.00	0.00	0.00	87,390	1	1.00
8025	CUSTOMER SERVICES	495,954	17	14.89	-1.00	-0.01	522,624	16	14.88
8200	SERVICE TRANSFORMATION	0	0	0.00	4.00	4.00	252,331	4	4.00
		2,377,984	59	53.66			2,811,270	62	59.31
	TOTALS	13,434,668	359	323.23	2.00	6.68	14,487,210	361	329.91

This page is intentionally left blank

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Quarter 2 Capital Programme Review 2022/23 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 The report provides Members with an update on expenditure against the Capital Programme for the quarter ending 30th September 2022.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the report is accepted.
- 2.2 That the latest Capital Programme totalling £8,039,700 is approved.

3. Reason for Decisions Recommended

- 3.1 To ensure that the Council has adequate resources in place to meet its capital expenditure commitments.

4. Matters to consider

4.1 Background

The original Capital Programme for 2022/23 was approved by Council on 24th February 2022, and amounted to £2,452,500, which included a borrowing requirement of £1,168,500.

The revised Capital Programme following the 1st quarter of 2022/23 was approved in September 2022 and amounted to £5,507,463.

The following table shows the latest Capital Programme which now amounts to £8,039,700 (including S106 projects), taking into account £2,847,013 brought forward from 2021/22, and projects which had been deferred during the financial year. It also includes £2,500,000 approved by Council in

September, in respect of potential strategic property investment to support regeneration. Appendix A gives a complete breakdown of planned expenditure on a scheme-by-scheme basis, including how it will be resourced.

	£
Approved Capital Programme 2022/23	5,507,463
<u>Additions:</u>	
Strategic Property Investment for Regeneration	2,500,000
Additional funding towards Disabled Facilities Grants adaptations	12,183
Essential Works: Replacement boiler	128,066
<u>Reductions:</u>	
Office refurbishment	(100,000)
Asset Management	(28,066)
	8,019,646
Add S106 Contributions allocated to projects in 2022/23	20,054
Revised Capital Programme 2022/23	8,039,700

- Additional funds have been received from East Midlands Homes, for Disabled Facilities Grant adaptations within EMH properties.
- The Planning Obligations Monitoring Group have approved allocation of S106 funds to 2 new projects, Trinity Park Whetstone has had £19,554 allocated for gate and fence works, and Narborough Cemetery has had £500 assigned for granite area markers.
- Additional budget is required for essential works to replace the existing boiler at the Council Offices. Following the procurement exercise, the tendered price has come in at around £240,000, including fees, against a current budget of £111,934. The existing boiler has already reached the end of its useful life and in the event of a failure, the Council would face significant repair and maintenance costs. It is, therefore, considered essential that a replacement boiler is installed. The increase in cost can be accommodated from within the existing capital programme by transferring budget provision from the two budgets below.
- The tendered price for the final phase of refurbishment of the Council Office refurbishment has fallen within the budget provision. This means that £100,000 can be transferred to offset the increased cost of the essential boiler replacement project.
- The asset management contingency budget has been reduced to cover the difference required from the changes to the two projects detailed above.

4.2 At the end of the second quarter of 2022/23, the Council had spent £557,815 against its planned Capital Programme, excluding Section 106 contributions. S106-backed schemes are covered in paragraph 4.3 below.

Explanations for the main variances in Quarter 2 are as follows:

- Extension to Enderby Leisure Centre Car Park - quotes have been received and exceed the Capital budget by £30,000. The additional cost can be covered from the contingency sum allowed for within the Walk and Ride Blaby project. Works are planned to be undertaken during Quarter 3 and Quarter 4.
- Disabled Facilities Grants – Referrals for DFGs are being delayed due to reduced staffing in the Occupational Therapist team at Leicestershire County Council and reviews being undertaken. As at the end of September 2022 £384,359 has been spent against the project.
- Council Offices Refurbishment Project – The tender process has been completed and phase three works are scheduled to start on 31st October.
- Blaby Town Centre Toilets – Works are planned to commence in the 4th quarter of the year.
- Bouskell Park: Bridge & Car Park Improvements – deferred to allow for further consideration due to cost increases.
- Fosse Meadows: Resurface Car Parks – Following approval of the Car Park Strategy report, quotations have come in on budget and work is expected to commence shortly.
- HR and Payroll System – this project has been delayed to ensure that the proposed procurement process is compliant. Initial indications are that the cost of implementation will fall well within budget, and final details will be built into the new 5-year capital programme.

Several projects are now complete and awaiting final invoices, once received any savings realised will be reflected in the quarter 3 report.

4.3 Section 106 Contributions

The Council receives S106 contributions towards the cost of providing for additional infrastructure needs arising from new housing developments. This includes provision of new offsite open space, play equipment, or affordable housing. Often because of financial viability of sites, payments are triggered at different stages of development which can take place over several years.

S106 contributions are only recognised in the Capital Programme at the point at which they have been allocated to support a defined project.

At 1st April 2022, the Council was holding S106 contributions to the value of £1,051,501, and since then a further £219,277 has been invoiced to developers. In total, £266,764 of the balance received has been allocated to projects, as shown at Appendix A, but spent as at 30th September 2022 is negligible. This leaves a remaining balance of £266,741 which has been allocated to projects, as well as a further £1,004,015 which is unallocated.

5. **What will it cost and are there opportunities for savings?**

5.1 Not applicable.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
Net expenditure may exceed the approved budget due to shortfall in income or overspending	Ongoing budget monitoring to highlight variances at an early stage.
Rising inflation costs may cause project costs to exceed the approved budgets.	Regular monitoring of the project costs by the Project Manager, together with support from the Capital Accountant to address any concerns at an early stage. Any price rise that cannot be accommodated within normal tolerances will be reported back to Council before proceeding with the planned works. The overall affordability of the Capital Programme will be considered in terms of its impact on the revenue budget, and projects will be deferred or removed from the programme as necessary.

7. Other options considered

7.1 None

8. Environmental impact

8.1 In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

10.1 Appendix A – Capital Monitoring Statement to 30th September 2022

10. Background paper(s)

10.1 None

11. Report author's contact details

Katie Hollis	Accountancy Services Manager
katie.hollis@blaby.gov.uk	0116 272 7739

	Approved Capital Programme 2022/23 £	Budgets Brought Forward from 2021/22 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2022/23 £	Capital Expenditure to 30th Sept. 2022 £	Variance as at 30th Sept. 2022 £
Corporate Aims & Objectives							
Disabled Facilities Grants - 2022/23	630,000	1,116,455	12,183	0	1,758,638	384,359	1,374,279
Strategic Property Investment for Regeneration	0	0	2,500,000	0	2,500,000	0	2,500,000
Green Capital Grant Programme - 2021/22	0	3,504	(3,504)	0	0	0	0
Green Capital Grant Programme - 2022/23	0	0	20,000	0	20,000	4,000	16,000
Capital Grant Programme - 2021/22	54,500	14,574	(16,496)	0	52,578	12,190	40,388
Housing Support Grants - 2021/22	30,000	23,244	0	0	53,244	10,699	42,545
Conversion Of The Old Bank, Narborough	0	38,282	0	0	38,282	0	38,282
Extension of Enderby Leisure Centre Car Park	150,000	0	0	0	150,000	0	150,000
Blaby Town Centre Improvement Works	0	81,626	0	0	81,626	44,079	37,547
Install Led Lighting At Council Offices	0	25,492	0	0	25,492	22,000	3,492
Council Offices Refurbishment Project - 2021	0	50,000	0	0	50,000	0	50,000
Council Offices Refurbishment Project - 2022	250,000	0	(100,000)	0	150,000	0	250,000
Huncote Landfill Gas Remedial Works	0	0	204,955	0	204,955	0	204,955
Cctv Upgrade At Blaby Town Centre & Narborough Strn.	40,000	0	0	0	40,000	0	40,000
Walk And Ride Blaby	180,000	0	0	0	180,000	0	180,000
Blaby Town Centre Toilets	100,000	0	0	0	100,000	0	100,000
Air Quality Action Plan	0	7,734	0	0	7,734	0	7,734
Empty Property Grants & Loans	0	28,049	0	0	28,049	0	28,049
Sub Total Corporate Aims & Objectives	1,434,500	1,388,960	2,617,138	0	5,440,598	477,327	5,063,271
Asset Management Planning							
Idox Software Upgrade	0	390	0	0	390	0	390
Ict: Data Centre	0	118,000	0	0	118,000	0	118,000
Ict: Microsoft Office 365 Consultancy	0	38,000	0	0	38,000	0	38,000
Ict: Network Refresh	0	57,000	0	0	57,000	31,849	25,151
Ict: Equipment for Agile Working	0	29,983	0	0	29,983	6,166	23,817
Ict: Security Updates	107,000	0	0	0	107,000	0	107,000
Ict: Network Refresh - Phase 2	46,000	0	0	0	46,000	0	46,000
Revenues And Benefits System	0	100,650	0	0	100,650	0	100,650
Upgrade To Huncote Landfill Gas Monitoring	0	10,794	0	0	10,794	0	10,794
Essential Works - Replacement of Boilers at the Council Offices	0	111,934	128,066	0	240,000	5,162	234,838
Council Offices: Workstation Upgrades	0	17,296	0	0	17,296	0	17,296
Replace Exterior Lighting & Signage At Council Offices	0	1,542	0	0	1,542	0	1,542
Replacement Fire Escape Doors At Council	0	5,753	0	0	5,753	0	5,753
Resurfacing Of Car Parks	0	91,268	0	0	91,268	0	91,268
Fleet Replacement Programme	500,000	53,897	0	0	553,897	0	553,897
Vehicle CCTV & Tracking Upgrade	47,000	0	0	0	47,000	0	47,000
Bouskell Park: Bridge & Car Park Improvements	0	200,000	0	0	200,000	0	200,000
Countesthorpe Cp: Upgrade Paths	10,000	0	0	0	10,000	0	10,000
Crow Mills: Steps Fencing & Paths Upgrade	19,000	0	0	0	19,000	0	19,000
Fosse Meadows: Resurface Car Parks	150,000	0	0	0	150,000	0	150,000
Fosse Meadows: Upgrade Fence, Gates & Paths	13,000	0	0	0	13,000	0	13,000
The Osiers: Entrance & Path Improvements	10,000	0	0	0	10,000	0	10,000
Whetstone Way: Upgrade Paths	10,000	0	0	0	10,000	10,000	0
Whistle Way: Upgrade Paths	10,000	0	0	0	10,000	0	10,000
The Osiers: Footpaths	0	15,000	0	0	15,000	0	15,000
Ice House Renovation Project	0	1,649	0	0	1,649	0	1,649
Replace Air Quality Analysers	0	28,854	0	0	28,854	9,211	19,643
Replace Air Quality Analysers - 2022	10,000	0	0	0	10,000	0	10,000
Performance Management System	0	17,000	0	0	17,000	0	17,000
Deployment Of Teams Communication System	0	9,969	0	0	9,969	0	9,969
Land Charges & Customer Portal	0	26,675	0	0	26,675	0	26,675
Hr & Payroll System	0	250,000	0	0	250,000	0	250,000
Financial Management System	0	4,030	0	0	4,030	0	4,030
Replacement Cash Receiving Software	20,000	0	0	0	20,000	0	20,000
Replacement Corporate GIS System	0	18,120	0	0	18,120	14,600	3,520
Sub-total Asset Management Planning	952,000	1,207,804	128,066	0	2,287,870	76,988	2,210,882
Other Capital Schemes							
Active Blaby Computer System - Phase 2	0	3,477	0	0	3,477	3,500	(23)
Active Blaby Website Enhancement	4,000	0	0	0	4,000	0	4,000
Update To Social Prescribing System	12,000	0	0	0	12,000	0	12,000
Hardware For Ier Implementation	0	3,057	0	0	3,057	0	3,057
Sub-total Other Capital Schemes	16,000	6,534	0	0	22,534	3,500	19,034
Asset Management Group Contingencies							
	50,000	0	(28,066)	0	21,934	0	21,934
CAPITAL PROGRAMME excluding S106 Schemes	2,452,500	2,603,298	2,717,138	0	7,772,936	557,815	7,315,121

Section 106-Backed Schemes							
Cemetery Extension - Blaby Rd, Enderby	0	23,286	0	0	23,286	0	23,286
Contribution For New Pavilion & Car Park	0	17,213	0	0	17,213	0	17,213
Air Quality Monitoring - Castle Acres	0	13,394	0	0	13,394	0	13,394
Benches & Picnic Tables, Sapcote	0	23	0	0	23	23	0
Works At Recreation Ground - Sapcote	0	2,080	0	0	2,080	0	2,080

	Approved Capital Programme 2022/23 £	Budgets Brought Forward from 2021/22 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2022/23 £	Capital Expenditure to 30th Sept. 2022 £	Variance as at 30th Sept. 2022 £
Install LED Lighting - Trinity Rd. Park	0	6,593	0	0	6,593	0	6,593
Play Equipment - Shakespeare Park, Braunstone	0	3,546	0	0	3,546	0	3,546
2 x Benches - Glen Parva Memorial Gardens	0	0	2,995	0	2,995	0	2,995
Gate & Fence - Trinity Park, Whetstone	0	0	19,554	0	19,554	0	19,554
Granite Area Markers - Narborough Cemetery	0	0	500	0	500	0	500
Affordable Housing - Barry Close, Kirby Muxloe	0	26,000	0	0	26,000	0	26,000
Affordable Housing - Henson Park, Whetstone	0	76,580	0	0	76,580	0	76,580
Affordable Housing - Grove Road, Blaby	0	75,000	0	0	75,000	0	75,000
Sub Total	0	243,715	23,049	0	266,764	23	266,741
TOTAL CAPITAL PROGRAMME 2022/23	2,452,500	2,847,013	2,740,187	0	8,039,700	557,838	7,581,862
	0	0	0		0	0	

FINANCED BY:	Capital £	Brought £	Additions etc £	completed £	Programme £	Expenditure £	30th Sept. £
Internally Resources							
Prudential Borrowing	1,168,500	587,963	2,704,955	0	4,461,418	27,352	4,434,066
Usable Capital Receipts	524,000	438,873	0	0	962,873	16,711	946,162
Blaby District Council Plan Priorities Reserve	0	139,776	0	0	139,776	38,015	101,761
General Reserve Fund	0	28,996	0	0	28,996	22,000	6,996
IT Reserve	0	127,969	0	0	127,969	0	127,969
IT Systems Replacement Reserve	0	18,120	0	0	18,120	14,600	3,520
New Homes Bonus Reserve	0	28,049	0	0	28,049	0	28,049
Revenue Funded Capital Expenditure	100,000	51,437	0	0	151,437	12,453	138,984
External Resources							
Disabled Facilities Grant	660,000	1,139,699	0	0	1,799,699	382,876	1,416,824
DFG Contribution from East Midland Housing	0	0	12,183	0	12,183	12,183	0
IER Hardware Implementation Grant	0	3,057	0	0	3,057	0	3,057
S106 Contributions - Various	0	243,715	23,049	0	266,764	23	266,741
DEFRA - Air Quality Grant	0	7,734	0	0	7,734	0	7,734
LLEP Funding	0	31,626	0	0	31,626	31,626	0
TOTAL FUNDING	2,452,500	2,847,013	2,740,187	0	8,039,700	557,838	7,481,862

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Treasury Management Mid-Year Monitoring Report 2022/23
	This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	Finance Group Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 To provide members with an update on the Council's treasury activities for the half year ended 30th September 2022, and the economic factors which have affected those activities.
- 1.2 To demonstrate compliance with the Council's prudential indicators which were approved in February 2022.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the latest position in respect of treasury activities, and the prudential indicators, are accepted.
- 2.2 That the increase in the Capital Financing Requirement from £14.446m to £18.037m is approved.

3. Reason for Decisions Recommended

- 3.1 The regulatory framework governing treasury management activities includes a requirement that the Council should, as a minimum, receive a mid-year treasury monitoring report in addition to the forward-looking annual treasury strategy and the backward-looking annual treasury report.
- 3.2 This report fulfils the requirement above and incorporates the needs of the Prudential Code to ensure adequate monitoring of capital expenditure plans and the Council's prudential indicators. The treasury strategy and prudential indicators for 2022/23 were contained in the report approved by Council on 24th February 2022.

4. Matters to consider

4.1 Background

The Annual Treasury Management Strategy for 2022/23, including the Annual Investment Strategy, was approved by Council on 24th February 2022. There have been no policy changes to the strategy to date this financial year, and so the details in this report are an update to the original plans based on the latest economic position and budgetary changes which have already been approved.

As part of the February strategy report Council also approved a range of Prudential Indicators for 2022/23 which are designed to ensure that the Council's capital expenditure plans are prudent, affordable and sustainable. Officers monitor performance against these indicators on a quarterly basis, and the results are shown at Appendix A, compared with the original estimate and the forecast outturn position. As well as reviewing treasury activity to date, this report provides an explanation for any divergence from the original estimates.

4.2 Capital Expenditure & Financing

The Council's capital expenditure plans and sources of finance is the first Prudential Indicator appearing at Appendix A. The original approved programme for 2022/23 was £2.452m of which it was planned that £1.168m would be financed through borrowing.

Since February further additions have been made to the programme, including £2.847m unspent budgets brought forward from the previous financial year, and £2.512m of other additions including strategic property investment. The other additions are covered in more detail in the quarterly Capital Programme Review Reports (Quarter 1 – 5th September 2022, Quarter 2 - elsewhere on this agenda).

As a result of these changes, the latest Capital Programme for 2022/23 is now £8.040m with a borrowing requirement of £4.461m.

4.3 Impact on Prudential Indicators

Another key Prudential Indicator is the Capital Financing Requirement (CFR) which is a measure of the Council's underlying need to borrow for capital purposes. If the latest Capital Programme, as at 30th September, is fully spent the CFR will rise to £18.037m by 31st March 2023, compared with the original estimate of £14.446m. It is probable that the CFR will continue to exceed actual debt for the foreseeable future due to the Council's ongoing practice of borrowing internally to finance capital investment. However, over time, the gap between the CFR and external debt will gradually close as reserves and balances are utilised, and further borrowing is undertaken. There are two main reasons for the projected increase in the CFR to 31st March 2023.

1. The inclusion of £2.5m for potential regeneration property investment in the capital programme. If this investment doesn't materialise then the CFR will not be affected.
2. The change in Minimum Revenue Provision (MRP) policy from a straight-line method to an annuity method. Under the new method, MRP will be lower, unless the Council sets aside any voluntary provision, meaning that the CFR will not reduce by as much on an annual basis.

It is proposed that Council be recommended to formally approve the increase in the CFR.

4.4 Economic Update

Gross domestic product rose by 0.2% in quarter 1, meaning that the economy had, for the time being, avoided moving into recession. However, the impact of high inflation means that GDP is at risk of contracting during the autumn and winter months.

Consumer Price Index (CPI) inflation eased slightly between July and August from 10.1% to 9.9%, although inflation has not yet peaked. The easing in August was mainly due to a fall in oil prices. However, utility price inflation is expected to add 0.7% to CPI in October when the Ofgem unit price cap increases to, typically, £2,500 per household. Since the government's original plan to freeze prices at that level for two years has now been reversed, it remains to be seen what the impact on inflation will be.

There is an expectation that the Monetary Policy Committee (MPC) will increase interest rates further and faster, from the current 2.25% to a peak of 5.00% in February 2023. Market expectations for what the MPC will do are volatile but if the bank rate does climb to predicted levels it could cause vulnerability in the housing market. Link Group's interest rate forecast is included with this report at Appendix B.

4.5 Borrowing

The Council's current and forecast year end portfolio position is shown at Appendix A. It is compared with the CFR to demonstrate that the Council is currently using internal resources in lieu of borrowing, as mentioned above. The Council is permitted to borrow up to its CFR and may even, in the short term, exceed the CFR. However, there is a limit to the amount by which borrowing may exceed the CFR and this is described in Appendix A (no. 3, the Portfolio Position). This allows authorities some flexibility to borrow in advance of need where it is financially beneficial to do so.

The Council's actual debt is still lower than its CFR because it is continuing to borrow internally. Whilst reserves and balances remain relatively healthy and borrowing rates are higher than investment rates this remains a prudent and cost-effective approach but will require ongoing monitoring in the event of rising interest rates.

The original borrowing requirement for 2022/23 was £1.168m, and the budget allows for this being met by external borrowing. No new borrowing has been undertaken to date this financial year. Since the Council still holds a positive cash balance, and with PWLB rates rising, it is likely that any planned borrowing will be deferred.

There is provision within the revenue budget for interest payable of £202,361, which allows for the Council borrowing the £1.1m required to fund the Capital Programme, along with £2.0m of maturing debt. However, there is currently no pressing need to borrow externally. Any short-term cash deficits can be covered by taking out temporary loans, for which rates are currently lower than longer term PWLB borrowing rates. The interest payable budget will be reviewed as part of the budget setting process but may need to increase to take account of the recent inclusion of investment property acquisitions in the capital programme.

Gilt yields and PWLB rates were on a generally rising trend over the first half year. However, they rose sharply towards the end of September following the Chancellor's mini-budget announcement. The 50-year PWLB certainty rate for new long-term borrowing started the financial year at 2.20% but had risen to 4.80% by 30th September, albeit that rates are forecast to fall back to around 3.10% by the end of September 2025.

4.6 Investments

When considering the investment of surplus funds, the Council's main priority is the security of capital and liquidity, but it also seeks to achieve an appropriate level of return which is consistent with its appetite for risk.

The Council held £34.254m of investments on 30th September 2022 and the investment earned the first half year is £182,006, significantly higher than the comparable return at the same point in 2021/22 (£28,018). This means that investment income has already exceeded the budgeted return for 2022/23 which was £100,000. Although cash flow balances generally reduce during the last quarter of the financial year, with interest rates on the rise, it is now expected that investment income will reach around £400,000 for 2022/23.

There have been no instances to date where the Council has been in breach of its investment counterparty limits.

Property Fund

In addition to the internal investment portfolio, the Council has also invested £1m in the Lothbury Property Trust. Generally, property funds offer an improved rate of return, but it is recognised that higher interest rates often only come with increased risk, and, in the short term, fund values can fall as well as rise. For that reason, it is important to note that any investment in property funds must be seen as a longer-term investment.

Following the fall experienced during the pandemic, the value of the property fund rose considerably during 2021/22 and the early part of this financial year, reaching a high of £1.129m at the end of June. In light of the recent economic turmoil the fund value has fallen back to £1.075m so remains above the initial value of the deposit.

Until 31st March 2023 there is a statutory override in place that means any fluctuation in fund value does not have to be charged or credited to the General Fund. The government is currently consulting on whether the statutory override should be extended or withdrawn. In the event of a withdrawal, the Council will still have 12 months to consider options with regards to the future if the investment.

In terms of return, the Council has received rental and interest income of £13,762 up to 31st July 2022; the next quarter's results are due on 31st October and will be reported verbally at the meeting. This represents a return of around 4.12% up to the end of July.

5. What will it cost and are there opportunities for savings?

- 5.1 There are no direct costs arising from this report. However, it is expected that investment income will exceed the budget by around £300,000. Although it is likely that the Property Fund will generate around £40,000 in 2022/23 it is considered prudent to set this sum aside to mitigate any short-term reductions in the future net asset value of the fund. This is a similar principle to that adopted with the Local Authority Mortgage Scheme.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
That external borrowing might not be undertaken at the most advantageous rate	Treasury officers maintain regular contact with the Council's advisors, Link Treasury Services, who monitor movements in interest rates on our behalf. The aim is always to drawdown loans when interest rates are at their lowest point.
Credit risk – the risk that other parties might fail to pay amounts due, e.g., deposits with banks etc.	The Annual Investment Strategy sets the criteria through which the Council decides with whom it may invest. The lending list is updated regularly to reflect changes in credit ratings.
Liquidity risk – the Council might not have sufficient funds to meet its commitments	Daily monitoring of cash flow balances. Access to the money markets to cover any short-term cash shortfall.
Refinancing and maturity risk – the risk that the Council might need to	Monitoring of the maturity profile of debt to make sure that loans do not all mature in

renew a loan or investment at disadvantageous interest rates	the same period. Monitoring the maturity profile of investments to ensure there is sufficient liquidity to meet day to day cash flow needs.
Market risk – losses may arise because of changes in interest rates etc	Maximum limits are set for exposure to fixed and variable interest rates. The Finance team will monitor market rates and forecast interest rates to limit exposure
Loss on the Property Fund investment if property values fall again.	The Lothbury Property Trust should be seen as a longer-term investment where the value of the fund can fluctuate both upwards and downwards. Historically, property prices tend to rise over time, but officers will monitor the trajectory of the fund and consider withdrawal if the valuation continues to fall.

7. Other options considered

- 7.1 None, this report is a requirement of the Treasury Management Code of Practice.

8. Environmental impact

- 8.1 There is no direct environmental impact arising from this report. However, the Council continues to utilise sustainable investment opportunities in line with its approved investment criteria.

9. Other significant issues

- 9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

- 10.1 Appendix A – Prudential Indicators
10.2 Appendix B – Interest Rate Forecast

11. Background paper(s)

- 11.1 None.

12. Report author's contact details

Nick Brown Finance Group Manager
Nick.Brown@blaby.gov.uk 0116 272 7625

PRUDENTIAL INDICATORS**1. Capital Expenditure and Financing**

This indicator shows the capital expenditure plans for the year and demonstrates how those plans are expected to be financed.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Total Capital Programme	2,452,500	557,838	8,039,700
Financed by:			
Capital receipts	524,000	16,711	962,873
Capital grants and contributions	660,000	426,707	2,121,063
Capital reserves	0	74,615	342,910
Revenue contributions	100,000	12,453	151,437
Total Financing	1,284,000	530,486	3,578,282
Borrowing Requirement	1,168,500	27,352	4,461,418

The Revised Capital Programme includes expenditure and resources brought forward from 2021/22 totalling £2,847,013, and £2,500,000 approved by Council on 20th September 2022 for the purposes of strategic property investment to support regeneration.

2. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It will increase as the Council incurs capital expenditure which cannot be met from other resources, but this will be partially offset by revenue repayments for the year (the Minimum Revenue Provision).

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
CFR as at 1 st April 2022	14,450,730	13,965,133	13,965,133
Capital Expenditure in Year	2,452,500	557,838	8,039,700
Financing in Year	(1,284,000)	(530,486)	(3,578,282)
Minimum Revenue Provision	(1,173,162)	0	(389,373)
CFR as at 31st March 2023	14,446,068	13,992,485	18,037,178

3. The Portfolio Position

The table below compares the Council's actual external debt, including other long-term liabilities such as finance leases, with the CFR. This indicator also acts as a limit to borrowing activity. Gross external debt should not, except in the short term, exceed the total of CFR in the preceding year plus the estimated additional CFR for 2022/23 and the next two financial years. This allows some limited flexibility for borrowing in advance of need. No difficulties are envisaged in complying with this indicator for the current or future financial years.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
External Debt			
Debt at 1 st April 2022	9,441,779	8,141,780	8,141,780
Finance Leases at 1 st April 2022	455,399	455,399	455,399
Estimated Borrowing 2022/23	3,100,000	0	3,100,000
Estimated Repayments 2022/23	(2,212,082)	(105,465)	(2,212,082)
Estimated Debt at 31st March 2023	10,785,096	8,491,714	9,485,097
CFR (as above)	14,446,068	13,992,485	18,037,178
Under/(Over) Borrowing	3,660,972	5,500,771	8,552,081

4. Operational Boundary for External Debt

This is the limit 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.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Borrowing	15,680,000	8,036,436	15,680,000
Other Long Term Liabilities	2,500,000	455,278	2,500,000
Total	18,180,000	8,491,714	18,180,000

5. Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This is the limit beyond which external debt is prohibited. 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.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Borrowing	17,422,222	8,036,436	17,422,222
Other Long Term Liabilities	2,777,778	455,278	2,777,778
Total	20,200,000	8,491,714	20,200,000

6. Treasury Management Limits on Activity

There is a further debt related treasury activity limit. The purpose of this is to manage risk and reduce the impact of any adverse movement in interest rates. However, if it is too restrictive it will impair the opportunities to reduce costs and/or improve performance. The indicator is:

- 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.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Maturity structure of fixed interest rate borrowing:			
Under 12 months	100%	26.21%	100%
12 months to 2 years	100%	2.69%	100%
2 years to 5 years	100%	21.32%	100%
5 years to 10 years	100%	0%	100%
10 years and above	100%	49.78%	100%

7. Investments Greater Than 364 Days

This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of investments after each year-end.

The Council invested £1m in the Lothbury Property Trust in December 2019. At 30th September 2022 the Net Asset Value (NAV) of this investment was £1.075m.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Principal sums invested > 364 days	6,000,000	1,000,000	6,000,000

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

This page is intentionally left blank