

Date: 8 September 2023
My ref: Cabinet Executive
Your ref:
Contact: Democratic Services
Tel no: 0116 272 7640
Email: committees@blaby.gov.uk

To Members of the Cabinet Executive

- | | |
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| Councillor Terry Richardson (Leader) | – Leader of the Council |
| Councillor Maggie Wright (Deputy Leader) | – Finance, People & Performance 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 on **MONDAY, 18 SEPTEMBER 2023** 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 - 10)
To approve and sign the minutes of the meeting held on 10 July 2023 (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. Quarter 1 Budget Review 2023/24 (Pages 11 - 24)
To consider the report of the Finance Group Manager (enclosed).
6. Quarter 1 Treasury Management Update 2023/24 (Pages 25 - 44)
To consider the report of the Finance Group Manager (enclosed).
7. Quarter 1 Capital Programme Review 2023/24 (Pages 45 - 52)
To consider the report of the Finance Group Manager (enclosed).
8. Risk Management Strategy 2023 - 2026 (Pages 53 - 74)
To consider the report of the Finance Group Manager (enclosed).
9. Leisure Contract - Soft Play Equipment (Pages 75 - 84)
To consider the report of the Business, Partnerships and Health Improvement Group Manager (enclosed).
10. Economic Development Strategy for Blaby District (Pages 85 - 88)
To consider the report of the Business, Partnerships and Health Improvement Group Manager (enclosed).

CABINET EXECUTIVE

Minutes of a meeting held via Zoom

MONDAY, 10 JULY 2023

Present:

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

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

Also in attendance:

Cllr. Nick Brown – Scrutiny Commissioner
Cllr. Roy Denney – Scrutiny Commissioner

Officers present:-

Julia Smith	- Chief Executive
John Richardson	- Executive Director
Nick Brown	- Finance Group Manager
Caroline Harbour	- Environmental Health, Housing, Net Zero & Community Services Group Manager
Louisa Horton	- Corporate Services Group Manager & Monitoring Officer
Anna Farish	- Environmental Services Manager
Katie Brooman	- Elections and Governance Manager
Sandeep Tiensa	- Senior Democratic Services & Scrutiny Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer
Isaac Thomas	- Democracy Support Officer

49. DISCLOSURE OF INTERESTS FROM MEMBERS

No disclosures were received.

50. MINUTES

The minutes of the meeting held on 20 March 2023, as circulated, were approved and signed as a correct record.

51. PUBLIC SPEAKING PROTOCOL

No requests were received.

52. **AIR QUALITY ANNUAL STATUS REPORT 2023**

Considered - Report of the Environmental Services Manager.

Other Options Considered:

1. Completion and submission of the ASR is a statutory requirement and therefore there are no other options.
2. Revocations and declarations of AQMAs have to comply with the provisions of the Environment Act 1995 and associated DEFRA guidance, therefore there are no other options.

DECISIONS

1. That the Annual Status Report 2023 be approved for appropriate consultation and submission to the Department for Environment, Food & Rural Affairs (DEFRA) and publication.
2. That consultation be undertaken prior to revocation of Air Quality Management Area (AQMA) 1 (A5460 Narborough Road South), AQMA 2 (M1 corridor in Enderby and Narborough) and AQMA 4b (Enderby Road, Whetstone).
3. That consultation be undertaken prior to declaration of a new AQMA (AQMA 7, Lubbethorpe Road and Narborough Road South Service Road Junction).
4. That delegated authority be given to the Environmental Health, Housing & Community Services Group Manager, in conjunction with the Portfolio Holder, to make minor amendments to the Annual Status Report 2023 prior to submission and publication.

Reasons:

1. It is important for Members to be informed of the air quality monitoring data for the District in 2022.
2. Air quality monitoring has demonstrated that levels of Nitrogen Dioxide in those areas are below the Air Quality Objective. Consultation is needed to comply with relevant legislation and guidance.
3. Air quality monitoring has indicated that levels of Nitrogen Dioxide at that location are above the Air Quality Objective. Consultation is needed to comply with relevant legislation and guidance.
4. This is to ensure any final amendments to the report can be made prior to submission to DEFRA.

**53. CABINET EXECUTIVE RESPONSE TO SCRUTINY
RECOMMENDATIONS: AFFORDABLE HOUSING**

Considered – Report of the Housing Services Manager, presented by the Environmental Health, Housing & Community Services Group Manager.

Other Options Considered: None.

DECISION

That Cabinet consider and accept the response to the recommendations as set out at Appendix 1 of the report.

Reason:

It is the duty of the Cabinet Executive to respond to Scrutiny reports and recommendations.

54. INDUSTRIAL ACTION UPDATE REPORT

Considered – Report of the Chief Executive.

Other Options Considered:

Report is for noting, the only other option considered would be to agree a local pay rise, as outlined above there is significant costs involved in this approach, it is considered not to be in the best interests of the workforce and is not in line with our existing contractual arrangements with our staff.

DECISION

That the report be noted.

Reason:

To ensure Members are informed on the industrial action, impact on our communities and supportive of approach being taken.

55. FINANCIAL PERFORMANCE 2022/23

Considered - Report of the Finance Group Manager.

Other Options Considered: None.

DECISIONS

1. That the financial performance for 2022/23 be accepted.
2. That the debts listed in paragraph 4.5 of the report are approved for write-off.
3. That the "Covid Support Reserve" is redesignated as the "Contractual Losses Support Reserve" and £445,000 of the current balance be transferred to General Fund balances.

Reasons:

1. The unaudited accounts for 2022/23 were published on 31st May, with Blaby being amongst only 30% of authorities to meet the statutory deadline. Whilst the accounts are still subject to external audit, it is important to give Members early sight of the outturn to assist with the financial planning process.
2. The debts listed in paragraph 4.5 of the report are considered to be uncollectable and the amounts involved are above the limit up to which they may be written off by the Executive Director (Section 151) and Portfolio Holder.
3. In response to Scrutiny's recommendations concerning the administration's budget proposals for 2023/24, it was agreed that earmarked reserves would be reviewed at year end to assess whether they are still required or adequately reflect the purpose for which they are held.

56. TREASURY MANAGEMENT OUTTURN 2022/23

Considered - Report of the Finance Group 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

1. That the treasury management activities for 2022/23 be approved.
2. That the prudential and treasury indicators for 2022/23 be approved.

Reasons:

1. The regulatory framework governing treasury management activities includes a requirement that the Council should produce an annual review of treasury activities undertaken in the preceding financial year. It must also report the performance against the approved prudential indicators for the year.
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.

57. ANNUAL GOVERNANCE STATEMENT 2022/23

Considered - Report of the Executive Director (Section 151 Officer), presented by the Finance Group Manager.

Other Options Considered:

Not to produce a separate report on the Annual Governance Statement for the Cabinet Executive. This option was dismissed given it of utmost importance that the Cabinet Executive are fully informed and assured by the completion of the Corporate Assurance Review and the production of the Governance Statement.

DECISION

That the Annual Governance Statement in respect of 2022/23 financial year be approved.

Reason:

It is a requirement of the Account and Audit Regulations 2015 for the local authority to prepare and approve an Annual Governance Statement.

58. APPOINTMENTS TO OUTSIDE BODIES

Considered - Report of the Senior Democratic Services & Scrutiny Officer, presented by the Leader - Cllr. Terry Richardson.

Other Options Considered: None.

DECISIONS

1. That the preferences and changes to appointments to Outside Bodies as proposed at Appendix 1 of the report be approved.
2. That unless otherwise stated all appointments be held, until the first Cabinet Executive meeting following the Annual Council meeting in 2024.
3. That all appointments be endorsed as approved duties for the payment of allowances.
4. That the Constitution be amended accordingly.

Reason:

It is appropriate to give effect to the wishes of the political groups.

THE MEETING CONCLUDED AT 6.22 P.M.

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Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Quarter 1 Budget Review 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	Finance Group Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 This report provides Members with an overview of the financial performance against the revenue budget for the quarter ending 30th June 2023.
- 1.2 The report also seeks approval for an increase in establishment in the Finance, and Neighbourhood Services groups.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 30th June 2023 is accepted.
- 2.2 That the forecast contribution of £489,416 from General Fund balances is accepted.
- 2.3 That additional establishment budget in the sum of £69,743, as set out in paragraph 4.2, is approved.
- 2.4 That the irrecoverable debts set out in paragraph 4.5 are authorised to be written off.

3. Reason for Decisions Recommended

- 3.1 It is good practice that Members have oversight of the Council's financial performance at regular points during the financial year.
- 3.2 To recognise movements in the call on reserves and balances to date, along with potential variances in establishment costs and key income streams that may arise between now and the end of the financial year.
- 3.3 To recognise demand pressures and additional resource requirements within the Finance and Neighbourhood Services teams.

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| 3.4 | The debts listed in paragraph 4.5 are uncollectable. Where applicable, all available means of recovery has been explored. |
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4. Matters to consider

4.1 Background

The Council's original budget was approved on 22nd February 2023. The approved budget before contributions from reserves and government grants was £15,072,200. It was agreed that the budget would be supported by a contribution of £166,007 from the General Fund Balance and a contribution of £241,017 from earmarked reserves, resulting in a net expenditure budget of £14,665,176.

Since February, several changes have been made to the budget, most notably to bring forward unspent budget provision from last financial year, and these are reflected in the working budget shown in column B of Appendix A.

The following table sets out the movement between the original Approved Budget and the latest Working Budget.

	£
Approved budget before contributions from reserves and government grant	15,072,200
<u>Additional funding from Earmarked Reserves</u>	
Unspent budget provision carried forward from 2022/23	3,608,253
Mobile working project	10,000
Expenditure funded from Local Plan Reserve	7,600
Additional laptops and headsets for Members	5,020
<u>Additional Funding from General Fund Balances</u>	
Revision of expected income from fees and charges	105,000
Budget correction between financial years relating to Whetstone Garden Village & Hinckley National Rail Freight Interchange (HNRFI) costs	52,140
Additional Funding for HNRFI project	50,000
Garden Waste collection during industrial action	27,000
Contaminated Land budget agreed by Cabinet 5 th April 2022	15,000
Removal of Band Hut from rear of Huncote Leisure Centre	13,000
Other one-off budget increases, individually £10,000 or under	26,900
<u>Closing the Gap – Savings Identified</u>	
Customer Services salaries	(94,374)
	18,897,739

A total of £3,608,253 has been carried forward from 2022/23, of which £3,255,290 relates to ring-fenced external funding. This is unusually high and

includes two significant grants, £728,822 from Defra (Particulates Matter and Let's Go Electric) and £675,000 for green grants from the Better Care Fund. In addition to this was £245,695 in relation to the UK Shared Prosperity Fund.

Whetstone Garden Village/HNRFI – the original budget made certain assumptions around the level of funding available from Planning Performance Agreements, both newly arising in 2023/24 and unspent balances to be carried forward from 2022/23. In light of the outturn for 2022/23 and latest cost expectations, the budget for both of these schemes has been reassessed, leading to a net increase in budget of £52,140.

At the Council meeting held on 25th July 2023, Members agreed a £50,000 increase in the sum available for specialist consultancy and technical studies in connection with the HNRFI response.

During the recent industrial action at the depot, the Council used an external supplier to support the collection of garden waste. An additional £27,000 was added to the Refuse and Recycling budget to facilitate this. The final cost is not yet known but will be partially offset by salary reductions arising from the action.

On 5th April 2022, Council received an update on the Huncote landfill site management plan. One of the recommendations approved by Council was that an annual revenue budget for contaminated land works of £15,000 should be implemented. This amount was inadvertently excluded from the 2023/24 budget and has since been reinstated.

As part of the future site management at Huncote Leisure Centre, it is necessary to remove the Enderby Band Hut. The cost of demolition, removal and disposal of site materials is £13,000, including preparation of an asbestos report.

As part of the exercise to close the budget gap, some establishment savings have been identified in Customer Services, which lead to an annual reduction of £94,374. These measures include reducing headcount by 1.95 full time equivalents (FTEs), converting a vacant Customer Service Advisor post to an apprenticeship position, and two post holders reducing their working hours.

Appendix A shows the net service expenditure to 30th June 2023, compared with the profiled budget, and reflects a positive variance of £3,034,315 to date. This is due to a combination of reasons, including the pay award not yet having been settled, and the profiling of budgets being an imprecise science. Column F in Appendix A gives an indication of any known or likely variances between the current budget and forecast outturn.

4.2 Establishment

At the end of quarter 1, at an overall level, establishment costs amounted to £3,755,975 against a profiled budget of £3,812,890, i.e., under profile by £59,415. Currently, only the pay award for Chief Officers (Directors and Group Managers) has been settled, and this was agreed at 3.5% compared with the 3% budgeted. The offer made to officers on grade 1 to 9 is a flat rate of £1,925 per annum across all scale points, the same as agreed in 2022/23. Unions have balloted their members with GMB's ballot being the last expected to close in October. Chief Executives have rejected an offer of 3.5%.

The following table shows variances to 30th June 2023.

Portfolio	(Under)/Over £	Note
Leader	(12,774)	1
Finance, People & Performance	(9,491)	2
Neighbourhood Services & Assets	4,798	3
Health, Wellbeing, Community Engagement & Business Support	9,197	4
Housing, Community and Environmental Services	(10,305)	5
Planning Delivery and Enforcement and Corporate Transformation	(59,295)	6
Central Provisions	18,455	7
Total Variance	(59,415)	

Reasons for Variances

1. Largely due to the vacant post of Democratic Services and Governance Manager.
2. Vacancies in Benefits, Income and Collections, and HR are offset by agency costs incurred in Finance to backfill maternity and sickness absence.
3. Additional costs incurred in Refuse and Recycling in relation to agency staff, overtime, and casual employees. This is mostly covered by vacancy savings in other teams.
4. Vacant posts within Building Control. External funding for Housing Enablement Team to be added to budget following new agreement with health bodies. The new funding agreement also allows for a £74,000 contribution towards overheads, which will result in a budget saving for 2023/24 and future years covered by the agreement.
5. Vacancies in Community Services and Environmental Health teams.
6. Three vacant Planning Officer posts in Development Services, plus Senior Planning Enforcement Officer post frozen.
7. This represents the vacancy savings provision, net of central provisions for statutory sick pay, statutory maternity pay, and the apprenticeship levy.

Further work is required to identify the precise implications of the pay award on the budget, since negotiations are still ongoing. However, as an indication, for every 1% above the budgeted pay award there will be an additional call on reserves of approximately £145,000.

Additional Resource Requirements

Cabinet Executive is also asked to approve the following requests for permanent additions to the establishment due to new and increasing pressures arising.

Finance – over several years the establishment in the Exchequer Services team within Finance has reduced from 4 FTEs to the current level of 2.59 FTEs following the introduction of new ways of working. This team performs a key transactional role within the Council, looking after purchase ledger, sales ledger, and payroll functions. Growth in the establishment, on the back of Blaby's role as lead authority for key partnerships such as Lightbulb and Building Control, has led to an increase in the number of new suppliers, new customers, and additional staff, all of which constitutes new demand on a small team. The impact has been felt in recent months whilst the team has had to manage the long-term absence of key members of staff, leading to delays in paying suppliers, a reduction in the timely posting of payments received, and the issuing and recovery of sundry debtor invoices. Whilst those absences are not permanent, there is evidence there has been an underlying lack of resource within the team for some time, and demand is not expected to reduce in the short to medium-term. Approval is, therefore, sought to recruit an additional Finance Assistant on Grade 3 to mitigate this ongoing demand. The additional full year cost of the additional post is estimated at £34,238, subject to the outcome of the pay award, with a part year cost of £19,972 in this financial year.

Waste Management – when fortnightly refuse and recycling collections were introduced in 2018, collections were configured based on a requirement for 7 rounds. Since then, the number of households in the district has increased from 40,000 to 45,000 with the vast majority falling within the new Lubbesthorpe development. More recently, the refuse and recycling service has been remodelled to take account of the latest housing numbers, as well as the likely collection requirements if food waste collections are introduced. Taking these changes into account, officers consider that an extra round is required and, since March 2023, crews have been operating 8 rounds on a trial basis, using agency staff to ensure that the workload is manageable and to give time to review and rationalise the rounds if necessary.

The trial has supported the need for an additional round and has demonstrated that, to continue operating 8 rounds going forward, 3 additional refuse loaders are required on a permanent basis. There are currently 3 spare vehicles which are used as cover for breakdowns but, given the garage team's track record for keeping vehicles in operation, it is considered that one of those spare vehicles could be used to facilitate the 8th round. The

additional cost of employing 3 loaders is £87,831 including on costs in a full year, and £43,916 in 2023/24.

It is also proposed to increase the post of Transport Services Support Officer from 22.5 hours per week to 37 hours per week. This post provides support to the Transport Services Manager who is responsible for the safe operation and upkeep of the Council's fleet operations in accordance with the operator's licence issued by the Traffic Commissioner's Office. The volume of compliance work has increased considerably in recent years, and this supports the need for a full-time post. The full year cost of this proposal is £11,711 (£5,855 in 2023/24).

4.3 Key Income

	Working Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£
Planning Fees	(560,000)	(140,000)	(99,922)	40,078
Building Control Fees	(1,285,480)	(321,370)	(288,828)	32,542
Building Control Partnership	(121,987)	(30,497)	(90,357)	(59,860)
Land Charges	(247,000)	(61,750)	(47,407)	14,343
Investment Interest	(360,000)	(90,000)	(341,976)	(251,976)
Refuse and Recycling	(1,722,500)	(1,441,800)	(1,418,822)	22,978
Car Parks	(226,000)	(56,500)	(53,872)	2,628
Leisure Income	(544,268)	0	0	0
Total	(5,067,235)	(2,141,917)	(2,341,184)	(199,267)

Both Planning and Building Control fee income fell below profile in the first quarter of 2023/24. Whilst there is still time for this position to recover, based on last financial year's performance, there is every likelihood that it will continue to struggle in the current financial climate. In the case of Building Control, this needs to be considered in the context of the whole service, with any shortfall at year end being shared amongst partners.

Building Control Partnership contributions are based on the budgeted shortfall for the year. Invoices have, with one exception, been raised for the full year in advance, hence the surplus against profile.

Investment income continues to perform well against profile in view of the continuing increases in the Bank of England Base Rate. This income is currently offsetting any losses suffered through other key income streams and is expected to reach a similar level to that achieved in 2022/23 as a minimum (around £800,000).

Leisure income is profiled to be received from quarter 2 onwards and is expected to come in on budget.

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 1st quarter of the financial year and the forecast to the end of the year appears at Appendix B.

£1,516,792 of the balance is technically not available for use. This is the balance set aside to offset the NNDR Collection Fund deficit and is expected to be substantially utilised in 2023/24.

At the last Cabinet meeting in July, it was agreed that the former Covid Support Reserve would be redesignated as the Contractual Losses Support Reserve, and that £445,000 of the balance would be returned to General Fund Balances.

Changes to funding from earmarked reserves highlighted in the table in paragraph 4.1 are reflected in Appendix B.

The balance remaining on the Huncote Major Incident Reserve relates to capital expenditure funded through borrowing. This balance will be amortised in line with Minimum Revenue Provision charges to General Fund.

4.5 Write-off of Irrecoverable Debt

The following debts are presented for write-off subject to the approval of Cabinet Executive. Whilst there is delegated authority in place for the Executive Director (Section 151), in consultation with the Portfolio Holder, to write off debts of this nature at an individual level, given the magnitude of the overall total, for transparency purposes it is considered more appropriate for Cabinet to approve the write offs.

As is evident from the following table, there are a number of reasons for the debt being considered to be irrecoverable, including the existence of a debt relief order, individual voluntary arrangements, and all the usual recovery routes having been attempted without success. Where the table indicates that recovery action has been exhausted this means that we are unable to obtain a charging order or attachment of earnings, and the use of

enforcement agents and other legal means of recovery have proven unsuccessful. Naturally, if any further information presents itself the debt can still be written back onto the account and collected.

Debt Category	Amount	Reason for Write-off
Business Rates	£98,526.09	Company in administration
Council Tax	£24,119.91	Debt Relief Order granted
Council Tax	£13,253.88	Deceased
Council Tax	£49,626.06	Individual Voluntary Arrangement granted
Council Tax	£173,656.12	Recovery action exhausted
HB Overpayment	£3,885.00	Debt Relief Order granted
HB Overpayment	£22,088.25	Deceased
HB Overpayment	£4,803.17	Individual Voluntary Arrangement granted
HB Overpayment	£17,728.09	Local authority error
HB Overpayment	£4,744.13	Recovery action exhausted
Total	£412,430.70	

If approved, the above debt will be written off against the existing bad debt provision. Council tax and business rates write offs will flow through the Collection Fund and will impact on the surplus or deficit for the year. Blaby's share of the cost of writing off the debt is approximately 12% for council tax and 40% for business rates.

4.6 Forecast Outturn

The approved budget allowed for a contribution of £166,007 to be taken from General Fund Balances. As shown in Appendix A and taking into account the known movements listed in paragraph 4.1, the required contribution has increased to £360,673.

The following table provides a high-level estimate of potential movements in income and expenditure to the end of the financial year. Given the early stage of the financial year this is only an indicative forecast and further refinement will be undertaken during the forthcoming budget cycle.

	£
Approved contribution from General Fund Balances	166,007
Increases in budget to date	289,040
Savings identified to close the budget gap	(94,374)
Latest contribution from General Fund Balances	360,673
Estimated impact of pay award (assuming average 5%)	290,000
Estimated shortfall in Planning fee income	100,000
Estimated shortfall in Building Control fee income	100,000
Estimated additional investment income	(431,000)
Establishment increase – Finance	19,972
Establishment increase – Waste Management	49,771
Forecast Outturn	489,416

Until the outcome of the pay negotiations is complete it is difficult to give a precise assessment of the financial impact. For 2022/23, where the award was £1,925 across all pay grades, the average increase worked out at

around 4%. Given that separate pay deals have been or are in the process of being negotiated for grades 11 to 16, the average increase is likely to be slightly higher.

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

- 5.1 Officers continue to seek savings and implement measures designed to reduce the budget gap that is forecast in the Medium-Term Financial Strategy. To date, confirmed savings amount to £94,374 in respect of the reduction in Customer Services establishment costs identified in paragraph 4.1.

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.

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 June 2023.
10.2 Appendix B – Forecast Reserves Position to 31st March 2024.

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

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BLABY DISTRICT COUNCIL
GENERAL FUND REVENUE ACCOUNT
BUDGET MONITORING STATEMENT TO 30TH JUNE 2023

Portfolio		A Approved Budget £	B Working Budget £	C Profiled Budget £	D Actual to P3 £	E Variance to Profile £	F Forecast Outturn £
FPP	Finance, People & Performance	3,188,022	3,301,818	847,920	(385,219)	(1,233,140)	2,890,790
HCES	Housing, Community & Environmental Services	1,978,956	3,230,337	1,327,841	468,813	(859,028)	3,230,337
HWCEBS	Health & Wellbeing, Community Engagement & Business Support	399,359	2,218,395	751,941	882,236	130,295	2,318,395
LEAD	Leader	1,619,061	1,742,838	522,542	410,676	(111,866)	1,742,838
NSA	Neighbourhood Services & Assets	3,221,948	3,294,548	(163,088)	(232,830)	(69,742)	3,344,319
PDECT	Planning Delivery, Enforcement & Corporate Transformation	3,565,377	4,076,174	1,439,761	548,927	(890,834)	4,176,174
Net Expenditure on Services		13,972,723	17,864,110	4,726,917	1,692,602	(3,034,315)	17,702,853
RCCO	Revenue Contributions to Capital Outlay	100,000	104,000	25,000	1,545	(23,455)	104,000
MRP	Minimum Revenue Provision	478,077	478,077	119,519	0	(119,519)	478,077
VRP	Voluntary Revenue Provision	250,000	250,000	62,500	0	(62,500)	250,000
APPROP	Appropriations & Accounting Adjustments	271,400	201,552	50,388	0	(50,388)	491,552
		15,072,200	18,897,739	4,984,324	1,694,147	(3,290,178)	19,026,482
EAR	Contributions to/(from) Earmarked Reserves	(241,017)	(3,871,890)	(2,563,949)	0	2,563,949	(3,871,890)
GFBAL	Contributions to/(from) General Fund Balances	(166,007)	(360,673)	(193,772)	0	193,772	(489,416)
Net Budget Requirement		14,665,176	14,665,176	2,204,379	1,694,205	(510,174)	14,665,176

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FORECAST RESERVES & BALANCES AS AT 31ST MARCH 2024

APPENDIX B

	GL Code	Balance at 31/03/23 £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/24 £
Leisure Centre Renewals Fund	9999/VBA	(73,607)	0	0	(73,607)
Computer Room Environment	9999/VBB	(140,840)	0	50,020	(90,820)
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	(365,824)	0	47,000	(318,824)
General Reserve Fund	9999/VBK	(1,612,310)	0	10,000	(1,602,310)
Ongoing Projects Reserve	9999/VBM	(3,762,841)	0	3,762,841	(0)
Elections Reserve	9999/VBQ	(141,944)	0	100,000	(41,944)
Choice Based Lettings Reserve	9999/VBR	(952)	0	0	(952)
New Homes Bonus Reserve	9999/VBT	(41,327)	0	31,327	(10,000)
Contractual Losses Support Reserve	9999/VBU	(700,000)	0	445,000	(255,000)
Economic Development Initiatives	9999/VBX	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(26,777)	0	0	(26,777)
Community Rights Reserve	9999/VCB	(48,724)	0	0	(48,724)
Hardship Reserve	9999/VCD	(325,000)	0	0	(325,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	0	(881)
NNDR Income Reserve	9999/VCF	(2,453,926)	0	453,500	(2,000,426)
Agile Working Reserve	9999/VCG	(162,678)	0	0	(162,678)
Local Plan Reserve	9999/VCJ	(456,306)	0	7,600	(448,706)
Lottery Reserve	9999/VCK	(26,466)	0	0	(26,466)
IT System Replacement Reserve	9999/VCL	(39,815)	0	0	(39,815)
Property Fund Reserve	9999/VCM	(128,462)	(35,000)	0	(163,462)
S31 Grant Reserve	9999/VCO	(1,516,792)	0	1,502,156	(14,636)
Huncote Major Incident Reserve	9999/VCP	(500,843)	0	0	(500,843)
Court Fees Income Reserve	9999/VCQ	(31,813)	0	0	(31,813)
		(12,735,996)	(35,000)	6,409,444	(6,361,552)
Less Earmarked Reserves set aside to meet the Collection Fund Deficit		1,516,792			14,636
Usable Earmarked Reserves		(11,219,204)			(6,346,916)
General Fund Balance		(4,619,445)	(445,000)		(5,064,445)

TOTAL RESERVES & BALANCES

(15,838,649)

(11,411,361)

NB: Council has approved the use of £100,000 from the Hardship Reserve to mitigate the impact of increased service demand arising from the cost of living crisis. This contribution will be reflected as and when any expenditure is required.

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Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Quarter 1 Treasury Management Update 2023/24 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 This report provides Members with an update on the Council's treasury activities for the quarter ended 30th June 2023, and the economic factors that have affected those activities. This is an additional report stemming from the 2023/24 Prudential Code, which requires that treasury management updates should be reported on a quarterly basis from 1st April 2023 onwards. The Code stipulates that the additional two quarterly reports (Quarters 1 and 3) need to be adequately scrutinised but do not need to be reported to full Council
- 1.2 The report also demonstrates compliance with the prudential indicators that were approved by Council on 22nd February 2023.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the latest position in respect of treasury activities, and the prudential indicators, are accepted.

3. Reason for Decisions Recommended

- 3.1 The 2023/24 edition of the Prudential Code has added a requirement for quarterly reporting of treasury management activities and prudential indicators. Whilst quarters 1 and 3 do not need to be formally reported to full Council, there is an implicit understanding that they should be adequately scrutinised by Cabinet Executive.

4. Matters to consider

- 4.1 Background

The Chartered Institute of Public Finance Accountancy (CIPFA) Code of Practice for Treasury Management 2021 recommends that Members are updated on treasury management activities at least quarterly. This report,

therefore, ensures that the Council is following best practice in accordance with the Code. The financial year 2023/24 is the first year in which Cabinet will receive quarterly treasury updates.

Whilst it is a requirement of the Code that the annual and mid-year reports on treasury activity must be ratified by full Council, the reports for the first and third quarters of the financial year only need to be presented to Cabinet.

4.2 Economic Update

The economic update for the first quarter of 2023/24, provided by Link Group, the Council's treasury management advisors, is included at Appendix A.

It should be noted that changes to the UK economy, and their resulting implications for the Council's treasury activities, can often be fast-paced and, therefore, some of the economic data may be partially out of date by the time it is reported.

On 11th May, the Monetary Policy Committee (MPC) voted in favour of a 0.25% increase in Bank Rate, taking it up to 4.50%. At their subsequent meeting in June, Bank Rate was raised by a further 0.50% to 5.00%. These increases in Bank Rate are a conscious effort on the MPC's part to bring down inflation. Further increases are expected to follow in subsequent months.

4.3 Interest Rate Forecasts

The Council has appointed Link Group as its treasury management advisors and part of Link's service is to assist the Council to formulate a view on interest rates. The Public Works Loans Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 0.20%) which has been accessible to most local authorities since 1st November 2012.

The latest forecast at Appendix B, made on 26th June 2023, sets out a view that both short and long-dated interest rates will be elevated for quite some time, as the Bank of England seeks to reduce inflation, against a backdrop of a stubbornly robust economy and a tight labour market.

Link's forecasts have steadily increased during the quarter as supporting data has continued to spring upside surprises, and the Bank of England has under-estimated the prevalence of inflation and how tight the labour market is.

The expectation is that, whilst the Bank of England will be keen to loosen monetary policy once inflation pressures have been relieved, the Bank Rate is likely to have to increase further and remain at its peak until the second quarter of 2024 as a minimum.

In terms of PWLB rates, gilt yields have shifted upwards, especially at the shorter end of the yield curve, but remain volatile. Certainty rates for 5 to 50 years are generally in the range of 4.90% to 5.60%. It is likely that the markets have already built in most impacts on gilt yields of the likely increases in Bank Rate.

The balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates are:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising gilt yields we have seen of late).
- **The Bank of England** increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.
- **A broadening of banking sector fragilities**, which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

Upside risks include:

- Despite the recent tightening by 0.5%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

4.4 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 22nd February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Investment rates have improved dramatically during the first quarter of 2023/24 and are expected to improve further as Bank Rate continues to increase over the next few months.

Creditworthiness.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Investment counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

CDS prices

For UK banks, these have retreated from the spikes caused by the Truss/Kwarteng policy approach in September 2022. Prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

The average level of funds available for investment purposes during the quarter was £31.774m. These were a mixture of temporary, cashflow funds where the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme, and longer-term core funds.

In terms of investment performance, the Council measures its rate of return against the Sterling Overnight Index Averages (SONIA). The following table reflects the backward-looking benchmark, which reflects where the market was positioned when investments were placed.

Financial year to quarter ended 30th June 2023

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.00	4.93	4.93	4.57	4.38	4.10	3.14
Low	4.25	4.18	4.18	4.02	3.81	3.32	2.27
Average	4.44	4.37	4.34	4.27	4.11	3.74	2.70
Spread	0.75	0.75	0.75	0.55	0.57	0.78	0.87

The Council's approved budget for in-house investment income in 2023/24 is £360,000. On 30th June, the Council had already secured a return of £341,976 at an average rate of 4.32%.

A further £45,000 is budgeted to be received from the Lothbury Property Trust. Investment income at the end of the first quarter was £8,920 at an average rate of 3.92%. The value of the property fund on 30th June 2023 was £830,966 compared with the initial deposit of £1,000,000.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2023. A full list of investments held at the end of the quarter is shown at Appendix C.

4.5 Borrowing

The Council can raise cash through borrowing to fund expenditure on its capital programme. The amount of borrowing needed each year is determined by capital expenditure plans, the underlying borrowing requirement, the availability of other capital resources, and prevailing economic conditions.

In quarter 1 of 2023/24, no new borrowing has been undertaken and there have been no scheduled loan repayments, meaning that the outstanding debt is £5,929,939 on 30th June 2023. The budget makes allowance for borrowing £2m during 2023/24 but the extent to which this will be taken up is dependent upon PWLB rates in force during the year.

For a number of years, the Council has been an internally borrowed cash position, and balances will need to be replenished at some point in the future, subject to expenditure demands. This strategy is prudent whilst investment rates are lower than borrowing rates, and also serves to mitigate counterparty risk. In the short-term it is planned to maintain internal borrowing, but officers will closely monitor the reserves, balances and cashflows that support this position.

No rescheduling of borrowing was undertaken in the first quarter. Opportunities to do so are limited in the current economic climate because

the difference between new borrowing rates and early redemption rates would lead to substantial exit costs (premiums) being incurred.

4.6 Compliance with Treasury and Prudential Limits

The Council's treasury and prudential indicators are shown in Appendix D.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th June 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 223/24.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

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

- 5.1 Treasury management decisions and activities are driven by the capital programme and the Council's overall financial position and will impact on the interest payable and receivable budgets which are included in the quarterly budget monitoring report elsewhere on the agenda.

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 Group, 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 renew a loan or investment at disadvantageous interest rates	Monitoring of the maturity profile of debt to make sure that loans do not all mature in 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 continue to fall	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. Due to concerns reported to Council in July, officers are closely monitoring the proposed restructuring of the fund which is designed to ensure its future viability.

7. Other options considered

7.1 None, this report is a requirement of the 2023/24 Prudential Code.

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 – Economic Update

10.2 Appendix B – Interest Rate Forecast

10.3 Appendix C – Investments Held at 30th June 2023

10.4 Appendix D – Treasury and Prudential Indicators

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

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1. Economics update

- The first quarter of 2023/24 saw:
 - A 0.2% m/m rise in real GDP in April, partly due to fewer strikes;
 - CPI inflation falling from 10.1% to 8.7% in April, before remaining at 8.7% in May. This was the highest reading in the G7;
 - Core CPI inflation rise in both April and May, reaching a new 31-year high of 7.1%;
 - A tighter labour market in April, as the 3myy growth of average earnings rose from 6.1% to 6.5%;
 - Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00%;
 - 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.
- The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April, following March’s 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.
- The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May to a three-month low of 52.8 in June (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April to around -5.0%. At face value, the composite PMI points to the 0.1% q/q rise in GDP in Q1 2023 being followed by a 0.2% q/q gain in Q2 2023.
- Meanwhile, the 0.3% m/m rise in retail sales volumes in May was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the GfK measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June.
- The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly.

Furthermore, higher interest rates will mean GDP is likely to contract later this year. Our central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Our colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2pppts bigger than over the past year.

- The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March to +250,000 in April. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%
- The tighter labour market supported wage growth in April, although the 9.7% rise in the National Living Wage on 1st April (compared to the 6.6% increase in April last year) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and UK wage growth remains much faster than in the US and the Euro-zone. In addition, regular private sector wage growth increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April and regular private sector wage growth was well above the Bank's forecast.
- CPI inflation stayed at 8.7% in May (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1st July means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.
- This suggests the Bank may have more work to do than the Fed or ECB. Indeed, the Bank of England sounded somewhat hawkish in the June meeting. This came through most in the MPC's decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.
- That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that "the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this particular meeting". Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data. However, it

looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Our forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.

- Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June, very close to its peak seen after the “mini-budget”. Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That’s why we think there is scope for market rate expectations to fall back in 2024 and why we expect the 10-year PWLB Certainty Rate to drop back from c5.20% to 5.00% by the end of this year and to 4.20% by the end of 2024.
- The pound strengthened from \$1.24 at the start of April to a one-year high at \$1.26 in early May, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to \$1.23 at the end of May, before rising again to \$1.28 in the middle of June as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling’s strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.
- In early April, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The FTSE 100 has fallen by 4.8% since 21st April, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17th March. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

MPC meetings 11th May and 22nd June 2023

- On 11th May, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.

- Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank's inflation models being "broken" is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk of higher to come.

Interest Rate Forecast

APPENDIX B

Link Group Interest Rate View 26.06.23													
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages, i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

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INVESTMENTS HELD ON 30TH JUNE 2023

Counterparty	Investment Type	Investment Date	Maturity Date	Interest Rate	Principal
Aberdeen Liquidity Fund	Money Market Fund	n/a	n/a	4.83%	£8,000,000
Federated Investors	Money Market Fund	n/a	n/a	4.68%	£6,134,000
SMBC Bank International PLC	Time Deposit	28/06/23	28/09/23	5.43%	£3,000,000
Bayerische Landesbank	Time Deposit	03/04/23	03/07/23	4.32%	£3,000,000
Landesbank Hessen-Thuringen Girozentrale	Time Deposit	05/05/23	05/07/23	4.39%	£3,000,000
SMBC Bank International PLC	Time Deposit	15/06/23	15/09/23	5.10%	£2,300,000
Standard Chartered Bank	Sustainable Fixed Term Deposit	04/05/23	04/08/23	4.48%	£2,000,000
HSBC Bank PLC	31 Day Notice Account	n/a	n/a	5.10%	£2,000,000
Lloyds Bank PLC	Fixed Term Deposit Account	27/06/23	27/09/23	5.20%	£2,000,000
National Bank of Canada	Time Deposit	17/04/23	17/07/23	4.42%	£1,800,000
Lloyds Bank PLC	Time Deposit	12/06/23	12/09/23	4.81%	£600,000
HSBC Bank PLC	Money Market Call Account	n/a	n/a	0.50%	£6,000
					<u>£33,840,000</u>

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TREASURY AND 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.

	2023/24 Approved Budget £	Position as at 30th June 2023 £	2023/24 Revised Estimate £
Total Capital Programme	3,618,500	899,929	9,187,982
Financed by:			
Capital receipts	525,000	233,458	779,551
Capital grants and contributions	706,000	182,075	2,080,222
Capital reserves	92,000	0	92,000
Revenue contributions	0	1,545	112,729
Total Financing	1,323,000	417,078	3,064,502
Borrowing Requirement	2,295,500	482,851	6,123,480

The Revised Capital Programme includes expenditure and resources brought forward from 2022/23 totalling £5,349,204.

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).

	2023/24 Approved Budget £	Position as at 30th June 2023 £	2023/24 Revised Estimate £
CFR as at 1 st April 2023	18,334,226	14,486,025	14,486,025
Capital Expenditure in Year	3,618,500	899,929	9,187,982
Financing in Year	(1,323,000)	(417,078)	(3,064,502)
Minimum Revenue Provision	(478,077)	0	(478,077)
Voluntary Revenue Provision	(250,000)	0	(250,000)
CFR as at 31st March 2024	19,901,649	14,968,876	19,881,428

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 2023/24 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.

	2023/24 Approved Budget £	Position as at 30th June 2023 £	2023/24 Revised Estimate £
External Debt			
Debt at 1 st April 2023	7,229,939	5,929,939	5,929,939
Finance Leases at 1 st April 2023	455,157	455,157	455,157
Estimated Borrowing 2023/24	2,000,000	0	3,300,000
Estimated Loan Repayments	(216,500)	0	(216,500)
Estimated Lease Repayments	(266)	0	(266)
Estimated Debt at 31st March 2024	9,468,330	6,385,096	9,468,330
CFR (as above)	19,901,649	14,968,876	19,881,428
Under/(Over) Borrowing	10,433,319	8,583,780	10,413,098

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.

	2023/24 Approved Budget £	Position as at 30th June 2023 £	2023/24 Revised Estimate £
Borrowing	20,200,000	5,929,939	20,200,000
Other Long-Term Liabilities	500,000	455,157	500,000
Total	20,700,000	6,385,096	20,700,000

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.

	2023/24 Approved Budget £	Position as at 30th June 2023 £	2023/24 Revised Estimate £
Borrowing	22,444,400	5,929,939	22,444,400
Other Long-Term Liabilities	555,600	455,157	555,600
Total	23,000,000	6,385,096	23,000,000

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.

	2023/24 Approved Budget £	Position as at 30 th June 2023 £	2023/24 Revised Estimate £
Maturity structure of fixed interest rate borrowing:			
Under 12 months	100%	16.30%	100%
12 months to 2 years	100%	14.43%	100%
2 years to 5 years	100%	1.81%	100%
5 years to 10 years	100%	0.00%	100%
10 years and above	100%	67.45%	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. On 30th June 2023 the Net Asset Value (NAV) of this investment was £0.831m.

	2023/24 Approved Budget £	Position as at 30 th June 2023 £	2023/24 Revised Estimate £
Principal sums invested > 364 days	6,000,000	1,000,000	6,000,000

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Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Quarter 1 Capital Programme Review 2023/24 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 This report provides Members an update on expenditure against the Capital Programme for the first quarter of 2023/24.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the report is accepted.
- 2.2 That the latest Capital Programme for 2023/24, totalling £9,187,982, is accepted.

3. Reason for Decisions Recommended

- 3.1 To ensure that the Council has adequate resources in place to meet its capital expenditure commitments.
- 3.2 To reflect additions or other changes to the Capital Programme since it was approved by Council on 22nd February 2023, including the carry forward of unspent budget from 2022/23.

4. Matters to consider

4.1 Background

The original Capital Programme for 2022/23 was approved by Council on 22nd February 2023 and amounted to £3,618,500, including a borrowing requirement of £2,295,500.

After allowing for unspent budget carried forward from 2022/23 and other movements, the Capital Programme now stands at £9,187,982. The movements between the original value and the latest value are shown in the

following table, whilst Appendix A gives a scheme-by-scheme breakdown of the planned expenditure for 2023/24.

	£
Original Capital Programme – approved February 2023	3,618,500
<u>New Additions</u>	
1. Incomplete schemes brought forward from 2022/23	5,349,204
2. Section 106 contributions added to projects in 2023/24	193,335
3. Installation of CCTV cameras at three sites across district	26,000
4. Green Community Grants*	16,000
<u>Reductions</u>	
5. Capital Grants Programme*	(12,000)
6. Hardware for Individual Electoral Registration	(3,057)
Revised Capital Programme 2023/24	9,187,982

*Illustrates a transfer of expenditure from one scheme to another.

The reasons behind the additions and reductions highlighted in the table above are as follows:

Additions

1. Reflects schemes that were not finalised at 31st March 2023 and budget provision, along with associated resources, was carried over into the new financial year to allow for them to be completed. This includes the £2.5m provision for strategic property investment which is subject to the identification of appropriate opportunities.
2. Section 106 monies received are only released and added to the Capital Programme as and when suitable schemes are identified by the Planning Obligations Monitoring Group, following receipt of bids from Parish Councils or other community groups.
3. Funded from the capital element of Blaby's share of the UK Shared Prosperity Fund.
4. There was no budget provision in the Capital Programme for 2023/24 as it had been included as a one-year trial only. However, demand for grants towards eco-friendly capital grants continues to rise. To meet this demand, a budget has been created in 2023/24 by transferring £12,000 from the main Capital Grants Programme (see below) and £4,000 from the existing green revenue pot. There has been limited take-up of the green revenue budget and the main capital grants pot was underspent in 2022/23. The grants panel, therefore, proposed that existing revenue and capital grant budgets be redirected to where there is greater demonstrable need.

5. See above – transfer of funding to Green Community Grants.
6. This is the remaining budget made available by central government towards the implementation of Individual Electoral Registration several years ago, and which is no longer needed for the purposes for which it was originally intended. It is unlikely to be required to be repaid so will remain in the grants unapplied account pending allocation to a suitable project.

4.2 Performance to date

At the end of June 2023, the Council had spent £899,929 against its planned Capital Programme.

The reasons behind the delayed expenditure against plan are as follows:

- Strategic Regeneration Property Investment – planned spend £2,500,000
Officers continue to seek appropriate opportunities for investment which do not contravene DLUHC's investment guidance. A report will be brought before Council if a property meeting the defined criteria is identified.
- Fleet Vehicle Replacement Programme – planned spend not yet utilised £1,342,640: Five refuse collection vehicles are on order with delivery expected during September. This will account for most of the planned expenditure in 2023/24.
- Disabled Facilities Grants – planned spend not yet utilised £1,223,190 :
The DFG allocation has been increased by central government over recent years. There are more complex cases coming through as a knock-on effect of the pandemic and residents' health complications resulting in cases taking longer to complete. There are more preventative measures being implemented by the Trusted Assessors which are cheaper than traditional DFG's and there are several pilots currently in place which will provide data on future spend including things like hospital to home adaptations, green measures with the DFG and hoarding, self-neglect, and assistive technology. There are not big waiting lists, so it is considered that the pilot work will lead the way in opening new streams to support more residents. Work continues to be carried out by Foundations to support legislative changes which will make it easier to introduce more preventative work.
- Solar Panels and Air Source Heat Pump for Depot – planned spend £600,000: Project due to commence shortly. The scope and project demands are currently under review and are subject to a report being brought before Council for consideration in September.
- Section 106-backed schemes – planned spend not yet utilised £470,454: The first tranche of funding for Henson Park, Whetstone has been

released, with the second tranche to be transferred upon completion which is estimated for November 2023 (£76,580). The development at Grove Road, Blaby started in June and the funding was due to be released in August (£75,000). Installation works in Northfield Park, Blaby and Dorothy Avenue, Glen Parva are both pending (circa £170,000). Purchase of land adjacent to Winston Avenue, Croft was due to complete in August (£75,000). The contribution for the new pavilion and car park at Shakespeare Park, Braunstone was completed in August (£17,213). Proposals for Air Quality Monitoring at Castle Acres have been outlined (£13,394).

- Electric Vehicle Infrastructure for Depot – planned spend £250,000: Project due to commence shortly. The scope and project demands are currently under review and are subject to a report being brought before Council for consideration in September.
- Income Management System – planned spend £220,000: existing contract expires 31st March 2024. The budget is based on the indicative cost of implementing an entirely new system. Procurement options are currently being explored.
- Car Park, Bouskell Park, Blaby – planned spend £200,000: No spend to date currently pending the outcome of the Parks and Open Spaces Strategy.
- Extension of Enderby Leisure Centre Car Park – planned spend £190,000: Planning application has been submitted and is expected to be considered by Planning Committee on 7th September.
- Walk & Ride, Blaby - planned spend £140,000: This is a contribution towards the overall cost of a scheme being run by Leicester City Council, involving a new walking and cycle route between Lubbethorpe and the City. Detailed design work in relation to the wider scheme has taken longer than expected and completion is likely to slip to July next year. Whilst the cost of the overall scheme is running over budget, this is at the risk of the City Council and Blaby's share of the cost still sits at £100,000. A contingency sum of £40,000 is included within our capital programme but is unlikely to be required.
- HR & Payroll System - planned spend not yet utilised £129,539: the first stage of the implementation of the new cloud-hosted system is expected to be complete by the end of October. The budget included provision for backfilling of posts where officers are working on the implementation, and additional project management support if required. This will only be called upon where necessary to complete the implementation.
- Blaby Toilets (including assisted toilets) - planned spend not utilised as at June £113,071 including both internal & external funding: The demolition of the existing toilet block is complete. Delivery and installation of the

new modular unit has now taken place and services are in the process of being connected.

- ICT Security upgrades – planned spend £107,000: the original capital bid covered three distinct areas, those being replacement of firewalls (£62,000), Privilege Access Management (£21,000), and Network Access Controller (£24,000). Work on replacing the existing firewalls is underway with an estimated cost of work date in the region of £46,500 (not yet invoiced). This element of the project is expected to be completed during the financial year. The Privilege Access Management element is now expected to be achieved through a subscription rather than outright purchase, although the cost has increased to £36,000 across 5 years. Therefore, this element of the project will need to be treated as revenue expenditure and removed from the Capital Programme. The Network Access Controller is also likely to be subject to change which may also necessitate a revised capital bid due to significantly increased costs. A further report will be brought to Cabinet and Council following consideration of options at the IT Steering Group.
- Refurbishment of vacant units at Enderby Road Industrial Estate - planned spend not utilised as at June £103,362: Project completed during August and final invoice awaited. Refurbishment works are expected to fall within budget.

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

5.1 Details are set out in the preceding paragraphs.

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 a 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 managers together with support from Finance 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 June 2023

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

	Approved Capital Programme 2023/24 £	Budgets Brought Forward from 2022/23 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2023/24 £	Capital Expenditure to 30th June 2023 £	Variance as at 30th June 2023 £
<u>Invest to Save Schemes</u>							
Regeneration Property	0	2,500,000	0	0	2,500,000	0	2,500,000
Revenues & Benefits - Document Management & MyView	0	19,250	0	0	19,250	19,250	0
Solar Panels & Air Source Heat Pump for Depot	600,000	0	0	0	600,000	0	600,000
	600,000	2,519,250	0	0	3,119,250	19,250	3,100,000
<u>Essential/Contractual Schemes</u>							
Electric Vehicle Infrastructure for Depot	250,000	0	0	0	250,000	0	250,000
Refurbishment of Vacant Units at Enderby Road Industrial Estate	0	450,000	0	0	450,000	346,638	103,362
Southey Close Landfill Gas Remedial Works	25,000	0	0	0	25,000	0	25,000
Walk & Ride Blaby	0	140,000	0	0	140,000	0	140,000
Extension of Enderby Leisure Centre Car Park	0	190,000	0	0	190,000	0	190,000
Capital Grants Programme	54,500	630	(12,000)	0	43,130	5,825	37,305
Blaby Town Centre Improvements	0	8,729	0	0	8,729	0	8,729
Blaby Town Centre Toilets	0	100,000	0	0	100,000	0	100,000
Works to Landfill Gas Monitoring System, Pavilion	0	10,931	0	0	10,931	0	10,931
Replacement of Air Quality Analysers	0	29,643	0	0	29,643	637	29,006
Income Management System	200,000	20,000	0	0	220,000	0	220,000
HR & Payroll System	0	150,000	0	0	150,000	20,461	129,539
End User Device Replacement	15,000	0	0	0	15,000	0	15,000
Office 365 Consultancy	32,000	0	0	0	32,000	0	32,000
Nework Upgrades - Phase 2	46,000	0	0	0	46,000	0	46,000
ICT Security Upgrades	107,000	0	0	0	107,000	0	107,000
Emergency Generator at LICTP Data Centre	8,000	0	0	0	8,000	0	8,000
Network Load Balancing	8,000	0	0	0	8,000	0	8,000
Multi factorAuthentication	5,000	0	0	0	5,000	0	5,000
UPS Replacement at LICTP Data Centre	24,000	0	0	0	24,000	0	24,000
Fleet Vehicle Replacement Programme	1,505,000	0	0	0	1,505,000	162,360	1,342,640
Vehicle CCTV & Tracking Upgrade	0	47,000	0	0	47,000	0	47,000
Entrance & Path Improvements at the Osiers, Braunstone	11,000	0	0	0	11,000	0	11,000
Council Offices - Green Heating Solution	0	234,838	0	0	234,838	141,714	93,124
Council Offices - Work Stations Upgrades	0	17,296	0	0	17,296	0	17,296
Refurbishment of Council Offices	0	68,966	0	0	68,966	19,424	49,542
Active Blaby Website Enhancement	0	3,977	0	0	3,977	0	3,977
	2,290,500	1,472,010	(12,000)	0	3,750,510	697,059	3,053,451
<u>Desirable Schemes (subject to affordability)</u>							
Green Community Grants	0	0	16,000	0	16,000	1,545	14,455
Installation of new footpath, Fosse Meadows	22,000	0	0	0	22,000	0	22,000
Car Park improvements, Bouskell Park, Blaby	0	200,000	0	0	200,000	0	200,000
	22,000	200,000	16,000	0	238,000	1,545	236,455
<u>Externally Funded Schemes</u>							
Disabled Facilities Grants	630,000	758,526	0	0	1,388,526	165,336	1,223,190
Housing Support Grants	30,000	30,480	0	0	60,480	920	59,560
Blaby Town Centre Assisted Toilets	0	16,391	0	0	16,391	3,320	13,071
Blaby Town Centre Improvements	0	19,872	0	0	19,872	0	19,872
CCTV cameras, Blaby Town Centre & Narborough Station	0	40,000	0	0	40,000	0	40,000
CCTV cameras at 3 Other sites in District	0	0	26,000	0	26,000	0	26,000
Hardware for IER Implementation	0	3,057	(3,057)	0	0	0	0
Regrade and dress pathway at Whistle Way, Narborough	11,000	0	0	0	11,000	0	11,000
Replace steps, fencing & sleepers, regrade & dress paths at Crow Mills, Countesthorpe	35,000	0	0	0	35,000	0	35,000
Section 106-backed Schemes	0	289,618	193,335	0	482,953	12,499	470,454
	706,000	1,157,944	216,278	0	2,080,222	182,075	1,898,147
TOTAL CAPITAL PROGRAMME 2023/24	3,618,500	5,349,204	220,278	0	9,187,982	899,929	8,288,053

	Approved Capital Programme 2023/24 £	Budgets Brought Forward from 2022/23 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2023/24 £	Capital Expenditure to 30th June 2023 £	Variance as at 30th June 2023 £
<u>FINANCED BY:</u>							
<u>Internally Resources</u>							
Prudential Borrowing	2,295,500	3,827,980	0	0	6,123,480	482,851	5,640,629
Usable Capital Receipts	525,000	254,551	0	0	779,551	233,458	546,093
Blaby District Council Plan Priorities Reserve	47,000	0	0	0	47,000	0	47,000
IT Reserve	45,000	0	0	0	45,000	0	45,000
Revenue Funded Capital Expenditure	0	108,729	4,000	0	112,729	1,545	111,184
<u>External Resources</u>							
Disabled Facilities Grant	660,000	789,006	0	0	1,449,006	166,256	1,282,750
DFG Contribution from East Midland Housing	0	0	0	0	0	0	0
S106 Contributions - Various	46,000	289,618	193,335	0	528,953	12,499	516,454
Changing Places Funding	0	16,390	0	0	16,390	3,320	13,070
UK Shared Prosperity Fund	0	40,000	26,000	0	66,000	0	66,000
Central Government IER Funding	0	3,057	(3,057)	0	0	0	0
LLEP Funding	0	19,873	0	0	19,873	0	19,873
TOTAL FUNDING	3,618,500	5,349,204	220,278	0	9,187,982	899,929	8,288,053

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Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Risk Management Strategy 2023 - 2026 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 The report provides Cabinet Executive with an update to the Council's Risk Management Strategy covering the period 1st April 2023 to 31st March 2026.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the revised Risk Management Strategy is adopted.

3. Reason for Decisions Recommended

- 3.1 The Risk Management Strategy should be subject to regular review to ensure that it reflects the Council's risk appetite and procedures.
- 3.2 The strategy forms part of the Council's governance framework.

4. Matters to consider

4.1 Background

The Council's previous Risk Management Strategy expired on 31st March 2023, and as part of the procurement of the new Performance Management System, now called I-Plan (formerly known as Pentana), a separate Risk module has been acquired.

Before the acquisition of the system, the Council's risk registers were maintained on spreadsheets. This has proven to be sufficient as an interim measure, but the new risk module within the system aligns well with the new performance management framework and brings benefits such as automatic workflow emails to remind officers to update their risks.

The existing Corporate Risk Register and Service Risk Register have been migrated to IPlan and have been in use since late March.

The Corporate Risk Group continues to monitor the higher profile, corporate risks every quarter with reports being presented to Audit and Corporate Governance Committee also on a quarterly basis.

Service risks are monitored by Service Managers, with Group Managers performing an oversight role, and whilst they are still required to be updated quarterly, as a minimum, they will only be presented to Audit and Corporate Governance Committee on an exception basis. Service risks may also be added to the Corporate Risk Register if Corporate Risk Group consider them to have a wider, corporate impact.

4.2 Proposal(s)

Other than the minor changes referred to above, in terms of the monitoring of risks and the Risk Register, the strategy remains broadly unchanged. Audit and Corporate Governance Committee reviewed and commented upon the updated strategy, which appears at Appendix A, at their meeting on 13th July 2023. The recommendation from the Committee to Cabinet was that the Risk Management Strategy should be adopted.

4.3 Relevant Consultations

Audit and Corporate Governance Committee, Corporate Risk Group.

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
If the Risk Management Strategy does not reflect the current procedures, then risks may not be managed appropriately.	The Risk Management Strategy has been updated to reflect changes to the procedures for monitoring and reporting service risks.

7. Other options considered

7.1 None.

8. Environmental impact

8.1 No direct impact arising from this report.

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 – Risk Management Strategy 2023 - 2026

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

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APPENDIX A



RISK MANAGEMENT STRATEGY 2023 - 2026

Risk Management Policy Statement

- Risk management is the process by which risks are identified, evaluated, and controlled. It is recognised as everyone's job and an integral part of good management practice. It is a key element of the framework of corporate governance.
- Blaby District Council will adopt the principles of risk management to protect the health, safety and welfare of its employees and the people it serves, to protect its property, assets, and other resources, to enhance the delivery of services and to maintain its reputation and good standing in the wider community. The Council will apply best practice in identifying, evaluating and cost effectively controlling risks at all levels and across all activities.
- In considering its appetite towards risk in achieving our corporate priorities, the Council recognises that it is impossible to deliver services and achieve our objectives without taking risks. It is the identification and management of risks taken in a controlled manner at a level that is acceptable to the Council which will enable these objectives to be delivered successfully. It is for the Council to decide whether the benefits of taking a course of action outweigh the risks.
- To be most effective, risk management should become part of the Council's culture. Therefore, the aim of the Council's strategy is to integrate risk management into the existing management processes for planning, decision making and control at all levels and across all activities.
- The Council needs to have the framework and processes in place to manage risk in a consistent and proactive way. The risk management strategy document identifies the framework, processes in place, roles and responsibilities and identifies further critical actions for achieving this.
- The Chief Executive, Senior Leadership Team and Council Members are fully committed to promoting and implementing the risk management strategy throughout the authority.

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1. Introduction
2. What is meant by Risk Management?
3. Corporate Governance
4. The Benefits of Risk Management
5. The Risk Management process
 - 5.1 Identify the risks
 - 5.2 Risk analysis / evaluation
 - 5.3 Establish tolerance and identify suitable controls
 - 5.4 Action planning/controls
 - 5.5 Monitor, measure, and review
6. How Risk Management links with existing processes
 - 6.1 Corporate and service planning
 - 6.2 Project management
 - 6.3 Partnership risks
 - 6.4 Procurement
 - 6.5 Committee reports
 - 6.6 Business Continuity
 - 6.7 Health and Safety
- Appendix 1 Roles and responsibilities
- Appendix 2 Categories of Objectives (Risk Categories)
- Appendix 3 Risk analysis methodology

1. Introduction

Our risk management strategy sets out roles and responsibilities for managing risk and defines how risk should be consistently managed, recorded, and assessed throughout the Council.

It aims to:

- Ensure appropriate Risk Management arrangements are in place at Blaby District Council.
- Increase awareness of risk management as part of our daily activities.
- Clarify who is responsible for managing risks and ensure that risk is considered at all levels.

An Action Plan will ensure that risk management is fully embedded within the Council.

2. What is meant by Risk Management?

All organisations face risks to people, property, and continued operations. Risk is the threat that an event or action will adversely affect the ability of an organisation to achieve its objectives and to successfully implement its strategies. Given the increasing challenges faced by local government, e.g., the cost of living, potential reductions in government funding, commercialisation etc., the management of risk is more important than ever.

Effective risk management will enable us to:

- Identify risks and take steps to ensure that they are constrained to acceptable levels,
- Improve our ability to deliver our strategic priorities,
- Make informed decisions on new initiatives and opportunities,
- Find the right balance between risk and reward,
- Improve partnership working arrangements and corporate governance.

Risk management can be defined as a planned, systematic approach to the identification and assessment of risks, then responding to those risks.

The Risk Management Strategy is part of the Council's governance framework arrangements.

3. Corporate Governance

Risk management is also an essential part of the CIPFA Framework for Delivering Good Governance in Local Government that has been adopted by Local Authorities. The Framework requires the Council to establish and maintain a systematic strategy, framework, and process for managing risk.

An Annual Governance Statement is produced alongside the Annual Statement of Accounts confirming that the Council has ensured that there is a sound system of internal control in place which facilitates the effective

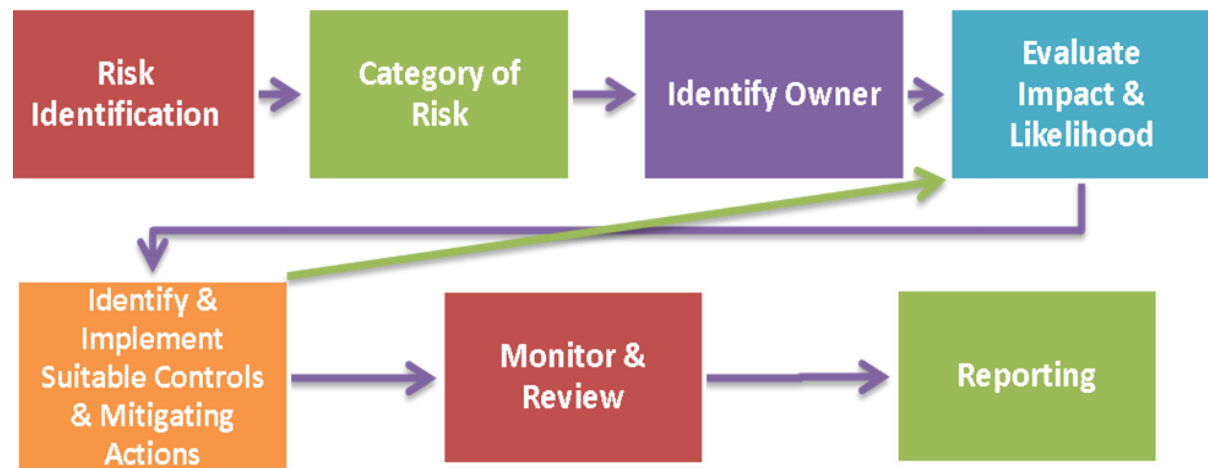
exercise of the Council's functions, including arrangements for the management of risk. These arrangements include the reviewing and updating of standing orders, standing financial instructions, a scheme of delegation and supporting procedures notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

4. The Benefits of Risk Management



5. The Risk Management process

The roles and responsibilities of individual officers and committees in the risk management process can be found in Appendix 1.

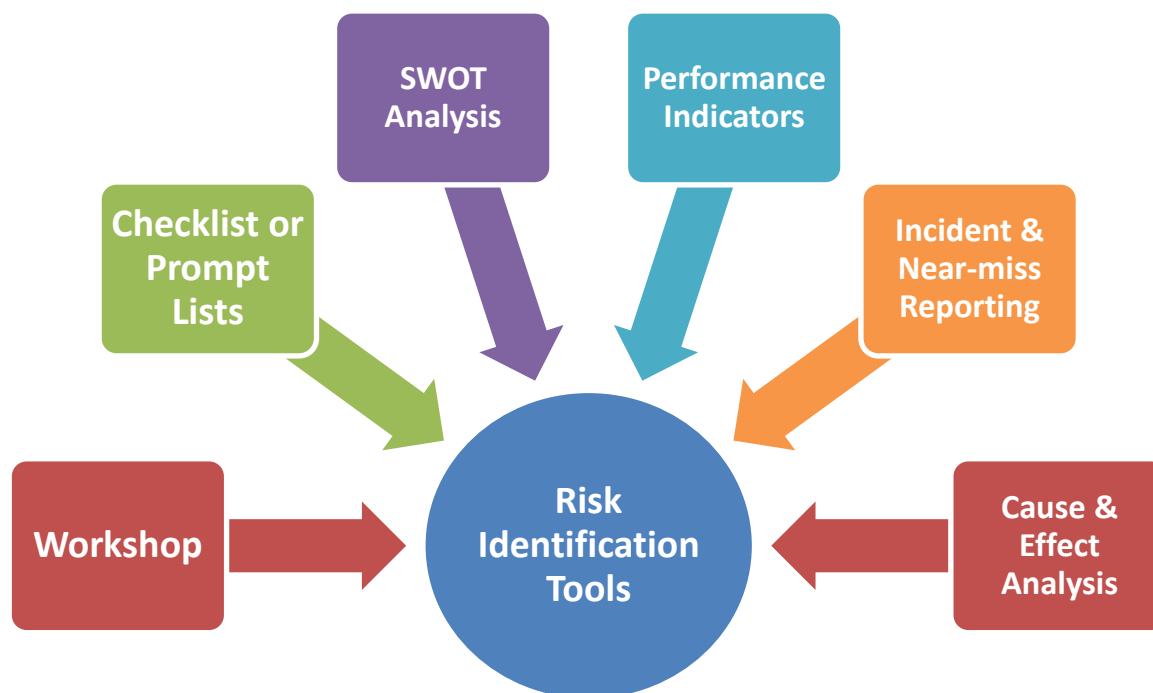


5.1 Risk Identification

Risk identification is about identifying the key risks to the Council and consideration of the following points:

- What could stop the Council achieving its objectives/what could go wrong?
- What type of risk could it be – e.g., financial, political, legal etc.?
- How would we describe the risk – what is the headline?

Corporate Risk Group or services will decide upon the appropriate approach to identifying its key risks. The following diagram illustrates methods which may be used.



When identifying risks, the following categories of risk should be used (see below). They will act as a prompt for those involved in the process. They will ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate on operational, financial, or legal risks. Risks can also cover more than one of these areas in some circumstances. Examples of risks from each category can be found in Appendix 2.

Contractual	Environmental
Financial	Fraud
Health & Safety	Legal
Partnership	Physical
Political	Professional
Reputational	Social
Technological	

Risks should all be owned by appropriately senior and experienced people. The owner will have responsibility for managing the risk, putting in place suitable controls and actions and re-evaluating the risk on a timely basis.

5.2 Risk analysis/evaluation

Once identified, risks should then be analysed to take account of:

- Impact in terms of consequences on achieving objectives; and
- likelihood of the risk arising.

The impact and likelihood of the risk should be assessed on a scale of 1-5 (see Appendix 3 for further explanation). It is recognised that some subjective judgements are involved in this process.

5.3 Establish tolerance, identify suitable control measures

This involves the implementation of measures that will reduce the likelihood of the risk event occurring or reducing the impact of the consequences should it occur. There are five key aspects of addressing risk methods:

- **Tolerate**
The exposure may be tolerable or acceptable without any further action being taken.
- **Treat**
The greatest number will be addressed this way. Risk control is taken to constrain the risk to a level at which the risk can be tolerated. This tolerance level may vary for different groups of risks.
- **Transfer**
For some risks the best response may be to transfer them. This may be done by insurance or paying a third party to take the risk in another way. Some risks are not fully transferable – for example, it is generally not possible to transfer reputational risk even if delivery of a service is contracted out.
- **Terminate**
Some risks will only be treatable or containable to acceptable levels, by terminating the activity.
- **Take the opportunity**
This is an option which should be considered when tolerating, treating, or transferring a risk. Are there potential opportunities or gains? For example, improvement in performance, change processes, efficiencies etc.

NB Insurance does not reduce the likelihood of events occurring and, on its own, can be the most expensive option.

5.4 Action planning and controls

Action plans to control a risk will identify the resources required to deliver the improvements, key dates, and deadlines.

5.5 Monitor, measure and review

Corporate risks are owned and monitored by the Corporate Risk Group, which consists of the Chief Executive, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The risks and associated control measures are maintained and monitored through IPlan and are subject to quarterly review by the Corporate Risk Group. Audit and Corporate Governance Committee receive quarterly reports in respect of the

Council's corporate risks, in which details of any new, changing, or deleted risks will be included.

Service risks are generally operational in nature and are owned and monitored by Service Managers. They are also maintained in IPlan alongside any associated control measures. Service risks are subject to quarterly monitoring by Service Managers, with additional oversight from Group Managers, to ensure that they remain up to date and have not become obsolete. Service risks will not be reported to Audit and Corporate Governance Committee other than in exceptional circumstances, e.g., in cases where it is considered appropriate to upgrade them to corporate risk status.

6. How Risk Management links with existing processes

6.1 Corporate and service planning

Senior Leadership Team and Members are responsible for setting and monitoring the Blaby District Plan. Risk management is an inherent part of that process and Senior Leadership Team will identify and manage the key risks facing the Council or a particular service in its delivery of the Blaby District Plan.

The Council's new project management system ensures that all corporate projects and major service projects incorporate their own risk register. Senior Leadership Team, sitting as the Programme Board, review progress against all live corporate and major service projects monthly. As part of this monitoring process, the project manager provides an update on any changes to project risks during the month, on an exception basis.

6.2 Project management

Blaby District Council has adopted a standard methodology that will be applied to all projects within the Council. The project manager is responsible for ensuring that risks are identified, recorded, and regularly reviewed.

6.3 Partnership risks

As the Council works in partnership to deliver some of its priorities and services, it is essential that:

- The risks associated with working in partnership with other organisations have been identified. Some of these risks can be managed through formal contracts and partnership agreements.
- Partnerships have effective risk management procedures in place.
- A risk assessment is carried out prior to entering any partnership.
- Appropriate risk controls are in place.
- Risks are reviewed regularly.

6.4 Procurement

Part 11 of the Constitution details the necessary regulations and principles regarding procurement and contract management and advice regarding the potential risk involved in these processes should be first obtained via the Finance Group Manager.

6.5 Committee reports

For all Council, Cabinet Executive, and Committee reports, it is a mandatory requirement that the report author considers the risk management implications of the proposals contained within the report.

6.6 Business Continuity

Business Continuity is a specific risk management process designed to establish and manage the risks that may interrupt or stop effective service delivery. Business Continuity Plans are in place within each service, and these plans complement the Council's risk management approach. Regular testing of the plans takes place within services and all risks to the Council are considered.

The Council's lead officer for business continuity purposes is the Neighbourhood Services and Assets Group Manager.

6.7 Health and Safety

The Council has a Health & Safety policy which gives specific guidance for undertaking risk assessments. Advice and assistance can be obtained from the Corporate Health & Safety Adviser. All services will have an individual Health & Safety Quality Management System (the 'Blueprint') for managing their Health & Safety risks.

Corporate Health & Safety risks are managed through Health & Safety Committee with ultimate responsibility assigned to Senior Leadership Team and the Leader of the Council.

Roles and responsibilities

The following describes how the roles and responsibilities are allocated to members and officers:

Cabinet Executive

- Approval of Risk Management Strategy.

Portfolio Holders

- To be aware of risks that are identified within their areas of responsibility.
- To be assured that risks within their areas of responsibility are being effectively managed.

Audit and Corporate Governance Committee

- To advise the Cabinet Executive on Audit & Risk.
- Monitoring the effectiveness of corporate governance and risk management arrangements and supporting the development and embedding of good practice in risk management.
- Providing positive challenge to ensure that the risk assessment and control measures are robust.

Corporate Risk Group

- Design, operate and monitor a suitable system of internal control to manage risks within the risk parameters set by Senior Leadership Team/Cabinet Executive/Audit and Corporate Governance Committee.
- Maintain and review the Corporate Risk Register and measures to mitigate risks.
- To implement the Risk Management Strategy.

Executive Director (S151 Officer)

- To prepare and promote the authority's Risk Management Strategy in liaison with the Finance Group Manager.
- To develop risk management controls in conjunction with the Finance Group Manager.
- To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- To effect corporate insurance cover.

Finance Group Manager

- To prepare and promote the authority's Risk Management Strategy in liaison with the Executive Director (S151 Officer).
- To develop risk management controls in conjunction with the Executive Director (S151 Officer).
- Co-ordinate risk management across the Council.
- To produce quarterly Risk Management reports for Audit and Corporate Governance Committee.

- To ensure appropriate training is delivered to officers and members to enable them to effectively carry out their roles.

Internal Audit

- To provide an oversight of risk management and use service/corporate risk registers in relation to the Internal Audit Plan.

Group Managers

- To take responsibility for risk management, having regard to advice from the Executive Director (S151 Officer), Finance Group Manager, and other specialist officers.
- Identify, analyse, and ensure that there are regular reviews of risk within their services.
- Escalate risks as appropriate to Corporate Risk Group.
- Ensure that all staff are made aware of their responsibility to highlight potential risks to their line manager.
- To notify the Executive Director (S151 Officer) immediately of any loss, liability or damage that may lead to a claim against the authority's insurers.
- To notify the Executive Director (S151 Officer) promptly of all new risks, affecting existing insurances.
- To consult the Executive Director (S151 Officer) and the Monitoring Officer on the terms of any indemnity that the authority is requested to give individual officers.

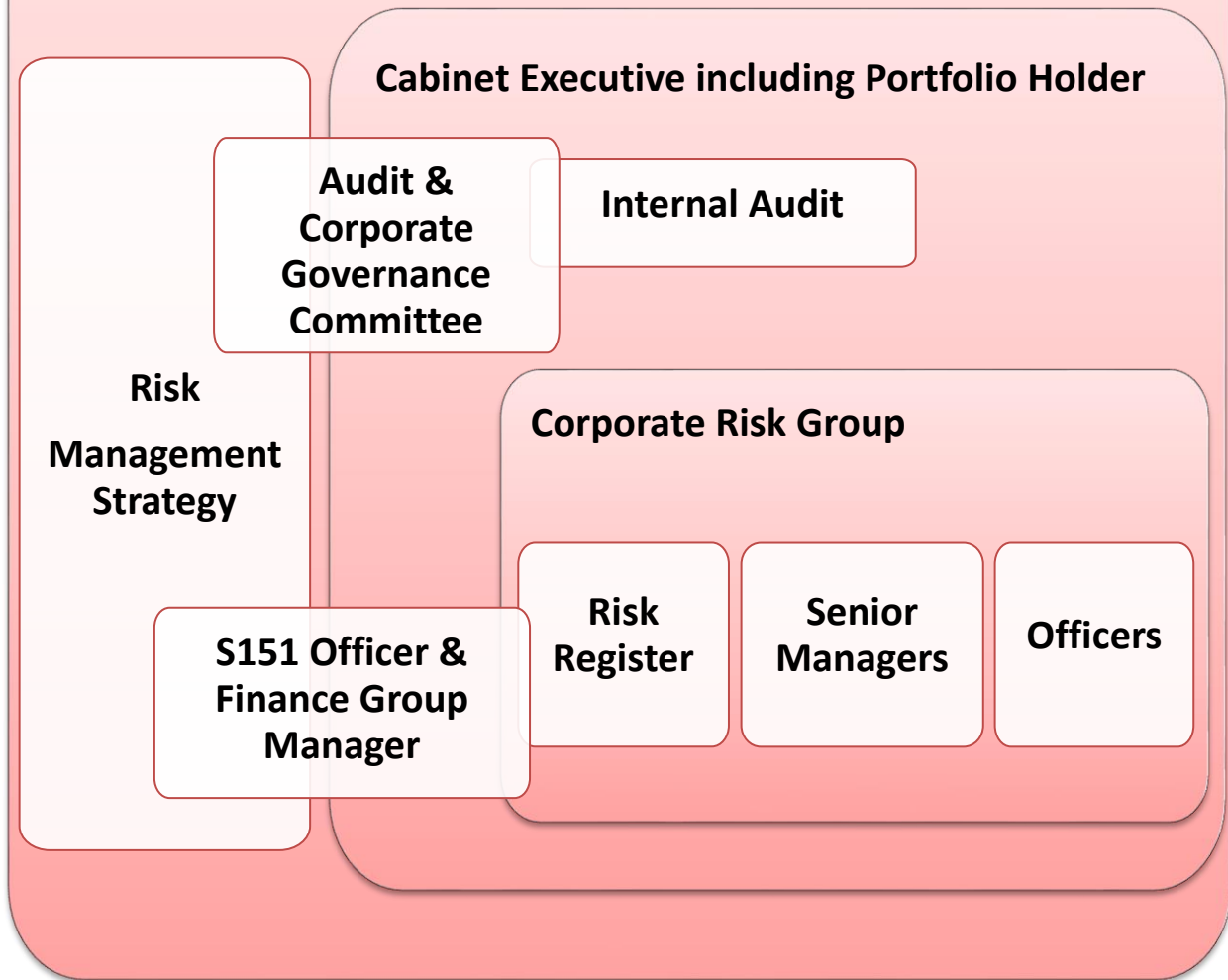
Service Managers

- To review and manage risks delegated to them by the Group Manager.
- To identify additional risks and put in place controls to manage these risks within their area of responsibility.

All Staff

- To highlight potential risks to their line manager.
- To act in accordance with controls identified through the risk management process to mitigate risks.

Risk Management at Blaby District Council



Categories of Objectives (Risk Category)

Risk	Definition	Examples
Contractual	Failure of contractors to deliver services or products to the agreed cost and specification.	Contractor fails to deliver service on time.
Environmental	Relating to the environmental consequences of progressing the Council's strategic objectives.	Land use, recycling, pollution, net zero ambitions.
Financial	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences. Associated with financial planning and control.	Cost of living, changes in interest rates, inflation, poverty indicators, budget overspends, level of council tax, level of reserves.
Fraud	Related to possible issues of fraud, either by employees, residents, or other stakeholders	Invoices for goods not delivered, claims for benefits not entitled to, false refunds paid.
Health & Safety	Associated with safeguarding workers and others who might be affected by your work activities.	Falls, trips, spills, slips etc that may result in an injury. Exposed electrical wires, lifting heavy boxes, working with poisonous substances.
Legal	Associated with current or potential changes in law. Related to possible breaches of legislation.	Human rights, appliance, or non-appliance of TUPE regulations. Client brings legal challenge.
Partnership	Failure of partnership arrangements to deliver services.	Partnership agencies do not have common goals
Physical	Affecting the building & plant/equipment. Related to	Offices in poor state of repair. use of equipment.

	hazards, fire, flood, security, health and safety.	
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifesto commitment.	New political arrangements, political make-up.
Professional	Associated with the particular nature of each profession, internal protocols, and managerial abilities.	Staff restructure, key personnel, internal capacity.
Reputational	Publicity affecting the image, perception, and respect of an organisation. This can affect confidence, collaboration, credit worthiness, customer satisfaction, staff loyalty etc.	Poor performance, complaints, disagreements with partners
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives.	Aging population, health statistics, migration.
Technological	The pace/scale of changes in technology, or the ability to use technology to address changing demands. Can also include the consequences of technological failures.	Digital agenda, IT infrastructure, Staff/client needs, security standards.

Risk analysis methodology

Details of Risk

The details of the risk should include the cause of the impact and the impact on objectives which might arise (cause and consequence).

Current Risk Rating

Risks are assessed for their impact on the business of the Council and the likelihood of them occurring. Impact and likelihood scores are combined using a 5 x 5 matrix to give a high, medium, or low rating.

Likelihood

- 1 = Zero to Very Low Likelihood
- 2 = Unlikely
- 3 = Likely
- 4 = Very Likely
- 5 = Almost Certain

Impact

- 1 = Zero to Very Low Impact
- 2 = Minor Impact
- 3 = Medium Impact
- 4 = Major Impact
- 5 = Major Disaster

The risk rating is calculated by multiplying the impact and likelihood together and then depending on the score they are sorted into high, medium, or low risks.

Impact x Likelihood = Risk Rating

Risk Score	Matrix Category
16 to 25	High
9 to 15	Medium
1 to 8	Low

Controlled Risk Rating

After having established the current level of risk (High, Medium, Low), a review of the actual measures in place or to be put in place to control the risk to an acceptable/tolerable level should be undertaken. This may affect the impact or likelihood rating (or both) and in turn produce a lower 'controlled' risk rating. In some cases, it may not be possible to lower the rating even with controls in place.

Actions may differ according to the rating of the risk:

- Red (High risk)
Controls should be put in place to achieve a lower 'controlled' risk rating. If the risk cannot be controlled to an acceptable level (green/amber) it should be escalated as appropriate to a member of the Senior Leadership Team.
- Amber (Medium risk)
Controls should be put in place and the risk monitored regularly. Managers should ensure they maintain an awareness of these risks.
- Green (low risk)
This is an acceptable risk and should be monitored appropriately.

Risk Registers

Corporate and Service Risk Registers are held in the Iplan Performance & Risk System.

This document can be made available on request, in other languages and formats (large print, Braille, or on audit tape) by contacting:

Finance Services
Blaby District Council
Council Offices
Narborough
Leicester
LE19 2EP

Tel: 0116 2727625
Email: finance@blaby.gov.uk

Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Leisure Contract –Soft Play Equipment This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Nigel Grundy - Neighbourhood Services & Assets
Report Author	Business, Partnerships and Health Improvement Group Manager
Corporate Priority	A Place to Live

1. What is this report about?

- 1.1 To gain agreement for soft play equipment to be installed within half of the sports hall at Enderby Leisure Centre.

2. Recommendation(s) to Cabinet Executive

- 2.1 To support the installation of the soft play equipment at Enderby Leisure Centre.
- 2.2 Give delegated authority to the Business, Partnerships & Health Improvement Group Manager in consultation with the Neighbourhood Services & Assets Portfolio Holder to make any decisions in relation to timescales for the project to be delivered.

3. Reason for Decisions Recommended

- 3.1 The installation of the equipment is at no cost to Blaby District Council (BDC), helps to safeguard the contract management fee paid to BDC, improve the offer to residents, support Everyone Active to grow the business and could improve any future profit share generated.
- 3.2 To provide delegated decision making to allow the project to progress quickly.

4. Matters to consider

4.1 Background

Everyone Active is one of the largest leisure contractors managing over 100 contracts throughout the country. Everyone Active have been the Councils leisure centre contractor since 1995, with the current contract being awarded from 2019 to 2029 (with the potential to extend). The Contract covers both Enderby and Huncote Leisure Centres, it generates a significant income stream for the Council along with these facilities playing a key role in supporting our residents to keep healthy and well.

Since the current contract started in 2019 there has been a range of significant challenges for both Everyone Active and the Council to navigate, shown below:

- 2019 – New contract & successful delivery of £5m capital works
- Mar 2020 – Covid pandemic (Leisure Centres closed)
- Aug 2020 – Leisure Centres re-open
- Nov 2021 – Huncote Leisure Centre closes (landfill gas issues)
- Aug 2022 – Contract variation agreed (revised management fee)
- Oct 2022 – Huncote Leisure Centre re-opens (reduced hours)
- Current – increased energy costs and cost-of-living crisis

Throughout the above challenges both parties have worked together in a constructive manner to agree solutions and a way forward.

Everyone Active has approached the Council for further financial support in relation to the energy crisis, however, during our original contract negotiations Council officers successfully removed an energy benchmarking clause to safeguard the Council from energy price increases, so the request for financial support in relation to energy price increases from Everyone Active has been rejected (many other local authorities failed to remove this clause from their contracts and have had to provide further financial support).

Everyone Active have taken a proactive approach to mitigate the increased energy costs and the cost-of-living crisis by undertaking the following (all paid for by Everyone Active):

- New swimming pool cover - £40,000
- New energy efficient lighting at both centres - £40,000
- New inflatables for the swimming pool - £16,000
- New sound & lighting system for the pool hall - £14,000

4.2 Proposal(s)

Everyone Active are now seeking agreement to progress the installation of soft play equipment in half of the sports hall at Enderby Leisure Centre, design proposal attached at Appendix A.

This will;

- Utilise the sports hall space, reducing the usage of some activities including badminton but these will hopefully be transferred to other available times or Huncote Leisure Centre which has capacity.
- Generate more income than the existing activities.
- Provide a new service and attract new customers to the centre.
- Create a new offer for children's parties.

The proposal sees 50% of the existing sports hall retained for traditional activities, and 50% used for the new soft play facility. This is a £300k capital investment fully funded by Everyone Active, who forecast a pay-back within 3.5 years on their investment.

The benefits are:-

- Increased visits of 40,000 (based on usage figures from a similar investment in a contract at a neighbouring authority)
- Improving our family offer at Enderby Leisure Centre
- Improved customer satisfaction
- Increased usage of Huncote Leisure Centre for Badminton

The impacts are:-

- Loss of space for large events including BDC elections, however the Bowls Hall can accommodate future election requirements including access to IT.
- We will lose 50% of the existing sports hall provision.

In terms of other events where access to a large hall is required, they would be referred to other venues or catered for in the existing Bowls Hall space (when not in use). It should be noted that the value of having soft play (both as a daily service and in terms of income generation) outweighs having the occasional large event space.

In the future the potential development of a secondary school facility with a sports hall at Lubbethorpe will provide additional sports and community space.

Sport England's sports hall guidance recommends decisions should be based on:

1) Meeting local need:

Everyone Active have consulted with key groups and assessed that existing sports hall demand can be managed on a reduced footprint and through spare capacity at Huncote Leisure Centre.

2) Sustainability in the long-term through clear, logical business and operational planning:

Everyone Active are proposing Soft Play to not only widen the children & family offering but to increase direct income from Soft Play and secondary spend income, such as café sales. This will support the contract to move towards a stronger financial footing (any profit generated through the contract is shared with BDC).

The Councils Sport & Physical Activity service will continue to have an excellent balance of both leisure facility and community-based services, ensuring all residents have the opportunity to be healthy and active, such as:

- Enderby & Huncote Leisure Centres
- Steady Steps service (community sessions for people at risk of falls)
- Just Programme (a wide range of dedicated sessions that encourage women & girls to be active)
- Exercise Referral Scheme (12 weeks bespoke activity for patients referred by a health professional)
- Cardiac Rehabilitation Scheme (for patients referred by a health professional)
- Escape Pain Programme (for people with back pain)
- PARS (Positive Activities Referral Scheme for vulnerable young people)
- Community Walks Programme (various led walks across the District)
- Go Jauntly App (downloadable app that provides local walks for residents to follow)
- Back-to-Sport sessions (to re-engage people who use to play sport)
- 12 Heritage walks (covering the whole District)
- Active Blaby Service (residents can access hundreds of opportunities to get active on our website or contact the Active Blaby team for support in finding the right activity for them)

As such it is considered that the loss of the activity space for this soft play investment would not be a significant impact on the provision of health and wellbeing activities within the District.

The total proposed investment from Everyone Active for this project is £300,000, this is in addition to the £110,000 recently invested (as identified in 4.1). This demonstrates Everyone Active's continued commitment to the leisure contract with BDC that still has 5.5 years left to run.

Leisure centres must continue to invest to ensure their services and products remain attractive and relevant to ever changing customer demand and to maintain their competitive advantage.

4.3 Relevant Consultations

Everyone Active has undertaken extensive consultations with all the user groups linked to this project, offering each group alternatives for their activities/sessions. Alongside this, for a period of two weeks, consultation was undertaken with visitors to the leisure centre, and they also wrote out to 2,000 of their users. In terms of large events the leisure centre have had very few enquiries, if they do receive an enquiry then they would offer half of the hall or Huncote Leisure Centre. The feedback from these can be seen in the consultation document at Appendix B.

4.4 Significant Issues

There are no significant issues relating to Human Rights, Human Resources, Equalities, climate change and legal. SLM are able to provide the Council with positive outcomes in terms of Public Health Inequalities and the social return on investment. The activity across the two leisure sites has resulted in £759,199 of estimated social value (this being the positive health & social impact of people using our facilities as calculated by Sport England based on usage figures (this equates to £88 of social value generated per person using our leisure centres. This figure is likely to increase if Soft Play is provided. The soft play equipment will also expand the currently limited family offer, supporting the reduction of childhood obesity in the district, get more people visiting Enderby Leisure Centre – with the potential of them going on to use other services on site.

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

- 5.1 There is no cost to Blaby District Council for this project. The £300,000 required to purchase the equipment will be financed by Everyone Active. They have also agreed that at the end of the leisure centre contract with BDC the equipment will be left in situ and will belong to the local authority.

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

- 6.1 The table below identifies some key risks:

Current Risk	Actions to reduce the risks
Ability of Everyone Active and their contractors to deliver the project on-time and on-budget.	Everyone Active have a good track record of delivering projects at both Enderby and Huncote Leisure Centres. Any project overspends will be at Everyone Active's risk.
Everyone Active withdraw the investment / project due to the financial climate.	Everyone Active see this project as a way to mitigate the financial challenges and to stay ahead of the competition.

Any potential impact on existing users	Everyone Active have consulted with relevant user groups and ensured any potential negative impacts are identified and mitigated.
--	---

7. Other options considered

7.1 The following options have been considered:

Not to support the project – this is rejected as the leisure centres need to develop and grow to remain competitive, financially viable and to continue improving the offer to residents.

8. Environmental impact

8.1 There may be an environmental impact in terms of more people visiting the facility and travelling to it by car but the Council continue to work with the centre on behaviour change campaigns.

9. Other significant issues

9.1 No other significant issues.

10. Appendix

10.1 Appendix A – Everyone Active Soft Play Proposal

10.2 Appendix B – Summary Consultation Feedback

11. Background paper(s)

11.1 No background papers.

12. Report author's contact details

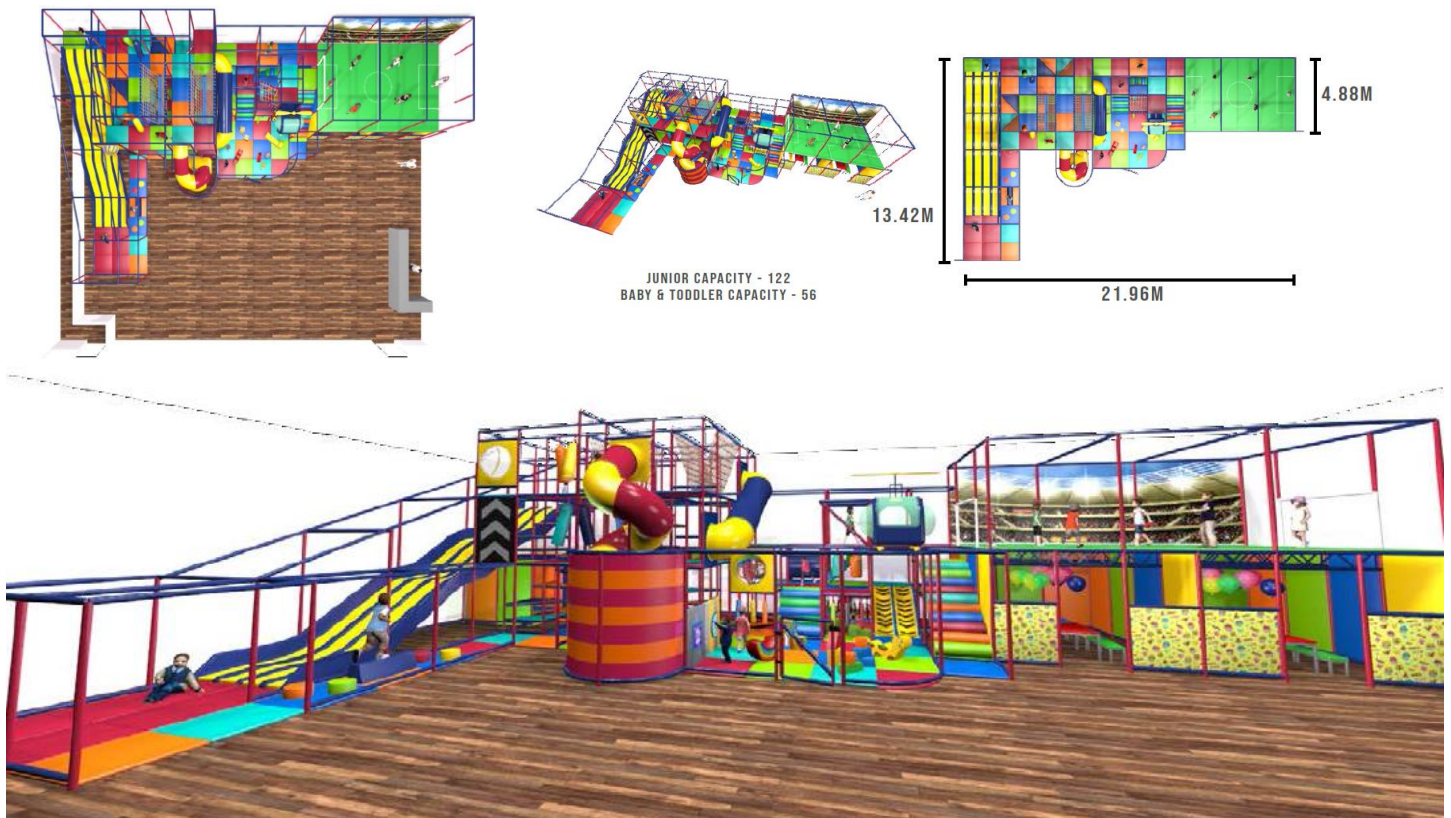
Teresa Neal	Business, Partnerships & Health Improvement Group Manager
Teresa.Neal@blaby.gov.uk	0116 272 7545

Appendix A – Everyone Active Soft Play Proposal

Proposal

We have identified the need to complete the **'Family offering'** at Enderby Leisure centre and feel this can be achieved by installing a soft play offering. The structure will be housed in half of the main hall. Any displaced bookings in this half of the hall can be accommodated by maximising the capacity of the remaining courts plus the opportunity to use the under-utilised sports hall space at Huncote Leisure Centre.

Structure



Example timetable

Opening times:

Monday – Friday 10.00am – 7.00pm

Saturday & Sunday 9.00am – 5.00pm

Monday – Friday 9.00am – 10.00am – offered to groups for free to use (SEN, Menphys etc)

Saturday and Sunday 5.15pm – 6.45pm exclusive party times

This will be subject to change as we understand the needs of the business.

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Appendix B


Soft Play consultation - Enderby Leisure & Golf Centre

Survey was carried via e-mail to customers & in person on two occasions within the centre

Total Responses -

71

Question 1			Question 2		Question 3
Would you be in favour of a softplay area at Enderby Leisure Centre?			Would a soft play area be beneficial to you?		What other facilites do you think would enhance Enderby Leisure Centre?
Yes	No	Don't Mind	Yes	No	Comments
93%	3%	4%	88%	12%	Climbing Walls
					More Family Swims
					Ninga Walls
					Crazy Golf
					Crazy Golf
					Kids are to old
					More Parking needed
					Convert Bowls hall into soft play centre
					Better access to the centre down mill lane



Let Us Know Your Thoughts On A Soft Play Area At Enderby Leisure Centre

Would you be in favour of a soft play area at Enderby Leisure Centre? *



Let Us Know Your Thoughts On A Soft Play Area At Enderby Leisure Centre

Would you be in favour of a soft play area at Enderby Leisure Centre? *

- ☒ Yes
☐ No
☐ I don't mind

Would a soft play area be beneficial to you? *

- ☒ Yes
☐ No

What facilities do you think would enhance Enderby Leisure Centre? *

Submit

*: Question is required

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Blaby District Council

Cabinet Executive

Date of Meeting	18 September 2023
Title of Report	Economic Development Framework 2023-2026 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Terry Richardson - Leader of the Council
Report Author	Business, Partnerships and Health Improvement 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 To agree the Economic Development Framework for Blaby District 2023 to 2026 which supports the district to have a strong and prosperous local economy that ensures the well-being and security of our residents, businesses and communities and attracts new investments.

2. Recommendation(s) to Cabinet Executive

- 2.1 To agree the Economic Development Framework 2023-2026 for Blaby District.
- 2.2 Give delegated authority to the Business, Partnerships & Health Improvement Group Manager in consultation with the Leader to monitor progress against the priorities in the framework and make any changes needed to ensure delivery of it.

3. Reason for Decisions Recommended

- 3.1 Delivery of the framework can commence and action plans supporting the five key priorities can be developed.
- 3.2 To monitor progress against the framework and make decisions that are required to keep the document on track.

4. Matters to consider

- 4.1 Background
The previous Economic Development Strategy ran from 2016 to 2019. Work commenced on updating the strategy, but this was paused during the covid pandemic. There has been significant change in the economy post pandemic and it is now timely to update the document and ensure it is relevant to the current economic position for the district. The Community, Business, Work & Skills Team along with the external consultant have gathered extensive evidence and data to inform the content of the

framework. At the same time, key Blaby District Council documents have been considered including the Corporate Plan, Medium Term Financial Strategy, Commercial Strategy, and the Tourism Growth Plan.

4.2 Proposal(s)

The new Economic Development Framework has been developed after extensive consultation with our businesses, key stakeholders, members, and Senior Leadership Team. It presents a vision, three overarching objectives and five priority areas. The vision for the framework is:-

“For Blaby District to be a great place to live, work and visit, with a strong, successful economy where everyone can build great businesses, careers and lives, supported in a green and environmentally friendly way, with superb connectivity.”

Our overarching objectives are;

- ✓ We will focus on attracting higher and better paid jobs, making sure our residents are equipped to access employment in a diverse and green economy
- ✓ We will support innovative and enterprising ideas, and make sure businesses of all sizes receive the support they need to thrive and grow
- ✓ We will maximise investment and opportunities by encouraging partnership working and appropriate developments that support sustainable growth

Underpinning these three objectives are five priority areas;

- Supporting local businesses and innovation
- Shaping our work and skills agenda
- Growing our green economy
- Building pride in place
- Identifying investable propositions

For each of the priority areas an action plan will be developed detailing the actions required to support delivery of the priority. For each priority there will be an identified lead officer within the council who will be responsible for monitoring the progress of the action plan.

4.3 Relevant Consultations

During the development of this framework extensive consultation has been undertaken with businesses and key stakeholders including the Chamber of Commerce and the Federation of Small Businesses. Sessions have also been held with SLT and cabinet to input into the framework.

As previously mentioned, to underpin the priorities listed in the document individual priority action plans will be developed. On the 20th September officers will be attending scrutiny to engage and develop the content of the action plans.

4.4 Significant Issues

There are no significant issues. Additional resource will be required to deliver elements of the framework, it has already been agreed by Cabinet Executive that this will in part be met from the year 2 and potentially year 3 UK Shared Prosperity Fund (UKSPF).

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

5.1 The costs to develop and deliver the framework are detailed below.

Activity	Cost
Development of the Framework	£35,000
Development of the Priority Action Plans	Nil
Delivery of the Action Plans	Subject to the content of the Action Plans

The criteria within the UKSPF fund matches the priority areas within the framework therefore this can be used as a source of funding to deliver the action plans.

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

6.1 The key risks and the mitigating actions to reduce the risks are detailed below.

Current Risk	Actions to reduce the risks
That the Economic Development Framework is not agreed by cabinet.	Workshop sessions have been undertaken with both SLT and Informal Cabinet to gather their input into the framework
That we do not have the budget required to deliver the Framework.	Funding has been agreed from the UKSPF to support the five key priorities within the framework and provide additional temporary resource for the Community, Business, Work & Skills Team.
The Economic Development Framework is a standalone document and does not link to other key strategy documents.	Key strategy documents have been used to inform the development of the framework and our referenced at the back of the document.
That staff within the team do not have the skills to deliver the ED Framework Action Plans	All staff have undertaken Economic Development Training and further training is planned in this area.

7. Other options considered

- 7.1 It could be decided not to have an Economic Development Framework for the district, but this would mean the Council would not be supporting Blaby District to have a strong and prosperous local economy.

This could potentially have an impact on other documents which links to and supports the achievement of business growth including the Council's Corporate Plan, Medium Term Financial Strategy, Tourism Growth Plan and Commercial Strategy 2022-2027.

8. Environmental impact

- 8.1 One of the priorities in the Economic Development Framework is growing our green economy this will support the Council's ambition to be net zero by 2030, and the district net zero by 2050. This priority seeks to grow our economy by ensuring any growth should be carbon neutral and sustainable wherever possible.

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. Appendices

- 10.1 Appendix A – ED Framework – To follow

11. Background paper(s)

- 11.1 None

12. Report author's contact details

Teresa Neal	Business, Partnerships & Health Improvement
Teresa.neal@blaby.gov.uk	0116 272 7545