

To Members of the Council

Cllr. Nick Chapman (Chairman)
Cllr. Janet Forey (Vice-Chairman)

Cllr. Shabbir Aslam
Cllr. Royston Bayliss
Cllr. Lee Breckon JP
Cllr. Nick Brown
Cllr. Adrian Clifford
Cllr. Cheryl Cashmore
Cllr. Stuart Coar
Cllr. Luke Cousin
Cllr. Tony Deakin
Cllr. Roy Denney
Cllr. Alex DeWinter
Cllr. Susan Findlay

Cllr. Helen Gambardella
Cllr. Hannah Gill
Cllr. Nigel Grundy
Cllr. Paul Hartshorn
Cllr. Richard Holdridge
Cllr. Mark Jackson
Cllr. Becca Lunn
Cllr. Antony Moseley
Cllr. Les Phillimore
Cllr. Terry Richardson
Cllr. Ande Savage
Cllr. Tracey Shepherd

Cllr. Dillan Shikotra
Cllr. Mike Shirley
Cllr. Roger Stead
Cllr. Ben Taylor
Cllr. Matt Tomeo
Cllr. Bob Waterton
Cllr. Bev Welsh
Cllr. Jane Wolfe
Cllr. Maggie Wright
Cllr. Neil Wright

Dear Councillor,

A meeting of the **COUNCIL** will be held in the Council Chamber - Council Offices, Narborough on **TUESDAY, 25 FEBRUARY 2025** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



Gemma Dennis
Corporate Services Group Manager and Monitoring Officer

AGENDA

SECTION 1 - INTRODUCTION

To receive apologies for absence, disclosures of interest from Councillors, and Minutes of the previous Council meeting.

1. Apologies for absence
2. Disclosures 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 7 - 16)

To approve and sign the minutes of the meeting held on 28 January 2025 (enclosed).

SECTION 2 - STANDARD COUNCIL BUSINESS

To receive announcements from the Chairman and the statement of the Leader of the Council.

Any reports for consideration listed under this section will be moved in one block without discussion, unless any Member present requests otherwise.

4. Chairman's Announcements
5. Leader's Statement (To Follow)

SECTION 3 - PRESENTATIONS TO COUNCIL

To consider any presentations from Council Officer's or an external body/partner agency.

6. Presentation: Local Government Reorganisation and Devolution

Members will receive a presentation from the Chief Executive and Cllr. Terry Richardson, Leader of the Council.

SECTION 4 - QUESTIONS FROM THE PUBLIC & PRESENTATION OF PETITIONS

To receive questions to Councillors submitted by members of the public and to receive any petitions submitted in accordance with the Council's petitions scheme.

7. Public Speaking Protocol

Requests received by the Protocol deadline to be reported by the Monitoring 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).

SECTION 5 - MEMBERS' QUESTIONS

To receive any questions submitted by Councillors.

8. Questions from Members

Any Members wishing to submit questions must do so to the Monitoring Officer no later than 5 working days before the meeting.

The Monitoring Officer will report if any questions have been submitted.

9. Question under Council Rules of Procedure

Cllr. Paul Hartshorn to raise the following question to Cllr. Ben Taylor – Planning, Transformation and ICT Portfolio Holder:

“Can a update be provided on the ongoing issues with the councillor email system? Many councillors have reported being unable to access emails from residents, which is preventing them from effectively carrying out their duties.

What steps are being taken to resolve this issue, and when can we expect a full resolution?”

10. Question under Council rules of Procedure

Cllr. Paul Hartshorn to raise the following question to Cllr. Terry Richardson – Leader of the Council:

"What steps are the Executive taking to ensure it is delivering Best Value for residents based on the new May 24 framework. How is Best Value measured and reported at Blaby District Council?"

SECTION 6 - REPORTS FOR DECISIONS

To consider any reports submitted for consideration by Council.

11. Gender Pay Gap 2024 (Pages 17 - 20)

To consider the report of the HR Services Manager (enclosed).

12. Pay Policy 2024/25 (Pages 21 - 36)

To consider the report of the Executive Director (Section 151 Officer) (enclosed).

13. Local Development Scheme (Pages 37 - 62)

To consider the report of the Development Strategy Manager (enclosed).

14. Homelessness and Rough Sleeping Strategy 2025 - 2030 (Pages 63 - 124)
To consider the report of the Housing Strategy Team Leader (enclosed).
15. Recommendations of the Cabinet Executive: Quarter 3 Capital Programme Review 2024/25 (Pages 125 - 134)
To consider the report of the Accountancy Services Manager (enclosed).
16. Recommendations of the Cabinet Executive: 5 Year Capital Programme 2025/26 to 2029/30 (Pages 135 - 166)
To consider the report of the Finance Group Manager (enclosed).
17. Recommendations of the Cabinet Executive: Prudential Indicator & Treasury Management Strategy 2025/26 (Pages 167 - 218)
To consider the report of the Finance Group Manager (enclosed).
18. Recommendations of the Cabinet Executive: Council Tax 2025/26 (Pages 219 - 230)
To consider the report of the Finance Group Manager (enclosed).
19. Recommendations of the Cabinet Executive: General Fund Budget Proposals 2025/26 (Pages 231 - 254)
To consider the report of the Executive Director (Section 151 Officer) (enclosed).

SECTION 7 - MOTIONS/ DEBATES/CONSULTATIONS & MEMBERS' FEEDBACK

To consider Motions submitted by Councillors, take part in a debate or receive Member feedback from attendance at national briefings, key training initiatives or work on any Outside Bodies.

20. Motion under Council Rules of Procedure

Cllr. Hannah Gill to move the following motion, seconded by Cllr. Paul Hartshorn:

Protection of Community Assets from Future Residential Development

Whereas:

1. Community assets, including parks, recreation areas, heritage sites, and green spaces, are vital for promoting health, well-being, and a sense of identity among residents.
2. The National Planning Policy Framework (NPPF) emphasizes the need to safeguard open spaces and cultural heritage sites, recognizing their importance for biodiversity, recreation, and community cohesion.
3. Increasing pressures from residential development threatens the preservation of these spaces, risking the loss of irreplaceable assets that enhance the quality of

life for residents.

4. Local communities have expressed significant concern regarding the loss of green spaces and community assets, with petitions and consultations highlighting widespread public opposition to development on these sites.
5. The council has a duty to balance housing needs with environmental sustainability and the protection of community resources for future generations.

Be It Resolved That:

1. **The Council declares its commitment to protecting community assets** from inappropriate residential development and affirms their value as essential resources for recreation, heritage, and biodiversity.
2. **The Council directs planning officers to:**
 - a) Identify and catalogue all community assets within the district, including green spaces, cultural heritage sites, and recreational facilities.
 - b) Designate additional protections for high-priority community assets, such as Green Wedge or Local Green Space status, where appropriate.
 - c) Incorporate policies into the updated Local Plan that explicitly restrict residential development on community assets unless exceptional circumstances are demonstrated.
3. **The Council pauses any activities related to the sale of any community assets** until the activities in action point 2 have been fully implemented.
4. **The Council will adopt a precautionary approach to development proposals**, requiring rigorous assessments of environmental, social, and cultural impacts, including cumulative effects on the community, infrastructure, and biodiversity.
5. **The Council will enhance community engagement in the planning process by:**
 - a) Committing to early and transparent consultation on development proposals affecting community assets.
 - b) Empowering local residents and organizations to contribute to decisions regarding the future use and management of these spaces.
6. **The Council advocates for long-term sustainability** by supporting alternative solutions to housing needs, including brownfield redevelopment and innovative housing models, to reduce pressure on community assets

Rationale:

Community assets are integral to the well-being of residents and the character of the district. By proactively protecting these spaces, the council ensures that they remain available for recreation, biodiversity, and cultural enrichment while balancing the need for sustainable housing solutions.

SECTION 8 - EXEMPT REPORTS

There are no reports for consideration under this Section.

COUNCIL

Minutes of a meeting held at the Council Offices, Narborough

TUESDAY, 28 JANUARY 2025

Present:-

Cllr. Nick Chapman (Chairman)
Cllr. Janet Forey (Vice-Chairman)

Cllr. Shabbir Aslam	Cllr. Helen Gambardella	Cllr. Dillan Shikotra
Cllr. Royston Bayliss	Cllr. Hannah Gill	Cllr. Mike Shirley
Cllr. Lee Breckon JP	Cllr. Nigel Grundy	Cllr. Roger Stead
Cllr. Nick Brown	Cllr. Paul Hartshorn	Cllr. Ben Taylor
Cllr. Adrian Clifford	Cllr. Richard Holdridge	Cllr. Matt Tomeo
Cllr. Cheryl Cashmore	Cllr. Mark Jackson	Cllr. Bob Waterton
Cllr. Luke Cousin	Cllr. Becca Lunn	Cllr. Bev Welsh
Cllr. Tony Deakin	Cllr. Antony Moseley	Cllr. Jane Wolfe
Cllr. Roy Denney	Cllr. Les Phillimore	Cllr. Maggie Wright
Cllr. Alex DeWinter	Cllr. Terry Richardson	Cllr. Neil Wright
Cllr. Susan Findlay	Cllr. Tracey Shepherd	

Officers present:-

Julia Smith	- Chief Executive
Sarah Pennelli	- Executive Director - S.151 Officer
Marc Greenwood	- Executive Director - Place
Louisa Horton	- Executive Director - Communities
Paul Coates	- Neighbourhood Services Group Manager
Gemma Dennis	- Corporate Services Group Manager
Jill Stevenson	- Community Development & Partnerships Manager
Jamie Osborne	- Licensing Team Leader
Katie Brooman	- Elections and Governance Manager
Sandeep Tiensa	- Senior Democratic Services & Scrutiny Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer

Youth Council Members in attendance :-

Nathan, Ebony, Lara, Eva, Jadon, Remy & Evelyn.

Apologies:-

Cllr. Stuart Coar and Cllr. Ande Savage

1. MINUTES SILENCE IN REMEMBRANCE OF MALC LEITCH

The Chair, Cllr. Nick Chapman invited Members and Officers to hold a minute silence for Malc Leitch.

Malc Leitch, a former much loved and long serving colleague of the District Cleansing team sadly passed away on 6 January 2025.

2. DISCLOSURES OF INTERESTS FROM MEMBERS

No disclosures were received.

3. MINUTES

The minutes of the previous meeting held on 19 November 2024 as circulated, were approved and signed as a correct record.

4. CHAIRMAN'S ANNOUNCEMENTS

The Chair, Cllr. Nick Chapman made announcements in respect of the following:

- Attended the Glenfield Christmas light switch on held on 29 November 2024.
- Attended the Cosby Old Peoples Welfare Association Christmas dinner on 30 November 2024.
- The Chairman hosted his Christmas Carol Concert on 5 December 2024.
- Attended the Chairman's Charity Night at of North West Leicestershire's District Council on 6 December 2024.
- Attended a tour of Warning Zone In Leicester on 11 December 2024.
- Attended and presented at the Annual Awards event in Glenfield on 12 December 2024.
- Attended the Mayor of Oadby & Wigston Borough Councils Christmas Carol Concert in Oadby on 18 December 2024.
- Attended Charnwoods Christmas Concert on 19 December 2024.
- Melton Mowbray's Mayor's Charity Quiz Night on 17 January 2025.
- Attended the Mayor's Civic Service in Loughborough, where I was introduced to Colonel Richard Hurwood DL, the new Vice Lord Lieutenant of Leicestershire. He remarked that Blaby District Council set the standard with their exceptional response to homelessness.
- Attended the Holocaust Memorial Day at De Monfort University on 27 January 2025.

The Vice-Chair, Cllr. Janet Forey made announcements in respect of the following:

- Attended Melton Mowbray's Christmas Carol Service on 12 December 2024.
- Attended Newbold Vernon's Christmas Carol Concert on 14 December 2024.

5. **LEADER'S STATEMENT**

The Leader, Cllr. Terry Richardson presented his statement in respect of the following:

- Storm Henk Flooding
- Devolution
- New Lubbesthorpe topping out ceremony
- Council Tax premiums consultation results
- Youth Council anti-hate school artwork competition
- Going Green at the Depot

6. **CONSTITUTIONAL AMENDMENT- STANDARDS COMMITTEE TERMS OF REFERENCE**

Considered- Report of the Elections and Governance Manager.

A request for a recorded vote by Cllr. Terry Richardson was made and supported by the required number of Members in accordance with Part 4, Section 1, Paragraph 17.5 of the Councils Constitution.

Voting on the report was taken as follows:

For	Against	Abstain
Cllr. Shabbir Aslam		
	Cllr. Royston Bayliss	
Cllr. Lee Breckon		
Cllr. Nick Brown		
Cllr. Cheryl Cashmore		
Cllr. Nick Chapman		
Cllr. Adrian Clifford		
	Cllr. Luke Cousin	
Cllr. Tony Deakin		
Cllr. Roy Denney		
Cllr. Alex DeWinter		
Cllr. Susan Findlay		
Cllr. Janet Forey		

Cllr. Helen Gambardella		
	Cllr. Hannah Gill	
Cllr. Nigel Grundy		
	Cllr. Paul Hartshorn	
	Cllr. Richard Holdridge	
Cllr. Mark Jackson		
Cllr. Rebecca Lunn		
Cllr. Anthony Moseley		
Cllr. Les Phillimore		
Cllr. Terry Richardson		
Cllr. Tracey Shepherd		
Cllr. Dillan Shikotra		
Cllr. Mike Shirley		
Cllr. Roger Stead		
Cllr. Ben Taylor		
Cllr. Matt Tomeo		
Cllr. Bob Waterton		
	Cllr. Bev Welsh	
Cllr. Jane Wolfe		
Cllr. Neil Wright		
Cllr. Maggie Wright		

The Chairman, Cllr. Nick Chapman declared that the recommendations as set out in the report was carried.

DECISIONS

1. That the Terms of Reference for the Standards Committee be amended as detailed in the report.
2. That the amendments to the Terms of Reference for the Standards Committee become effective from Annual Council to be held in May 2025.

Reasons:

1. To create and maintain public confidence in the committee and to ensure that the membership of the Standards Committee models the behaviour required by the Code of Conduct supported by the Nolan Principles.
2. To provide clarification for Group Leaders prior to consideration of their nominations for the committee for the municipal year 2025/26.

7. PRESENTATION: YOUTH COUNCIL UPDATE

Members received a presentation from Youth Council Members.

The presentation covered the following points:

- Parliament Trip on 7 October 2024.
- Hate has no home here competition.
- Youth Council Conference taking place on 27th February 2024.

8. PUBLIC SPEAKING PROTOCOL

Pursuant to Part 5, Section 9 of the Council's Constitution, in relation to the public speaking protocol the Chairman allowed Cllr. Hetherington, Vice-Chairman of Enderby Parish Council to speak for 3 minutes on Agenda Item 9 – Petition objecting to the inclusion of Carlton Park and Enderby Golf Course in the New Local Plan.

9. TO RECEIVE A PETITION OBJECTING TO THE INCLUSION OF CARLTON PARK AND ENDERBY GOLF COURSE IN THE NEW LOCAL PLAN

Cllr. Dillan Shikotra left the meeting during the consideration of this item and did not return.

The Chairman, Cllr. Nick Chapman welcomed Sue Wareham to present their petition at the meeting.

The Chairman opened the item for debate allowing a maximum of 2 minutes to enable all Members who wish to speak to do so.

The petition was referred to the Group Manager for Planning & Strategic Growth to be considered as part of the Local Plan process.

10. TO RECEIVE A PETITION TO KEEP ENDERBY GOLF COURSE OPEN

The Chairman, Cllr. Nick Chapman welcomed Chris D'Araujo to present their petition to the meeting.

The Chairman opened the item for debate allowing a maximum of 2 minutes to enable all Members who wish to speak to do so.

The petition was referred to the Group Manager for Assets and Major Project for a written response.

The Chairman, Cllr. Nick Chapman adjourned the meeting at 6.30pm for Members to take a short comfort break and reconvened the meeting at 6.40pm.

11. QUESTIONS FROM MEMBERS

No questions were received.

12. ASSET DISPOSALS AND AFFORDABLE HOUSING SITE UPDATE

Considered- Report of the Neighbourhood Services Group Manager, presented by Cllr. Nigel Grundy – Neighbourhood Services & Assets Portfolio Holder.

DECISIONS

1. That delegated Authority be given to the Neighbourhood Services Group Manager in consultation with the Neighbourhood Services and Assets Portfolio Holder to dispose of the underutilised land at College Road, Whetstone to East Midlands Housing Group for a nominal fee.
2. That delegated Authority be given to the Executive Director (S151 Officer) in consultation with the Housing, Community Safety and Environmental Services Portfolio Holder to agree an affordable housing contribution to be made towards the College Road Site.
3. That delegated Authority be given to the Neighbourhood Services Group Manager in consultation with the Neighbourhood Services and Assets Portfolio Holder to dispose of:
 - The underutilised land at High Street, Whetstone to Whetstone Parish Council for a disposal value of £137,500 and
 - Trinity Park Open Space, Whetstone for a nominal fee.
4. That delegated Authority be given to the Neighbourhood Services Group Manager in consultation with the Neighbourhood Services and Assets

Portfolio Holder to dispose of Glen Hills Nature Area, Glen Parva to Glen Parva Parish Council for a nominal fee.

Reasons:

1. The recommendations seek to ensure that the Council utilises assets appropriately, assessing the future use to meet the Council's priority around affordable housing; to generate a monetary return or to pass open space to Parishes where it might be appropriate to do so and reducing maintenance costs and liability to the Council.
2. The recommendation at 2.2 will allow the level of affordable housing contributions to be agreed without further delay and assist the development of the two dementia friendly bungalows on the College Road site to be progressed.

13. 3 YEAR REVIEW OF GAMBLING ACT 2005 STATEMENT OF PRINCIPLES

Considered- Report of the Environmental Health Manager, presented by Cllr. Les Phillimore – Housing, Community Safety and Environmental Services Portfolio Holder.

DECISION

That the draft Statement of Principles 2025 - 2028 be agreed and adopted.

Reasons:

1. It is appropriate that members of the Council review the Statement of Principles 2025-2028 prior to its adoption by Council.
2. This is to ensure that any last-minute amendments can be incorporated into the final Statement, prior to it being published, with the aim that it takes effect from 1st April 2025.

14. POLLING PLACE REVIEW- CROFT AND HUNCOTE

Considered- Report of the Elections and Governance Manager, presented by Cllr. Terry Richardson – Leader of the Council.

DECISION

That the revised polling places for the polling districts as set out in the report be approved.

Reason:

The local authority has a duty to review their polling districts, places and polling stations to ensure that electors have accessible facilities for voting when an existing venue becomes unavailable.

15. APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL

Considered- Report of the Elections and Governance Manager, presented by Cllr. Terry Richardson – Leader of the Council.

DECISIONS

1. That Louise Spiers be appointed to serve on the Independent Remuneration Panel.
2. That the term of office for all members of the Independent Remuneration Panel be until 28 January 2028.

Reasons:

1. To comply with the requirements as set out in the Local Authorities (Members' Allowances) (England) Regulations 2003.
2. The terms of office of the Members of the Independent Remuneration Panel need to be reasonable to avoid revisiting of the recruitment process with undue frequency and to enable a level of expertise to be built.

16. DEBATE NOT HATE

Considered- Report of the Elections and Governance Manager, presented by Cllr. Terry Richardson – Leader of the Council.

DECISIONS

1. That the Local Government Association (LGA) Debate not Hate campaign be endorsed and supported by signing the LGA Debate not Hate public statement and that each councillor be invited to demonstrate the pledge by signing the statement following this Council Meeting
2. That the 'Debate Not Hate: Councillor Handbook for personal safety and healthy debate' be accepted.

Reasons:

1. The intimidation, personal attack and harassment of local politicians undermines democracy – preventing elected councillors from

representing the communities they serve, deterring individuals from standing for election, and undermining public trust in democratic processes. Endorsing the Debate not Hate campaign demonstrates the Council's public commitment to tackling the abuse of elected councillors.

2. The 'Debate Not Hate: Councillor Handbook for personal safety and healthy debate' gives councillors vital information on how to report abuse, what support is available and how to prevent abuse from happening.

THE MEETING CONCLUDED AT 7.04 P.M.

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Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Gender Pay Gap Report – March 2024 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	HR Service Manager
Strategic Themes	Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 The gender pay gap is the difference in average earning between women and men. Employers with more than 250 staff must report their gender pay gap annually.

2. Recommendation(s) to Council

- 2.1 To endorse the gender pay gap report for submission of data to the government in line with statutory guidance.

3. Reason for Decisions Recommended

- 3.1 The Council is required by law to carry out Gender Pay Reporting under the Equality Act 2010 (Specific Duties & Public Authorities) Regulations 2017 and this enables the Council to monitor pay differentials by gender throughout the Council.
- 3.2 The report was considered by the Scrutiny Committee on 12 February 2025. There were no issues. The proposed data submission to the government was noted.

4. Matters to consider

- 4.1 Background
The Council is required by law to carry out Gender Pay Gap reporting under the Equality Act 2010 (Specific Duties & Public Authorities) Regulations 2017.
This involves carrying out six calculations that show the difference between the average earnings of male and female employees. It does not involve publishing individual employee data. The Council is required to publish the results on its own and a government website by 30 March the year following the report. In this case by 30 March 2025.

Gender pay reporting differs from equal pay. Whilst equal pay concerns the pay differences between male and female employees who carry out the same roles, similar roles or work of equal value, the gender pay gap highlights the difference in the average pay between all male and female employees in the workforce at a particular date.

4.2

Gender Pay Gap Results

A snapshot of data was taken from 31 March 2024 and the results of the data review under the six required calculations are:

4.2.1 The average gender pay gap as a mean average

The hourly rate for a male is -2.0% lower than a female.
The mean hourly rate is £17.47 for males and £17.83 for females.

2. The average gender pay gap as a median average

There is 0.0% difference in the median average between males and females.
The median average pay is £15.69 for both female and male employees.

3. The average bonus gender pay gap as a mean average

This is 0% between male and female employees. The Council does not pay bonuses in accordance with the criteria set out and therefore reporting on this element is not applicable.

4. The average bonus gender pay gap as a median average

This is 0% between male and female employees. The Council does not pay bonuses in accordance with the criteria set out and therefore reporting on this element is not applicable.

5. The proportion of females and males receiving a bonus payment

This is 0%. The Council does not pay bonuses in accordance with the criteria set out and therefore reporting on this element is not applicable.

6. The proportion of males and females when divided into four groups ordered from lowest to highest pay

	Male	Female	Avg. Hrly pay
Q1 Lower	56.3%	43.7%	£12.10
Q2 Lower Middle	35.6%	64.4%	£14.20
Q3 Upper Middle	43.7%	56.3%	£17.34
Q4 Upper	48.3%	51.7%	£27.01

In all but the lower quartile there are a higher number of females than males in the quartiles. There is little change in the overall pattern from last year.

4.3 Relevant Consultations

Chief Executive, Executive Director, Group Manager for Transformation, ICT and HR

4.4 Significant Issues

None

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

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

- 6.1 There are no costs associated with this report.

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

- 7.1 There are no risks identified with this report.

8. Other options considered

- 8.1 None. There is a statutory duty to report the Gender Pay Gap no later than 30 March 2025

9. Appendix

9.1 None.

10. Background paper(s)

10.1 None

11. Report author's contact details

Annette Groark	HR Service Manager
annette.groark@blaby.gov.uk	0116 272 7572

Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Pay Policy 2024/25 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	Executive Director (Section 151 Officer)
Strategic Themes	Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 To present to Members for approval, the proposed Blaby District Council Pay Policy Statement for 2024/25 as set out at Appendix A.
- 1.2 The Pay Policy Statement sets out the remuneration levels for employees and other details such as allowances and the relative pay multiples between employees and the Chief Executive.

2. Recommendation(s) to Council

- 2.1 That the Blaby District Council Pay Policy Statement for 2024/25 be approved.

3. Reason for Decisions Recommended

- 3.1 Section 38 of the Localism Act 2011 requires local authorities to prepare pay policy statements setting out the authority's own policies regarding the remuneration of its staff particularly its senior staff (or 'chief officers') and its lowest paid employees.

4. Matters to consider

- 4.1 Background
In accordance with the Localism Act 2011, pay policy statements must be prepared and approved by full Council relating to each financial year and following approval, the Statement must be published on the Council's website and complied with when setting terms and conditions of Chief Officers.

The legislation requires that the Pay Policy Statement includes:-

- The Council's policy on the level and elements of remuneration for each Chief Officer.

- The Council's policy on the remuneration of its lowest paid employees (together with its definition of its lowest paid employees).
- The Council's policy on the relationship between the remuneration of its Chief Officers and other Officers, known as the pay multiple.

The Council's policy also includes other specific aspects of Chief Officer's remuneration, the use of performance related pay, any bonuses and termination payments.

4.2 Proposal(s)

The proposal is for the Blaby District Council Pay Policy Statement for 2024/25 to be approved.

4.3 Relevant Consultations

Chief Executive
Executive Director (S.151 office)

4.4 Significant Issues

Publishing the Pay Policy Statement is a legal requirement of the Localism Act 2011. By publishing the Pay Policy Statement, it will ensure greater transparency regarding how pay is determined, thus ensuring accountability to residents within the Blaby District community. The Pay Policy Statement also sets out how the authority, through its robust pay policies does not discriminate against any groups of staff within the protected characteristics as contained within the Equality Act 2010.

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

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

- 6.1 The approval of the Pay Policy statement itself does not create any costs or opportunity for savings. The financial details of the salary rates are included within Appendix A of the attached Pay Policy Statement.

The Pay Policy Statement details the cost-of-living increases agreed for all staff of Blaby District Council with an increase of £1,290 for scale points 2-43 inclusive. The cost-of-living increase for Chief Officers was 2.5% on each scale point. The cost implications of this increase have been reported

to Members through the Quarterly Budget Review Reports considered by Cabinet.

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

7.1 No risks have been identified.

8. Other options considered

8.1 The Council could not adopt the Pay Policy, though for the reasons outlined in the report this option would carry significant risks with it. Failure to publish a Pay Policy Statement and therefore not complying with the legislation may lead to enforcement risk and/or reputational damage to the authority.

9. Appendix

9.1 Appendix A – Blaby District Council Pay Policy Statement for 2024/25

10. Background paper(s)

10.1 None.

11. Report author's contact details

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Appendix A

BLABY DISTRICT COUNCIL PAY POLICY STATEMENT 2024/25

1. Introduction

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce an Annual Pay Policy Statement (the “statement”). This statement sets out Blaby District Council’s approach to pay in accordance with the requirements of this act.
- 1.2 This Pay Policy Statement includes:
- (a) the level and elements of remuneration for Chief Officers;
 - (b) the remuneration of the lowest paid employees;
 - (c) the pay differential, known as the ‘pay multiple’ between the remuneration of Chief Officers and other officers and
 - (d) other aspects of Chief Officer remuneration, fees and charges and other discretionary payments
- 1.3 This statement is subject to approval by Full Council and is subject to review annually and in accordance with new legislation to ensure that it remains relevant.

2. Principles

- 2.1 Blaby District Council recognises that remuneration at all levels needs to attract and retain a high performing workforce whilst ensuring value for money.
- 2.2 In determining pay and remuneration, the Council will comply with all relevant legislation.
- 2.3 It is important that local authorities can determine their own pay structures to address local priorities and to compete in the local labour market.

3. Scope

- 3.1 The policy covers all staff employed by the Council irrespective of grade and conditions of service. It refers to national agreements which affect pay and grading including:
- National Agreement on Pay and Conditions of Service (the Green book, for all staff below Head of Service)
 - Joint Negotiating Committee for Chief Officers
 - Joint Negotiating Committee for Chief Executives

A copy of the Council’s salary scales as of 1st April 2024 is at Appendix 1.

4. Remuneration of senior officers

4.1 In this policy the senior pay group refers to posts within the top three tiers of the organisation. These include the Chief Executive (x1), Executive Directors (x3), Group Managers (x7) and Strategic Managers (x 0 currently).

4.2 Chief Executive

4.2.1 The Chief Executive is the head of the council's paid service. The salary paid to the Chief Executive is approved by full Council at the time of appointment and excludes Returning Officer fees which are paid separately.

4.2.2 The current salary range for the Chief Executive is £105,248-119,466 per annum. The range contains 5 increments and is subject to cost-of-living increases agreed by the Joint National Council (JNC). From 1 April 2024 an increase of 2.5% was applied to each scale point. This is a local grade which was established in 2011, following an analysis of the degree of responsibility in the role, benchmarking with other comparators and the ability to recruit and retain an exceptional candidate.

4.2.3 The Chief Executive Remuneration Panel, which comprises of the elected leader and the leaders of the opposition groups, determines incremental pay progression on an annual basis subject to agreed priorities being met.

4.2.4 Other conditions of service are as prescribed by the JNC for Local Authority Chief Executives national conditions.

4.3 Directors and Group Managers

4.3.1 The pay and grading for the Group Managers are evaluated using a local evaluation scheme. Its methodology reviews current job information including: job descriptions, staff structure including lines of accountability and capital and revenue budget responsibility. This information is used to determine the value of the job size and comparison with other Councils.

4.3.2 The grades are as follows:

Executive Directors	Salary Range	£86,563- 98,158 per annum
Group Managers	Salary Range	£66,503-79,928 per annum

4.3.3 These salaries are subject to cost-of-living increases agreed by Joint Negotiating Committee for Chief Officers. From 1 April 2024 an increase of 2.5% was applied to each scale point. Other conditions of service are as prescribed by the JNC for Local Authority Chief Officers

4.4 Other allowances

- 4.4.1 The Council operates an essential car user scheme in accordance with JNC handbook.
- 4.4.2 The Returning Officer for the council is the Chief Executive. Fees are payable for Returning Officer duties which are not part of the post holder's substantive role. Whilst appointed by the council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the Council. Returning Officer fees are variable and paid based upon the number of electors per election.
- 4.4.3 For any Chief Officer who undertakes duties that have been procured by another local authority, a discretionary payment (honorarium) will be made following an assessment of the additional time that the Chief Officer will spend in carrying out these additional duties.
- 4.4.4 There are two additional proper officer appointments within the Council; that of S151 Officer and the Monitoring Officer.
 - 4.4.4.1 The S151 Officer role is currently undertaken by a director. With effect from 1 April 2024 an allowance of £5,000 per annum was introduced to be reviewed every 2 years.
 - 4.4.4.2 The Monitoring Officer appointment is currently carried out by a Group Manager. With effect from 1 April 2024 an allowance of £3,500 per annum was introduced to be reviewed every 2 years.
- 4.4.5 There are no other additional elements of remuneration in respect of overtime, bank holiday working, standby payments etc. paid to senior staff as they are expected to undertake duties outside their contractual hours and working patterns without additional payment.

5. Pay Structure

- 5.1 The current pay structure (Grades 1-9) applies to all employees excluding the senior pay group. Salaries within the pay spine are subject to pay awards as agreed by the National Agreement on Pay and Conditions of Service (NJC). National changes to the pay spine became effective from 1 April 2024 an increase of £1,290 was applied to each scale point. The lowest point on the pay spine is spinal point 2, within Scale 1 and has a full time equivalent basic pay rate of £23,656 per annum. Spine Point 1 was withdrawn with effect from 1 April 2023 as part of the national pay negotiations.
- 5.2 The Council employs apprentices who are not included within the definition of "lowest paid employees".
- 5.3 All posts are evaluated using the NJC Job Evaluation Scheme via the Gauge+ system, which is recognised by public sector employers and unions nationally. This scheme allows for robust measurement against set criteria resulting in fair

and objective evaluations and ensures compliance with the Equal Pay requirements set out in the Equality Act.

- 5.4 Incremental progression within grades for all staff takes place annually on 1 April. The exception is that newly appointed, promoted, or regraded employees with start dates between November and March; they will receive their first increment six months after the start date of their appointment, promotion, or regrading. Any subsequent increments will then occur on 1 April in line with all other employees.
- 5.5 The grading structure aims to meet the current and/or market position for most jobs. At certain times some types of jobs are very scarce either because of national shortages or high demand for certain skills.

6. Other allowances

- 6.1 NJC employees may claim allowances which may be locally and nationally agreed in the course of their work duties. A list of typical allowances that employees can claim is set out at Appendix 2.
- 6.2 There is a local provision for the award of market supplements where it can be shown that the salary level of a job is having an adverse impact on the Council's ability to recruit and retain appropriate candidates/employees to a post. The award of such supplement is subject to the approval of the Directors and Chief Executive. Market supplements are awarded where appropriate and for temporary periods only.
- 6.3 Subject to certain conditions, employees who are temporarily required to undertake additional duties or some or all the duties of a higher graded post are eligible to be paid an honorarium.

7. Pension Arrangements

- 7.1 All employees of the council, irrespective of pay group, are entitled to join the Local Government Pension Scheme. The table below sets out the varied rates that employees are required to contribute based upon their whole-time salary.

The employee contribution rates for 1 April 2024 to 31 March 2025 are below:

Actual Pensionable Pay	Main Scheme Contribution rate paid by member
Up to £17,600	5.5%
£17,601 to £27,600	5.8%
£27,601 to £44,900	6.5%
£44,901 to £56,800	6.8%
£56,801 to £79,700	8.5%
£79,701 to £112,900	9.9%
£112,901 to £133,100	10.5%

£133,101 to £199,700	11.4%
£199,701 or more	12.5%

The Council, as an employer, currently contributes 21.9% of the employee's basic salary plus an overall flat rate cash contribution of £650,000 to the fund. This equates to approximately 28.3% of pensionable pay.

8. Multipliers

8.1 Publishing the pay ratio of the organisation's top earner to that of its lowest paid earner and median earner has been recommended to support the principles of Fair Pay (Will Hutton, 2011) and transparency.

8.2.1 The Chief Executive, who is the top earner in the Council, had a salary of £119,466 per annum on 1st April 2024. This is 3.43 times the average earnings in the Council, 3.78 times the median earnings and 4.9 times the lowest earner.

8.3 The multipliers will be monitored each year as part of the review of the Pay Policy Statement.

9.0 Severance Payments

9.1 The council operates a voluntary severance scheme which is applicable to all employees of the Council. The scheme applies to:

- Redundancy
- Voluntary early retirement

9.2 Redundancy

Redundancy payments are payable to employees, who are dismissed on the grounds of redundancy and who have at least two years' continuous employment at the date of termination of employment. Redundancy payments use an actual week's pay (annual salary divided by 52 pro rata'd as appropriate) or the statutory capped figure, whichever is the higher.

9.3 Early Retirement – efficiency grounds

Employees who will be 55 or more and have at least 2 years' pensionable service in the Local Government Pension Scheme (LGPS) may retire early upon entering into a formal agreement with the Council which will include a mutually agreed retirement date, where it is in the interests of the efficient exercise of the Council's functions. The employee will not receive a severance payment or additional year's service but will have access to the pension scheme. The capital cost of early payment of pension benefits is subject to approval by Council.

9.4 Flexible Retirement

An employee who is a member of the LGPS and 55 years or over may request, with the Councils consent, to reduce their hours and/or grade and make an election to the administering authority for payment of their accrued benefits without having retired from employment. However, the Council will only agree to release pension where there is no capital cost to the authority.

10. Re-employment/engagement of senior managers

- 10.1 Where a senior manager, as defined under paragraph 4.1, has left the authority on redundancy or early retirement grounds, the authority will not normally re-employ at a later stage or re-engage the former employee as a consultant.

11. Decision Making

- 11.1 Decisions on remuneration are made as follows:

- (a) Chief Executive local pay structure approved by full Council
- (b) Performance progression of Chief Executive approved by Chief Executives Remuneration Panel
- (c) Pay structure for Executive Directors and Chief Officers posts approved by full Council

Appendix 1

BLABY DISTRICT COUNCIL SALARY SCALES

01 April 2024

Payscale	JE	Spinal Point	Salary
1	0 - 279	1	Deleted wef 1.4.23
		2	£23,656
		3	£24,027
2	280 - 379	4	£24,404
		5	£24,790
		6	£25,183
3	380 - 428	7	£25,584
		8	£25,992
		9	£26,409
		10	£26,835
		11	£27,269
		12	£27,711
4	429 - 468	13	£28,163
		14	£28,624
		15	£29,093
		16	£29,572
		17	£30,060
		18	£30,559
		19	£31,067
		20	£31,586
5	469 - 554	21	£32,115
		22	£32,654
		23	£33,366
		24	£34,314

		25	£35,235
		26	£36,124
		27	£37,035
		28	£37,938
6	555 - 609	29	£38,626
		30	£39,513
		31	£40,476
		32	£41,511
		33	£42,708
7	610 - 639	34	£43,693
		35	£44,711
		36	£45,718
		37	£46,731
8	640 - 654	38	£47,754
		39	£48,710
		40	£49,764
		41	£50,788
9	655 - 669	42	£51,802
		43	£52,805

BLABY DISTRICT COUNCIL SALARY SCALES

1 APRIL 2024

Strategic Managers

Scale 11 (670-710)

S.P. **£**

A	55,314
B	59,251
C	60,035
D	62,123
E	64,209

Group Managers

Scale 12 (711 +)

S.P. **£**

A	66,503
B	70,690
C	74,879
D	77,468
E	79,928

Executive Directors

Scale 14

S.P. **£**

A	86,563
B	89,099
C	93,409
D	95,742
E	98,158

Chief Executive

Scale 16

S.P. **£**

A	105,248
B	109,750
C	113,772
D	117,793
E	119,466

Appendix 2

Local Allowances – NJC Staff

Essential and Casual Car User – as per the NJC rules in the Green Book

Saturday and Sunday Working:

If weekend working is not part of a normal working week (that is regular rostered weekend working) then the following payments apply.

Saturday	-	Time and half
Sunday	-	Time and half if basic pay above SCP 11 Double time if basic pay at or below SCP 11

If weekend working is part of a normal working week then plain time rates apply unless part of an approved overtime arrangements in which circumstance overtime rates will apply.

Additional Hours and Overtime Payments

Employees, on or below SCP 34, and required to work additional hours beyond a full 37 hour week (or average 37 hour week) are entitled to receive time and half for additional hours worked Monday to Saturday and double time for additional hours worked on a Sunday.

Part time workers are entitled to these enhancements only after a 37-hour week (or average 37 hour week) is exceeded, although **rostered** work on a Saturday and Sunday will attract the overtime allowance.

For employees on or above SCP 35 enhanced rates will not be paid. In exceptional circumstances the Group Manager may agree that overtime at plain time rates may be paid in order to clear backlogs or catch up on projects. In normal circumstance employees are expected to accrue and bank approved additional hours as time off in lieu. Managers have a responsibility under health and safety legislation to ensure that excessive hours are not worked and that accumulated TOIL is taken on a regular basis.

Overtime payments are full settlement and are not enhanced by any other allowance e.g. a shift allowance that is paid on normal working hours.

Public and Extra Statutory Days

Employees required to work on a public or extra statutory day shall be paid at plain time for all hours worked within their normal working hours for that day. In addition, time off with pay shall be allowed as follows:

Less than half normal hours worked – half day
More than half normal hour's worked – full day

Depot: Arrangements for a Good Friday and Bank Holiday Mondays (excluding Christmas and New Year) working.

This arrangement applied with effect from September 2023 employees who have contracts of employment as Waste Operative: Drivers, Driver/Loaders and Loaders.

Employees in this group will work the Bank Holiday Monday and will cease working the Saturday immediately preceding the Bank Holiday Monday. Payment for working the Bank Holiday Monday will either be at triple time with no day off in lieu or at double time with one day off in lieu. Employees have an opportunity to nominate which option they would prefer to do annually.

Good Friday will be paid at either triple time with no day off in lieu, or at double time with one day off in lieu.

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Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Local Development Scheme This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Ben Taylor - Planning, Transformation and ICT
Report Author	Development Strategy Manager
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report seeks approval for the revised Blaby District Local Development Scheme (LDS), which sets out the timescales for producing the emerging Local Plan.

2. Recommendation(s) to Council

- 2.1 That the revised Blaby District Local Development Scheme at Appendix A be approved, to become effective immediately.

3. Reason for Decisions Recommended

- 3.1 The Planning and Compulsory Purchase Act 2004, as amended, requires a Local Planning Authority to prepare and maintain a Local Development Scheme.
- 3.2 The Secretary of State for Housing, Communities and Local Government (MHCLG) has requested that all local planning authorities produce an updated Local Development Scheme (LDS) and submit a copy to MHCLG no later than 6 March 2025.

4. Matters to consider

4.1 Background

The Local Development Scheme (LDS) sets out the Council's programme for producing the Local Plan.

To keep local communities and other stakeholders informed of local planning activity, the Council is required to prepare a Local Development Scheme (LDS) under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended). In relation to the emerging Local Plan, the LDS must specify:

- what will be included in each document to be prepared, and the geographical extent to which it relates;
- whether the document will be prepared jointly with one or more other local authority; and
- the timetable for the preparation of document.

In December 2024, the Government published an updated National Planning Policy Framework (NPPF) to support its target of delivering 370,000 new homes a year during the life of this Parliament. This new NPPF took effect immediately for decision making but there is a transition period to 12 March 2025 for plan making to proceed under the former NPPF (2023) if a plan is at either Regulation 19 stage or is being submitted for examination. Blaby's new Local Plan will be produced in line with the new NPPF.

The publication of the new NPPF was also accompanied by a requirement for local planning authorities to produce an up-to-date LDS by 6 March 2025. Blaby's LDS is therefore being updated to meet this requirement.

The revised LDS, attached at Appendix A, contains the timetable with estimated timescales and milestones associated with preparing the new Local Plan and covers the period up to 2026. It supersedes the LDS agreed by Council on 25 July 2023.

While the preparation of evidence and engagement with stakeholders for the emerging Local Plan is ongoing, in particular in response to the new NPPF, and delayed HNRFI decision, it is considered that the revised LDS timetable at Appendix A showing consultation on the Publication Version (the document that the Council considers ready for examination) in Summer 2025 and submission in December 2025.

4.2 Proposal(s)

That the Revised Blaby District Local Development Scheme (Appendix A to this Report) be approved and shall take effect from 25 February 2025.

4.3 Relevant Consultations

Internal consultations have been undertaken as appropriate. Legislation does not require public consultation on this matter. The details of proposed public consultations on development plan documents are set out in the revised LDS. The LDS will be published on the council website.

4.4 Significant Issues

Legal Implications

The Council has to comply with the requirements of the Planning and Compulsory Purchase Act 2004 (as amended), which requires local planning authorities to prepare and maintain an LDS. Failing to respond to the Secretary of State's request to produce and submit an updated LDS by 6 March 2025 could breach the legal requirement to prepare and maintain an LDS.

Human Resource Implications

The Development Strategy Team remains fully staffed at present, having previously operated with significantly reduced capacity for a considerable period. However, to progress the Local Plan on schedule, contributions will be required from other teams within the Council at the appropriate stages of Plan preparation.

In preparing this report, the author has considered issues related to Human Rights, Equalities, and Public Health Inequalities and there are no areas of concern. As the amendments to the LDS relate to the timetable rather than policies and proposals within the Local Plan, there are no Equality or Human Rights implications identified. However, the Local Plan that is produced in accordance with the LDS will require an impact assessment, which will be completed at the time of production.

5. Environmental impact

No Net Zero and Climate Impact Assessment (NZCIA) is required for this report because this report is for a timetable for producing documents that will be subject to their own environmental impact assessments.

- 5.1 The Local Plan sets out the blueprint for growth and change for the District. It is accompanied by a Sustainability Appraisal and Habitat Regulation Assessment Screening. The Local Development Scheme sets the timetable for producing the Local Plan and therefore has indirect environmental consequences on the built and natural environment. The LDS informs the rate at which new policies and potential allocations are brought forward. This has indirect environmental impacts because it is the policies in the Local Plan that will seek to protect the built, historic and natural environment, and the proposed allocations can also have direct impacts on the environment.

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

- 6.1 The costs for Local Plan preparation, including staffing, are already allowed for in the budget for 2024/25 and forecasted for 2025/26 budget. Beyond this the Council has an allocated Reserves budget for the Local Plan process which will take account of the need for any further expenses should these be incurred in relation to preparing the new Local Plan.

Opportunities to save money will continue to be considered throughout the preparation of the new Local Plan, including pursuing joint working with neighbouring authorities on suitable evidence base work, where possible.

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

7.1

Current Risk	Actions to reduce the risks
Staff turnover / loss / long term absence	<ol style="list-style-type: none"> 1. Provide appropriate training to encourage staff retention. 2. Provide a varied workload to keep staff engaged and motivated. 3. Recruitment to commence as soon as the current post holder submits their notice (subject to available funding). 4. Employ agency staff/ consultants to cover periods of absence (subject to available funding). 5. Re-deploy suitable staff from the Development Services Team should opportunities arise.
Evidence gathering delays	<ol style="list-style-type: none"> 6. The Local Plan relies on substantial evidence on a range of issues. 7. Provide resources and funding to complete evidence gathering. 8. Encourage early engagement to secure evidence.
Web accessibility / GIS	<ol style="list-style-type: none"> 9. Implementing service plan and transformation programme and working with support services to remove blockages
Ongoing changes to the national planning guidance and transition period.	<ol style="list-style-type: none"> 10. Monitor Government statements to pre-empt legislation and policy changes. 11. Take a flexible policy approach where appropriate. 12. Transitional arrangements in emerging statute and legislation
Competing work priorities	<ol style="list-style-type: none"> 13. Recognise importance of Local Plan. 14. Monitor progress and give priority to milestones in the Local Development Scheme. 15. Bring in additional resources if needed.
Cross boundary strategic issues in the Leicester and Leicestershire Housing Market Area	<ol style="list-style-type: none"> 16. Officers will continue to remain engaged in discussions with colleagues from across the authorities in Leicester and Leicestershire to understand any implications there may be for Blaby District, and take action as appropriate in a timely manner. The

	new Local Plan will take account of and plan for any emerging cross boundary strategic issues in Leicester and Leicestershire
Examination Process – Soundness of DPDs.	17. Work closely with Ministry for Housing, Communities, and Local Government (MHCLG) and the Planning Inspectorate (PINS). 18. Follow procedures set out in the Planning Acts, Regulations, NPPF and the Planning Practice Guidance.
Duty to Co-operate failure	19. Continue to work with local authorities within the Housing Market Area and other partners on strategic, cross boundary matters and prepare Statements of Common Grounds, as appropriate.
NPPF revisions (including increased housing numbers)	20. Continuing to update evidential studies to take into account the changing circumstances.
Local Government Reorganisation	21. Recognise the potential of LGR in various workstreams and the impact on the emerging plan, but to continue to progress in line with national guidance.

8. Other options considered

- 8.1 Not bringing the revised LDS into effect at this time would leave the Council without an up-to-date programme to produce Development Plan Documents. This option has been considered and rejected by Officers because the Planning and Compulsory Purchase Act 2004 (as amended), requires a Local Planning Authority to prepare and maintain a Local Development Scheme. In addition, a specific request was made by the Secretary of State for local planning authorities to produce and submit an up-to-date LDS by 6 March 2025.

9. Appendix

- 9.1 Appendix A – Revised Local Development Scheme (February 2025)

10. Background paper(s)

- 10.1 Not applicable.

11. Report author's contact details

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Blaby District Local Plan

Local Development Scheme

February 2025

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Introduction

- 1.1 Planning law requires that planning applications must be determined in accordance with the statutory development plan unless material considerations indicate otherwise.
- 1.2 Local planning authorities must prepare an up-to-date Local Plan for their area. To keep local communities and other stakeholders informed they must also prepare, maintain and publicise an up-to-date timetable for producing a Local Plan. This information is contained within the Local Development Scheme (LDS).
- 1.3 The LDS must specify, amongst other things:
 - The documents that will be prepared to form the statutory development plan;
 - What will be included in each document and the geographic area to which it relates;
 - Whether the documents are to be prepared jointly with one or more other local planning authorities; and
 - The timetable for the preparation and revision of documents.
- 1.4 The Local Development Scheme sets out the timetable for replacing the Local Plan Core Strategy (2013) and Delivery DPD (2019).

The Blaby District Local Development Scheme

- 2.1 Local Planning Authorities must prepare an up-to-date Local Plan for their area and maintain a Local Development Scheme (LDS).
- 2.2 The LDS is a public statement of the Council's intentions in terms of preparing a new Local Plan. It helps local communities and other interested parties to keep track of progress.
- 2.3 This LDS covers the period up to 2026 and replaces the version approved in July 2023.
- 2.4 It is not necessary for the Council to include documents in its LDS which are not Development Plan Documents (DPDs) such as Supplementary Planning Documents (SPDs). This gives the Council greater flexibility to respond to changing circumstances. Also, the LDS does not include Neighbourhood Development Plans as the responsibility for preparing these rests with the local community.

- 2.5 The LDS will be subject to annual monitoring. The Authority Monitoring Report (AMR) will assess whether the milestones set out in the LDS are being met. This will inform whether any further review of the LDS is required.

The Current Development Plan

- 3.1 The current Development Plan includes the Local Plan, Minerals and Waste Local Plan and Neighbourhood Plans for the area. In Blaby District, this currently includes:
- Blaby District Local Plan Core Strategy (2013);
 - Blaby District Local Plan Delivery Development Plan Document (DPD) (2019);
 - Leicestershire Minerals and Waste Local Plan up to 2031 (2019);
 - Blaby Neighbourhood Plan (2018)
 - Cosby Neighbourhood Plan (2022)
 - Leicester Forest East Neighbourhood Plan (2022)
 - Glenfield Neighbourhood Plan (2023)
 - Fosse Villages Neighbourhood Plan (2024)
- 3.2 The current Blaby Local Plan consists of the Core Strategy (2013) and the Delivery Development Plan Document (2019). The Core Strategy includes the vision, strategic objectives and core policies of the Local Plan. The Delivery DPD, was adopted in 2019 and includes site allocations and development management policies. The Local Plan is accompanied by a Policies Map which illustrates the policies and proposals of the Core Strategy and Delivery DPD.
- 3.3 The Minerals and Waste Local Plans are the responsibility of Leicestershire County Council. The Leicestershire Minerals and Waste Local Plan up to 2031 was adopted in 2019.
- 3.4 Supplementary Planning Documents (SPDs) provide additional information on policies and proposals in the Local Plan and are material considerations in the determination of planning applications. SPDs are not subject to independent examination and do not form part of the statutory development plan. The

following Supplementary Planning Documents (SPD) are currently relevant for the District:

- Planning Obligations and Developer Contributions SPD (November 2024)
- Housing Mix and Affordable Housing SPD (July 2013)

3.5 Neighbourhood Plans were introduced by the Localism Act 2011.

Neighbourhood planning gives communities direct power to develop a shared vision for their neighbourhood and shape the development and growth of their local area. Neighbourhood Plans form part of the development plan for the area.

3.6 At February 2025, a total of five Neighbourhood Plans were 'made' in the District of Blaby. One remaining group is continuing to produce a Neighbourhood Plan for Elvesthorpe.

Updating the LDS

4.1 In December 2024, the Government published an updated National Planning Policy Framework (NPPF) to support its target of delivering 370,000 new homes a year during the life of this Parliament. This new NPPF took effect immediately for decision making but there is a transition period to 12 March 2025 for plan making to proceed under the former NPPF (2023) if a plan is at either Regulation 19 stage or is being submitted for examination. Blaby's new Local Plan will be produced in line with the new NPPF.

4.2 The publication of the new NPPF was also accompanied by a requirement for local planning authorities to produce an up-to-date LDS by 6 March 2025. Blaby's LDS is therefore being updated to meet this requirement.

Supporting Statement

5.1 This statement explains the context for preparing the Local Plan as set out in the LDS. It also explains how the Council will manage resources during the preparation and assesses risks to the production of the Local Plan.

District Profile

5.2 The District of Blaby measures approximately 50 square miles in area and contains a population of 103,271 people (NOMIS 2021). The District contains both rural areas (mainly to the south of the District) and more urban areas to

the north including a number of large villages, which are part of the Principal Urban Area of Leicester. The District has only one town centre (Blaby) but hosts a large out of town retail facility (Fosse Park) which attracts visitors from the wider region.

Links to Other Strategies and Plans

- 5.3 When preparing the new Local Plan, internal and external plans and strategies with spatial implications for the District will be taken into account. This will ensure the strategic priorities contained in those plans and strategies, relating to the use and development of land within the District of Blaby, are integrated into the Local Plan. Figure 1 identifies the main documents that will be considered when preparing the new Local Plan.

Figure 1 – Links to Other Plans and Strategies



Joint Working

- 5.4 The Council has a legal requirement to engage with certain 'Prescribed Bodies' under the 'Duty to Cooperate' when preparing Local Plans which address strategic, cross-boundary matters. This includes engagement with other neighbouring and HMA Local Planning Authorities and other bodies, constructively, actively and on an ongoing basis.
- 5.5 Discussions have been ongoing with other Leicester and Leicestershire Local Planning Authorities and a number of joint studies have been prepared. This will continue as the plan evolves. Effective mechanisms are in place in Leicester and Leicestershire to work on strategic cross boundary planning matters. An officer and member structure is in place and the authorities in Leicester and Leicestershire have prepared a Strategic Growth Plan to consider longer term planning up to 2050.
- 5.6 At present there are no plans to prepare any joint Local Plans with other Local Planning Authorities. However, the following Statements of Common Ground been prepared and signed by Council, as a written record of the progress made by, and agreement between, the authorities during the process of planning for strategic, cross-boundary matters:
- Leicester & Leicestershire Statement of Common Ground Relating to Housing and Employment Land Needs, signed by Council 19 July 2023

- South Leicestershire Local Plan Making Statement of Common Ground and Leicester & Leicestershire Authorities, signed by council 14 December 2021
- Statement of Common Ground relating to Warehousing & Logistics Need signed by council 14 December 2021

Resources

- 5.7 The Development Strategy Team will have primary responsibility for preparing the Local Plan.
- 5.8 Consultants may be engaged on specific projects where there is a lack of expertise or capacity within the District Council.

Programme Management

- 5.9 The Local Plan process will be project managed by the Development Strategy Manager who will report on a regular basis to the Group Manager. The Council's Senior Leadership Team and the Portfolio Holder for 'Planning, Transformation, and ICT' will be provided with progress reports as appropriate.

Council Decision-Making Procedures

- 5.10 The new Local Plan will be considered by appropriate Members at each stage. Full Council agreement will be required at Publication and Adoption stages.

Risk Assessment

- 5.11 An assessment has been carried out to identify factors which could impact on the delivery of the work programme set out in the LDS. The risks and actions to manage these risks are identified in Table 1.

Table 1 – Risks, Impacts and Management Actions

Risk Identified	Likelihood / Impact	Management Action
Staff turnover / long term absence/ reduction in staff numbers.	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • Provide appropriate training to encourage staff retention. • Provide a varied workload to keep staff engaged and motivated. • Recruitment to commence as soon as the current post holder submits their notice (subject to available funding). • Employ agency staff / consultants to cover periods of absence (subject to available funding). • Re-deploy suitable staff from the Development Services Team should opportunities arise.
Programme slippage	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • Monitor progress and give priority to achieving the key milestones set out in the LDS.
Evidence gathering delays	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • The Local Plan relies on substantial evidence on a range of issues. • Provide resources and funding to complete evidence gathering. • Encourage early engagement to secure evidence.
Web accessibility/GIS	Medium/high	<ul style="list-style-type: none"> • Implementing service plan and transformation programme and working with support services to remove blockages

Risk Identified	Likelihood / Impact	Management Action
Changes in Housing, Employment and other development requirements.	High. Impact could be considerable.	<ul style="list-style-type: none"> • Monitor changes to LHN • Build in flexibility into Local Plan options for growth. • Early completions/reviews of the Statements of Common Ground with other HMA partners.
Substantial evidence requirements arising from Strategic Sites – including transport evidence, viability and deliverability (in terms of potential delivery of strategic infrastructure that relies on third parties).	High. Impact could be considerable.	<ul style="list-style-type: none"> • Early identification of key issues in relation to Strategic Sites and engagement with key partners (including infrastructure providers and site promoters).
Potential disconnect with emerging Neighbourhood Plans resulting in the two parts of the development plan diverging.	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • Engage with Neighbourhood Plan Groups to seek alignment as far as practicable.
Competing work priorities. The Development Strategy Team is involved in a wide range of planning policy work.	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • The importance of the Local Plan is recognised within the Council. The Team's involvement in other work may need to be reduced at times.

Risk Identified	Likelihood / Impact	Management Action
Changes to the planning system - legislation and/or Government policy including proposals for substantial change contained in the Levelling Up and Regeneration Bill and the national Planning Reforms.	Medium / high. Impact could be considerable.	<ul style="list-style-type: none"> • Monitor Government statements to pre-empt legislation and policy changes. • Take a flexible policy approach where appropriate.
Examination Process – Soundness of DPDs.	Low / medium. Impact could be considerable.	<ul style="list-style-type: none"> • Work closely with MHCLG and the Planning Inspectorate (PINS). • Follow procedures set out in the Planning Acts, Regulations, NPPF and the Planning Practice Guidance.
Duty to Co-operate failure	Low / medium. Impact could be considerable.	<ul style="list-style-type: none"> • Continue to work with local authorities within the Housing Market Area and other partners on strategic, cross boundary matters and prepare Statements of Common Ground, as appropriate.
IT provision	Low / medium. Impact could be considerable.	<ul style="list-style-type: none"> • Data will be 'backed up' daily.
Local Government Reorganisation	Medium / high. Impact could be considerable	<ul style="list-style-type: none"> • Recognise the potential of LGR in various workstreams and the impact on the emerging plan, but to continue to progress in line with national guidance.

Evidence Base

- 5.12 The Council will undertake and commission studies, both independently and in partnership, which will contribute to the 'evidence base' for its Local Plan. These will be made available on the Council's website.

Monitoring

- 5.13 The Council monitors, on an annual basis, how effective the policies and proposals in the Local Plan are in terms of meeting the Local Plan objectives. An Authority Monitoring Report (AMR) is prepared for this purpose.
- 5.14 The AMR will also give information about whether the Council is meeting the milestones set out in the LDS for preparing the new Local Plan. As a result, it may become necessary to revise the LDS in the future.

Appendix A: Schedule of Local Plan Documents

Document Title	Status	Role and Content	Geographic Coverage	Conformity	Publication	Submission	Adoption
Local Plan	DPD	Vision, strategic objectives, Strategic policies and allocations, Non-strategic policies	District wide	National Planning Policy Framework, Planning Practice Guidance, Strategic Growth Plan	July 2025	December 2025	December 2026
Local Plan Policies Map	Legally required	Illustrates policies and proposals of Local Plan	District wide	Local Plan	As per timetable for Local Plan above.	As per timetable for Local Plan above.	As per timetable for Local Plan above.

Appendix B: Local Plan Document Profiles

B1: Profile Local Plan	
	Overview
Role and Content	<p>Vision and strategic objectives for the District</p> <p>Strategic policies:</p> <ul style="list-style-type: none"> • To set an overall strategy for the pattern, scale and quality of development • To make sufficient provision for housing, employment, retail, leisure, commercial uses, infrastructure and community facilities • To conserve and enhance the natural, built and historic environment. <p>Non-strategic policies for specific areas, types of development including allocating sites and design principles</p>
Geographic Coverage	<p>District wide*</p> <p>*Will not duplicate policies and proposals in made Neighbourhood Plans.</p>
Status	Development Plan Document
Conformity	General conformity with NPPF
	Timetable
Regulation 18 Consultation	January/February 2021
Publication of Local Plan	July 2025
Submission	December 2025
Examination hearings	April 2026
Adoption	December 2026

B1: Profile Local Pan	
	Arrangements for Production
Lead Section	Development Strategy Team
Project Manager	Development Strategy Manager
Management Arrangements	Appropriate Council members will consider the Local Plan at each stage. Council agreement is required at Publication and Adoption stages
Internal Resources	Planning and Strategic Growth, Environmental Health Service, Housing and Communications teams, Transformation, Senior Leadership Team
External Resources	Consultants will be appointed where necessary
External Stakeholder Resources	Technical advice from a range of external stakeholders, including highway authorities, utility and service providers, will inform the content of the Local Plan.
Approach to involving stakeholders and the community	Set out in Statement of Community Involvement
	Postproduction
Monitoring and Review	Authority Monitoring Report will monitor progress towards preparing the Local Plan as well as policies to guide whether a review is required.

B2: Profile Local Plan Policies Map	
	Overview
Role and Content	<p>Policies Map illustrates on an Ordnance Survey base all the policies and proposals set out in the Local Plan.</p> <p>Inset Maps, where required, illustrate policies and proposals for specific parts of the District or specific settlements.</p>
Geographic Coverage	District wide
Status	Legally required to support Local Plan
Conformity	General conformity with NPPF
Timetable	The Policies Map and any relevant inset maps will be revised as the Local Plan is prepared and so the timetable will be the same as the Local Plan.
	Arrangements for Production
Lead Section	Development Strategy Team
Project Manager	Development Strategy Manager
Management Arrangements	Appropriate Council members will consider the Policies Map at each stage. Council agreement is required at Publication and Adoption stages.
Internal Resources	Planning Department, Business Systems, Performance & Information Team, IT.
External Resources	External resources required to prepare an electronic version of the Policies Map for web use and web accessible Local Plan and supporting documents, including evidence. Also, it may be necessary to use external printing resources to prepare paper copies.
External Stakeholder Resources	Technical advice from a range of external stakeholders, including highway authorities, utility and service providers, will inform the content of the Local Plan, which will be reflected on the Policies Map.
Approach to involving stakeholders and the community	Set out in Statement of Community Involvement

B2: Profile Local Plan Policies Map	
	Post Production
Monitoring and Review	Authority Monitoring Report will monitor progress towards preparing the Local Plan as well as policies to guide whether a review is required. Policies Map will be updated when plans are reviewed and updated.

Appendix C: Detailed Programme Timetable

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	2025												2026											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Evidence gathering																								
Reg 19 & 20 Proposed Submission version																								
Reg 22 - Submission of the Plan																								
Reg 23 & 24 - Examination*																								
Reg 25 - Inspector report*																								
Reg 26 - Adoption																								

*indicative timing

Appendix D: Glossary

Authority Monitoring Report (AMR)

A report that reviews the Local Plan progress compared to the targets and milestones for Local Plan preparation set out in the LDS, as well as reviewing the effectiveness of policies within the Local Plan against targets set out in a monitoring framework.

Development Plan Document (DPD)

A Local Development Document that carries Development Plan status and is subject to procedures of community involvement, consultation and independent examination. It contains policies against which planning applications will be considered.

Local Development Documents (LDDs)

The set of documents which taken as a whole set out the development plan policies in force in the area.

Local Development Scheme (LDS)

The Local Development Scheme is a document which sets out the Local Planning Authority's programme to produce Local Development Documents.

National Planning Policy Framework (NPPF)

The National Planning Policy Framework sets out Government's planning policies for England and how these are expected to be applied.

Planning Inspectorate (PINS)

The Planning Inspectorate is an agency of the Ministry of Housing, Communities and Local Government. It deals with planning appeals, national infrastructure planning applications, examinations of local plans and other planning-related and specialist casework.

Planning Practice Guidance

The National Planning Practice Guidance adds further context to the National Planning Policy Framework (NPPF) on specific issues and is intended to be read in conjunction with the NPPF.

Policies Map

This will illustrate, on an Ordnance Survey Base Map, all the policies and proposals contained in the Local Plan. This document was previously known as the Proposals Map.

Standard Method

The standard method identifies the minimum number of homes that a local authority should plan for in an area. It is determined through a formula contained within the Planning Practice Guidance.

Statement of Community Involvement (SCI)

This statement tells communities how and when they can be involved in the preparation of Local Plans. It shows how the Local Planning Authority plans will engage with communities when preparing Local Development Documents. The document also covers community involvement in the determination of planning applications.

Strategic Environmental Assessment (SEA)

Assessment of the environmental impacts of the policies and proposals contained within the Local Plan. An SEA is required only when a plan is likely to have a significant environmental effect.

Supplementary Planning Document (SPD)

A Local Development Document that does not carry Development Plan status but elaborates on policies and proposals in Development Plan Documents.

Sustainability Appraisal (SA)

An SA must be carried out prior to plans being adopted. It involves an assessment of the social, economic and environmental implications of the plans and policies in the Local Plan to ensure that all decisions are made with the objective of sustainable development in mind. The SA can incorporate the requirements of the SEA.

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Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Draft Homelessness and Rough Sleeping Strategy 2025 -
Lead Member	2030 This is not a Key Decision and is on the Forward Plan. Cllr. Les Phillimore - Housing, Community Safety and Environmental Services
Report Author	Housing Strategy Team Leader
Strategic Themes	Enabling our communities and supporting our vulnerable residents

1. What is this report about?

- 1.1 Under the Homelessness Act 2002 (as amended), all housing authorities must have in place a homelessness strategy based on a review of all forms of homelessness within their district. Failure to produce an up-to-date strategy will be open to legal challenge.
- 1.2 The strategy ensures that the Council delivers on the requirements to prevent homelessness, provide support and ensure that sufficient appropriate accommodation is available.

2. Recommendation(s) to Council

- 2.1 That Council approve the new Homelessness and Rough Sleeping Strategy 2025 – 2030 and the proposed priorities and actions contained within it.

3. Reason for Decisions Recommended

- 3.1 The Councils current Homelessness Strategy runs from 2020 – 2025 and so a new 5-year strategy is needed to replace it.
- 3.2 The Council has a statutory duty to carry out a periodic review of homelessness in the District and to publish a Homelessness Strategy.

4. Matters to consider

4.1 Background

The Homelessness Act 2002 brought about a more strategic approach to tackling and preventing homelessness, in particular, the requirement for the development and publication of a homelessness strategy for every housing authority every 5 years. The new Homelessness and Rough Sleeping Strategy (2025 – 2030) will replace the current strategy adopted by Council in 2020.

The revised strategy has been developed following a detailed review of homelessness and rough sleeping over the past 5 years.

Some of the key findings from the review include:

- a) Homelessness approaches have increased by some 70% (and continue to increase) over the 5-year review period.
- b) There has been an increase in the number of people with a support need, particularly those with complex needs.
- c) The contraction of the private rented sector (PRS) including lack of supply, unaffordability and lack of confidence has meant that access to the PRS for homeless households is now extremely limited.
- d) New affordable housing delivery has become an essential requirement for the Council to meet the current homelessness demand.

The strategy builds on and continues the main priorities identified in tackling homelessness over the next 5 years, these are;

Priority 1: Preventing homelessness and reducing the use of temporary accommodation

Priority 2: Maximising the supply of affordable housing

Priority 3: Continue to develop partnership work and wider communications to ensure efficient service user led provision

Priority 4: Support vulnerable households to be independent and self-reliant

This draft strategy will address the varying housing and support needs across the cohorts of people who present to the Housing Services Team as homeless or threatened with homelessness.

4.2 Proposal(s)

The proposals are detailed in section 2, namely:
That Council approve the new Homelessness and Rough Sleeping Strategy and the proposed priorities and actions contained within it.

4.3 Relevant Consultations

The strategy has been subject to a 6-week consultation period which included a range of stakeholders and customers about what they see as the key issues for people who are either homeless or facing homelessness in the Blaby District. The main issues identified were:

- Lack of temporary accommodation provision
- More affordable homes are required
- Better communication between partners to identify households threatened with homelessness
- Better engagement with the Private Rented Sector
- A better understanding and accommodation offer for vulnerable groups

We will be addressing the results of the feedback through our action plan which will be continually updated throughout the lifetime of the strategy.

The draft Homelessness and Rough Sleeping Strategy was also considered by the Scrutiny Task and Finish Group at their meeting on the 11th December 2024. The group supported the approach of the strategy and agreed that the 4 priorities were appropriate.

4.4 Significant Issues

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

5. **Environmental impact**

It is not considered that there will be any Environmental Impact as a result of this strategy.

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

6.1 Not applicable

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

7.1 No risks have been identified.

8. Other options considered

The Council has a statutory obligation to review its homelessness position and produce a new Homelessness and Rough Sleeping Strategy every 5 years, therefore no other options were considered.

9. Appendix

9.1 Appendix A – Homelessness and Rough Sleeping Strategy 2025 - 2030

10. Background paper(s)

11. Report author's contact details

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****DRAFT****

Blaby District Council

Homelessness Review 2020 – 2025 and Homelessness and Rough Sleeping Strategy 2025 – 2030

****DRAFT****

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Portfolio Holder Statement

Foreword - Councillor Les Phillimore, Portfolio Holder for Environmental Health, Housing & Community Services

I am pleased to introduce this Homelessness and Rough Sleeping Strategy which sets out our plans for reducing the challenge of homelessness in our District over the next five years.

The impacts of homelessness can have a devastating effect on our residents, uprooting families, and inflicting trauma on those who experience it. This strategy focuses on four priorities to address the various forms of homelessness, and through its delivery, make a positive and better future for all our residents.

In the face of a worsening housing crisis, we understand the urgency of taking action to prevent homelessness wherever we can and support those already affected to rebuild their lives. Homelessness is a complex issue and affects individuals and families from all walks of life. It requires a multi-agency and collaborative solution. With this strategy, the council aims to address the root causes of homelessness while providing the necessary support and opportunities for individuals to regain stability and independence.

The reasons that lead to homelessness are multiple and often extremely complex. Many people have needs that extend beyond the basic requirement for a home. Needs that impact both their health and well-being. The longer someone is homeless, the more complex their problems can become and the more difficult it can be to get back on their feet.

Such is the complexity of homelessness; it cannot be solved by one organisation alone. Tackling it requires a shared responsibility, across the public, voluntary and private sectors, with partners working together. The challenges around homelessness and rough sleeping are both local and national. Despite the positive progress we have made to tackle homelessness, people across the District continue to face this risk, especially with cost of living pressures taking effect.

This strategy sets out how we will continue to build on our work, ensuring that no-one gets left behind. We know that an affordable, settled home is the basis upon which people can thrive. I am passionate about the vision and priorities set out in this strategy to tackle homelessness. I look forward to seeing these plans implemented, making a real and lasting difference to people and communities in the Blaby District.

Finally, I would like to thank all those who have supported the consultation work and given us feedback on the development of this strategy; I can assure you that we have listened and will act upon your views.



Key Priorities

Priority One

Prevent homelessness and reduce the use of temporary accommodation.

Priority Two

Increase the supply of affordable housing.

Priority Three

Develop partnership work and wider communications to ensure efficient service user led provision.

Priority Four

Supporting vulnerable households to be independent and self-reliant

Introduction

Our Homelessness Prevention and Rough Sleeper Strategy 2025 – 2030 reviews, builds on, and replaces our existing Homelessness Prevention and Rough Sleeper Strategy 2020-2025.

The Homelessness Act 2002 (Section 1 (1)) places a statutory duty on Housing Authorities to conduct a homelessness review for their district and formulate and publish a homelessness strategy based on the results of the review every 5 years as a minimum. This document encompasses both duties.

Additional duties have been introduced via the Homelessness Reduction Act 2017 - to produce a strategy that involves partners in earlier identification and intervention to prevent homelessness. As such this strategy will be subject to a 6-week consultation period prior to adoption, engaging with our Key Partners to ensure that our work, and theirs, combines to meet the needs of our residents.

As part of the homelessness strategy, housing authorities should also develop effective action plans to help ensure that the objectives, targets, and milestones are achieved. To be effective the homelessness strategy will also be based on realistic assumptions and be developed and jointly owned by partners.

The Government's Rough Sleeping Strategy 2018 also placed an expectation on Local Authorities to produce a Rough Sleeping Strategy.

The 2022 Ending Rough Sleeping for Good strategy set out how the last Government and its partners set out an expectation to work together to deliver on their manifesto commitment to end rough sleeping in the life span of the previous Parliament. It also laid the foundations for long-term system change to end rough sleeping sustainably and for good. This work is expected to continue under the new Government elected in July 2024.

Blaby District Council has brought these duties together to create a collective 'Homelessness Prevention and Rough Sleeper Strategy 2025 - 2030'.

Defining Homelessness

The Housing Act 1996, as amended, defines homelessness as a person who has no accommodation in the UK or elsewhere, which is available for their occupation, and which that person has a legal right to occupy. A person is also homeless if they have accommodation but cannot secure entry to it, or their accommodation is a moveable structure and there is nowhere it can lawfully be placed to provide accommodation.

A person is threatened with homelessness if they are likely to experience one of the above within 56 days. This includes a valid Section 21 notice.

Prior to the Homelessness Reduction Act 2018, 'threatened with homelessness' occurred at just 28 days. Whilst the Act doubled the threshold in which local housing authorities must carry out prevention work, 56 days is still a relatively short period of time. This time is extremely stressful for customers who worry for their families, and

who need to quickly search for a new home that is affordable and close to their schools, places of work and their family and friends.

The definition of homelessness is more than just those without a home. It includes those without a home that is legally theirs, homes that are unsuitable, homes that cannot be accessed, and it recognises that not all homes are traditional fixed structures.

A wide definition is helpful because it means local authorities will have to work with a wide range of customers in need, however the definition means that the council's duties extend across a larger customer group, adding further pressures to the service.

The analysis of data over the period since the introduction of our last Homelessness Strategy shows that demand to the Housing Options service has been increasing year on year, despite the positive work carried out in Blaby District to prevent and relieve homelessness.

This means that there is more to be done to ensure our residents do not have to experience homelessness.

Links with other Blaby Policies and Priorities

The Homelessness & Rough Sleeping Strategy is designed with the purpose to support other overarching priorities set out by Blaby District Council to ensure a cohesive approach. As such this Strategy has been aligned with our Corporate Plan so that it assists us to achieve the following priorities:

- Enabling our communities and supporting our vulnerable residents.
- Enhancing and maintaining our natural and built environment.
- Growing and supporting our economy.
- Keeping you safe and healthy.

Moreover, this Homelessness Strategy will seek to contribute to the success of the adopted Housing Strategy 2021-2026 by aligning to its four priority areas, namely:

- Increasing the supply of Affordable Homes
- Provide Specialist Housing for Vulnerable Groups
- Prevent Homelessness and end rough sleeping
- To minimise the environmental impact of the existing housing stock and future housing development

National Policy Context

This Homelessness Strategy has been developed in line with national policy and legislation, as well as careful consideration of the local context and identified needs. It therefore takes into account the following key national policy documents and legislation:

Housing Act 1996

Local authorities' legal responsibilities to homeless people and those at risk of homelessness are set out in Part VII of the Housing Act 1996, amended by the Homelessness Act 2002. The Housing Act 1996 places a range of duties upon each local authority including the requirement to provide advice and assistance and the provision of emergency accommodation in certain circumstances

Homelessness Act 2002

This Act established the requirement for local authorities to have a homelessness strategy published every five years. It requires that the strategy must set out how the local authority will prevent homelessness and ensure that it has adequate accommodation options and support for homeless people and those at risk of homelessness.

Homelessness Reduction Act 2017

The Homelessness Reduction Act 2017 came into force on 3 April 2018. It was the biggest change to homelessness legislation in 40 years and brings in new duties to prevent and relieve homelessness.

The key measures in the Act are:

- An extension to the period “threatened with homelessness” from 28 to 56 days
- New duties to prevent or relieve homelessness for all eligible applicants threatened with homelessness, regardless of priority need
- A new “Duty to Refer” – a legal requirement for certain services to notify a local authority if they encounter someone they think may be homeless or are at risk of becoming homeless.

There are 12 new clauses contained within the Act which includes the legal requirement to complete an assessment of someone's circumstances, production of a personal housing plan, free information and advice on specific services, and changes to care leavers local connection criteria.

Duty to Refer 2018

A new Duty to Refer has been introduced and applies to public sector organisations to refer anyone who they believe may be homeless or at risk of being homeless to the local authority for assistance with housing needs. This recognises that other organisations have a responsibility for preventing homelessness by making timely referrals

The duty to refer will help to ensure that services are working together effectively to prevent homelessness by ensuring that peoples' housing needs are considered when they are in contact with other public authorities. It is also anticipated that it will encourage local housing authorities and other public authorities to build strong partnerships, which enable them to work together to intervene earlier to prevent homelessness through increasingly integrated services.

We continue to build upon our existing partnerships to prevent and tackle homelessness and the "ALERT" Duty to Refer portal is being used here in Blaby District Council.

MHCLG Rough Sleeping Strategy 2018

In August 2018, government published their new Rough Sleeping Strategy which sets out their plans to help people who are sleeping rough now and to put in place the structures to end rough sleeping for good by 2027.

To support the strategy, government announced a fund of £100 million to support the delivery of the strategy and a further £45 million for the Rough Sleeper Initiative Fund which aimed to help deliver substantial reductions in the number of rough sleepers being recorded.

An Action Plan was published in December 2018 setting out progress and next steps.

Ending Rough Sleeping for Good 2022

A refreshed strategy, Ending Rough Sleeping for Good, was published by Central Government in September 2022. It focuses on a "four-pronged approach" of prevention, intervention, recovery and ensuring a joined-up transparent approach supported by over £2 billion up to 2025.

Domestic Abuse Act 2021

The aim of this legislation is to raise awareness and understanding about the devastating impact of domestic abuse on victims and families, further improve the effectiveness of the justice system in providing protection for victims of domestic abuse and bringing perpetrators to justice and strengthen the support for victims of abuse by statutory agencies.

Welfare Reform Act 2012 and Welfare Reform and Work Act 2016

The Welfare Reform Act 2012 introduced a host of changes to welfare benefits, many of which have a direct impact on homelessness issues. These include:

Universal Credit

Universal Credit was implemented in Blaby in June 2018. All welfare benefit claimants are gradually being moved into payment by Universal Credit, which is a monthly payment of all benefits, including housing benefit. Claims under this system are made online and payments are made into a bank account. Under the latest

plans, managed migration of the final group of legacy benefit claimants will not happen until 2028/29.

Universal Credit has caused concerns over the delays in payment as well as concerns that a monthly lump sum can result in problems for people with limited budgeting skills and those with chaotic lifestyles. This could cause rent arrears and an increased risk around homelessness. Some landlords have already indicated their increased reluctance to accept those in receipt of Universal Credit.

Benefit cap

Welfare reforms have introduced a cap to the financial amount that any one household may receive, including housing benefit payments. The Welfare Reform and Work Act further reduced the cap for families outside London to currently £22,020 (£14,753 for single people).

Benefit Sanctions

Benefit sanctions were introduced by the government to address situations in which claimants have not complied with required activities, for example, failure to attend Jobcentre Plus appointments or training events. Sanctions (non-payment of benefit) can last between one and 156 weeks.

Welfare Reform and Work Act 2016

A change to rent policy has been introduced through the Welfare Reform and Work Act 2016. It requires both Registered Providers and local authorities to reduce rents for social housing by 1% per annum over 4 years, which commenced in 2016/17. This has meant a reduction in monies previously secured for housing and homelessness services.

National Homelessness Picture

Over the lifetime of the previous strategy, external factors have presented the Country and the Homelessness sector with significant challenges. The impacts of which have been felt by all Public Services and the Public. These factors include the Covid Pandemic, global conflict, global supply chain issues, the cost of living crisis and consistently stretched Health and Social Care services. These issues combined with an already existing lack of social housing, and increasingly unaffordable open market and private rented sectors have contributed to a significant increase in those suffering housing insecurity today.

Covid Pandemic

The unique and unprecedented impacts of the pandemic presented our services with several challenges.

The Governments 'Everybody In' campaign, introduced in the very early stages of the pandemic, was critical in addressing the needs of all homeless people. The directive withdrew the requirement for Local Authorities to assess an individual's priority need status and opened the eligibility for immediate temporary accommodation to all those suffering street homelessness. This was a necessary and positive policy to reduce the spread of the virus and protect the health of the population but one that presented Local Authorities with an increased burden for both front-line officers and for the public purse.

These additional challenges were combined with a significant shift in the workforce's ways of working. With Housing Services Officers now working from home having previously been based in a central office environment, significant adaptations were required to ensure that whilst predominantly working remotely, we were still able to meet our statutory duties to our residents. This shift resulted in increased pressure notably on front line officers but also on managers to mitigate the impacts of this change and unfortunately reduced officer time to focus on some of the key aims of our previous strategy in the first one to two years.

Global Conflict

Conflicts in Syria, Afghanistan and Ukraine have also impacted on both National and Local Homelessness services. Refugees from all three conflicts have been awarded special status to reside in Britain and have become the responsibility of Local Authorities to house on their arrival. Whilst the numbers have been small in Blaby this has increased the workload for teams with additional duties being met by specified Homeless Case Officers, reducing time to work on local caseloads.

Global Supply Chain Issues and Financial Uncertainty

One of the key tools in relieving homelessness is the provision of new housing. The increased costs involved in global trade since 2020 have been particularly significant for the building industry. The impacts of the increased costs of materials and import delays caused by the pandemic, and Britain leaving the European Union, have pushed the costs of building new homes to a record high. Inflation has also had an

impact as both Registered Providers and Private Developers face an increased cost of borrowing leading to a more risk averse approach to large scale housing projects.

As a result, housebuilding has slowed significantly on larger sites and smaller sites have become unviable for both Market Developers and Registered Providers, hampering the ability to house homeless households through the creation of new housing stock.

Cost of Living Crisis

Emerging from the pandemic, global conflicts and financial uncertainty, the cost-of-living crisis in Britain is having a significant and ongoing impact on services. These impacts not only negatively influence the poorest in society but have further reaching implications.

For those struggling to meet their housing needs, the increases in the cost of food and energy, has meant the capability of households to afford their rent and mortgages has diminished significantly. Combined with Private Landlords also suffering from higher mortgage costs and increased maintenance costs due to increased interest rates and subsequently either selling or increasing rents, many households can no longer afford to meet their basic needs.

Subsequently this has left many to rely on social housing as the only viable and affordable way to achieve secure accommodation, placing increased pressure on an already stretched resource.

Health and Social Care Overstretch

Following the delays in care during and after the pandemic, the Health and Social care sector has struggled to catch up with cancelled or missed care opportunities whilst also struggling to keep up with increasing emerging needs.

This has resulted in many households and individuals receiving care too late, most notably those suffering with mental health issues. This has impacted Homelessness Services where individuals and households are presenting to Local Authorities with emergency housing needs but also many other complex health and social care issues. These multiple complexities are making it increasingly difficult for Local Authorities to place households in suitable temporary accommodation for their needs.

Blaby District Council Demographics

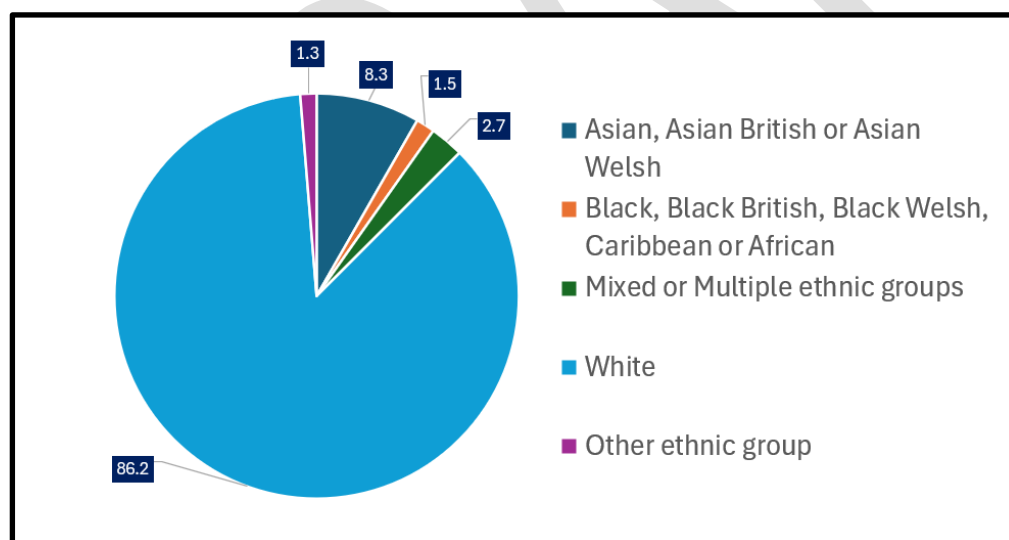
Population Data

Blaby District has a current Population of 102,926 making up 42,577 Households. This represents an increase of 9.6% since the last census in 2011. Blaby's population has grown at a higher rate than that of the East Midlands as a whole (7.7%) and that of England (6.6%). (Census 2021)

The latest government Population Increase Projections expect this trend to continue, with Blaby District outstripping the percentage increase of both the East Midlands and England to reach a population of 112,751 by the year 2041, a further 10% increase against a projected 8% increase for both the East Midlands and England.

Population	Blaby	East Midlands	England
2021	102,926	4,885,752	56,989,570
2041	112,751	5,254,064	61,353,965
Percentage rise	10%	8%	8%

Ethnicity Data



The Ethnicity data for Blaby has changed very little in the intervening ten years since the last census in 2011, with the majority of residents in the White and White British ethnic group (86.2%). The second largest Ethnic Group (8.3%) is people from the Asian, Asian British or Asian Welsh population.

Employment/Unemployment Data

Official ONS Nomis Labour Market Statistics show the following average wages for those in employment in our District. As is shown below, residents of Blaby enjoy a significantly higher average wage than those across the East Midlands and one that is more on par with (but slightly above) the national average.

Gross Weekly Pay	Blaby	East Midlands	Great Britain
Full-Time Workers	£689.90	£640.20	£682.60
Male Full-Time Workers	£706.30	£687.80	£728.30
Female Full-Time Workers	£632.50	£571.10	£628.80

In terms of residents who are not working in the district, the last reliable available figures are from the ONS covering the years 2022 and 2023.

Employment and Benefits Type (18-64)	Blaby Dec 22	Blaby Dec 23	East Midlands Dec 22	East Midlands Dec 23
Employment Rate	87.5%	85.3%	75.2%	75.5%
Unemployment Rate	1.7%	3.0%	2.9%	3.7%
Claimant Count	2.0%	2.0%	3.0%	3.1%
Economic Inactivity	Unknown	13.7%	22.6%	21.6%

The figures show that employment has fallen slightly in Blaby District from 87.5% in the year ending December 2022 to 85.3% in the year ending December 2023. However, these figures do also show that Blaby has a significantly higher employment rate than the East Midlands as a whole. Despite an overall rise in the same timeframe, the figure for the East Midlands sits at only 75.5%.

The Claimant Count (those residents between 16-64 claiming out of work employment benefit) has remained stable at 2% across the period. This is again lower than the East Midland rate of 3%.

Due to the fall in employment rates the unemployment rate for Blaby has nearly doubled in that time frame from 1.7% to 3%. Despite this significant rise it remains below the East Midlands average unemployment rate of 3.7%.

Those residents classed as Economically Inactive is also significantly lower than the East Midlands figure. People are classed as "economically inactive" if they are not in employment but don't meet the criteria for being "unemployed". This means they have not been seeking work within the previous four weeks or were unable to start work within the next two weeks. Common reasons include being retired, looking after the home or family or being temporarily or long-term sick and disabled.

Deprivation

Blaby District Council has low levels of overall deprivation and is currently ranked as the 39th least deprived District in England (281 of 317). We are the 2nd least deprived district in Leicestershire behind Harborough District Council (308 of 317), as was the case in 2010. It is worth noting that our neighbouring area of Leicester is measured as the 22nd most deprived area in England with many of our homeless residents having direct connections to both Blaby District and Leicester City.

These measures are based on the 2019 Indices of Deprivation survey compiled by Central Government and are due to be updated in 2025.

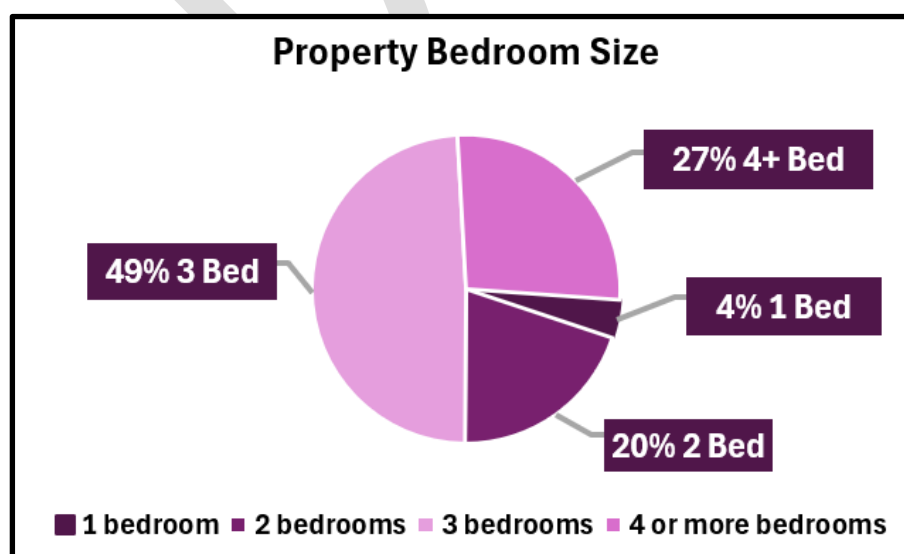
Housing Profile

According to Census 2021, Blaby District continues to have smaller than average Social Housing and Private Rented Sectors. When compared to the data from the last Census (2011), whilst the Social Housing stock has fallen across England and the East Midlands, it has increased in Blaby, however, remains a much smaller percentage of overall housing stock. The increase in the Private Rented Sector has broadly followed the regional and national picture showing a slight increase. Overwhelmingly, housing in Blaby District is predominantly Owner Occupied stock.

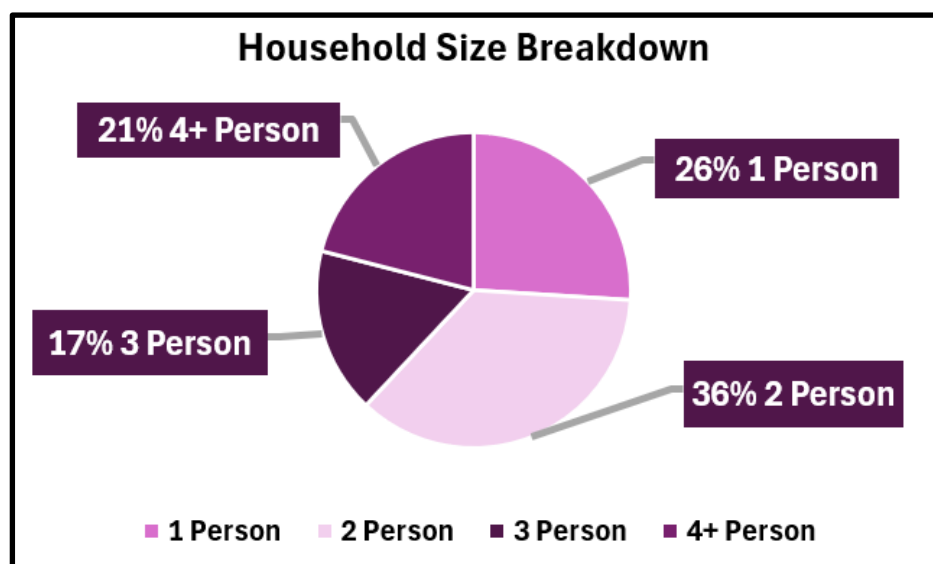
Region	Owner Occupier	Private Rented	Social Rent
Blaby 2011	82%	11%	7%
Blaby 2021	79%	13%	8%
East Midlands 2011	68%	16%	16%
East Midlands 2021	66%	19%	15%
England 2011	64%	18%	18%
England 2021	62%	21%	17%

The majority of the stock is made up of detached and semi-detached properties with a minimal number of flats. The small private rented sector is also mainly distributed in the densely populated areas with very little to none in the rural parishes of the district.

The table below shows the bedroom sizes of the Housing Stock in Blaby. 79% of the property types within the district area are 3 bedroom homes or larger. This imbalance of larger to smaller properties continues into Parish level with all Parishes broadly showing the same housing size splits.



Conversely the Family size breakdown shows that the majority of Households within Blaby are made up of 1 or two people, 62% of all households. Therefore, it is possible to conclude that many of the smaller households must be significantly under-occupying. Whilst recognising that householders might like some spare bedroom capacity; the stock profile shows there is little opportunity for newly forming households or households who wish to downsize, to access suitable housing.



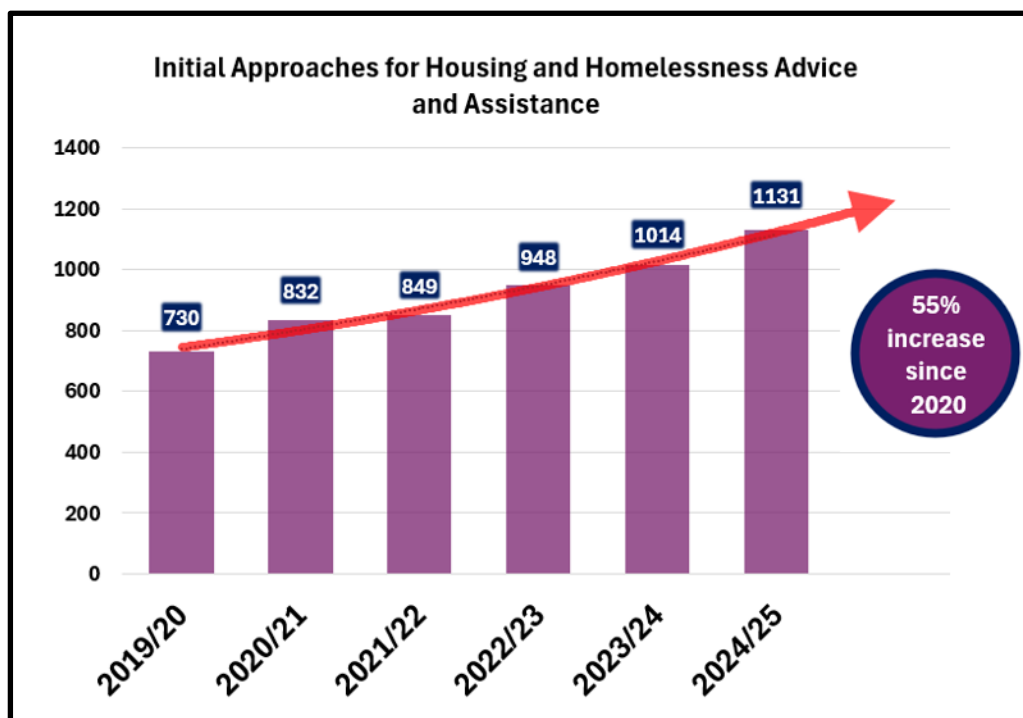
House Prices have also risen significantly since the adoption of our last Homelessness Strategy in 2020. The price rises have followed the overall national trend and risen around 20% over the last four years (obviously this is subject to monthly rises and falls as the market expands and contracts due to external economic factors, for example interest rate rises and banking confidence).

To purchase a property of £287,000 in Blaby, currently a household would need to be earning in excess of £63,000. This is significantly more than 1 ½ times the average income in Blaby of £35,000 per annum making it increasingly difficult for many residents in our district to achieve, notably those with young children.

Average House Prices 2024	Blaby	East Midlands	Great Britain
Jul-20	£237,734	£200,434	£253,226
Jul-24	£287,880	£246,884	£300,879
Percentage Rise	21%	23%	19%

Homelessness Trends 2020 – 2024

In the lifetime of the previous Homelessness Strategy, we have seen a significant rise in Homelessness presentations to the Housing Services Team. The first measure useful to demonstrate this rise is the number of households approaching the service.



As a result of issues within the Private Rented Sector and Affordable housing sector (detailed in following chapters) and combined with the covid pandemic, cost of living crisis and the resultant squeeze on household finances, we have seen a significant rise in homelessness in the district. This is borne out in the rise in approaches seen by the Housing Services Triage and Homelessness Teams. How this increase translates into active case work is detailed below.

The measures used to define the cases is detailed here.

Reason to Believe

Households initially access the Housing Services Team via the Triage system. The triage team determine whether there is significant information (Reason to believe a household is homeless or is facing homelessness) on first approach to pass the case through to the Homelessness Team or whether the household requires just general advice and assistance.

Case Acceptance

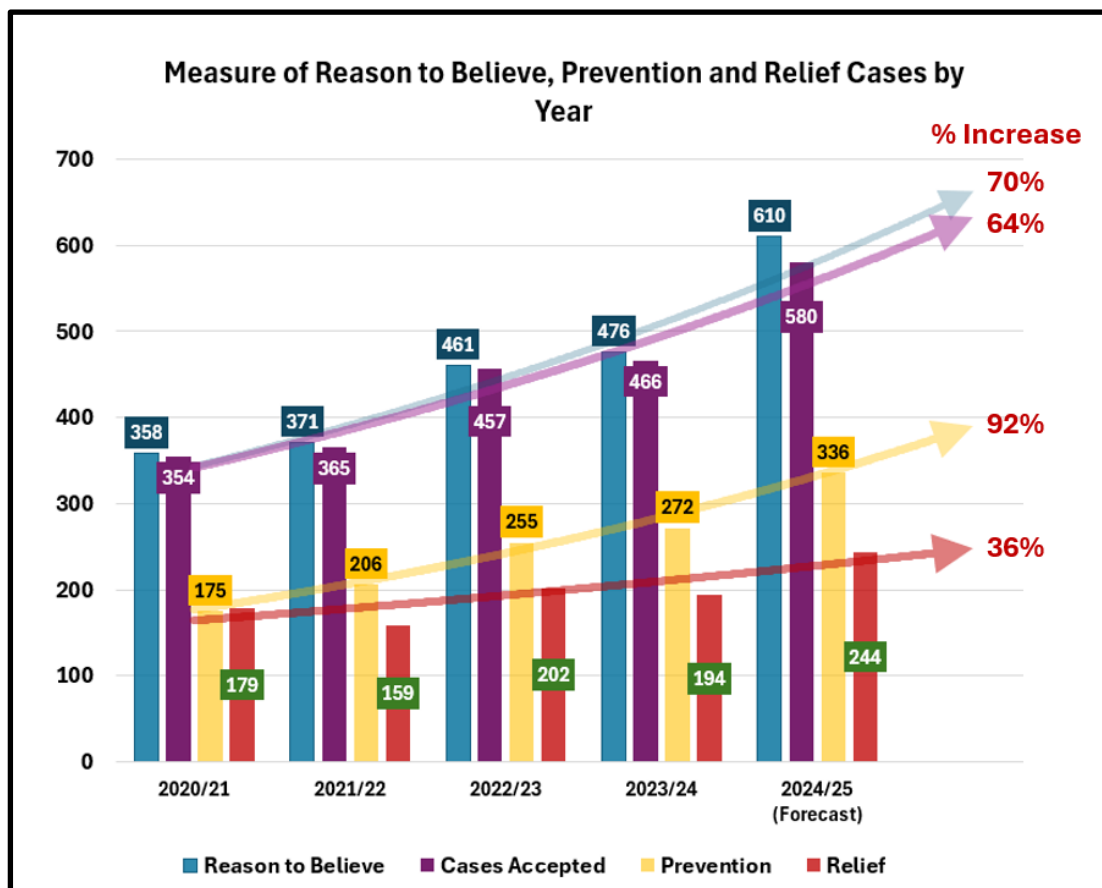
Once passed to a Homeless Officer, the officer will carry out a detailed assessment of the circumstances leading to the applicant approaching the service. The aim of the assessment is to conclude whether the applicant is owed either a Prevention or Relief duty or is not at risk of homelessness within 56 days.

Prevention Duty

A Prevention duty is awarded to the applicant if they are confirmed to be at risk of homelessness within the next 56 Days.

Relief Duty

A Relief duty is awarded to the applicant if they are already homeless or there is no prospect of preventing their homelessness from their current accommodation.

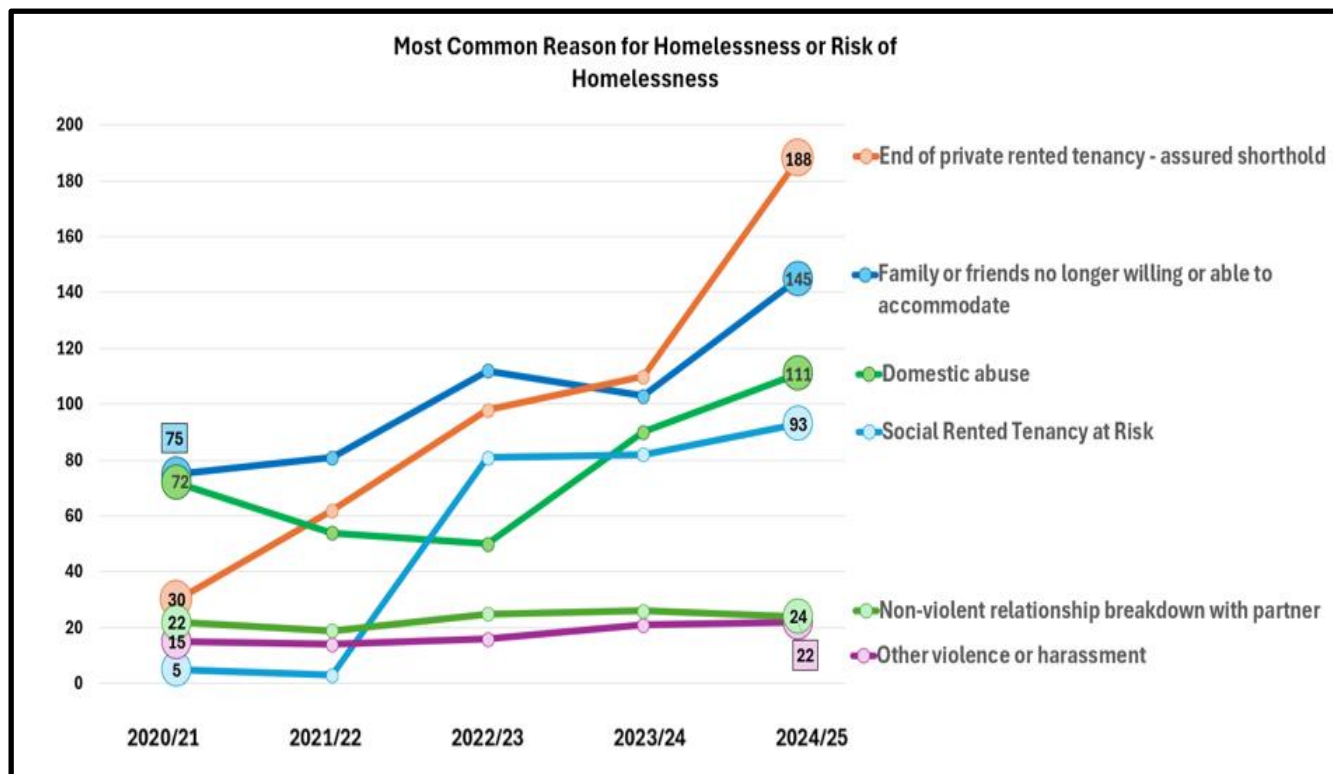


Shown in the data is the increase in footfall and homeless acceptances year on year since 2020. The graph includes a projection of numbers for the current financial year 2024/2025. This is calculated using the data we have to the present day and using an average to predict to the end of the year.

Not only is the rise in cases a cause for concern for the households themselves and an already stretched affordable housing sector and PRS, but it also causes a significant increase in workload for the Triage and Homelessness Teams. Each case represents a family or individual in crisis that require significant support. The additional burden means that Case Officers have less time to spend with each family.

Causes of Homelessness

There are many reasons for homelessness, however the six main causes have remained static for some time and are listed in the below graph. However, the prevalence of each causation has evolved as the housing environment has changed.



For the first time, the ending of Private Rented tenancies has become our principal reason for homelessness in Blaby, ahead of our historically foremost cause, Family or friends no longer being able to accommodate.

The top two reasons have continued to rise over the last four years and reflect several societal issues. Firstly, as described in the PRS chapter, the industry is becoming increasingly unaffordable for even those tenants who are working, and Private Landlords are moving away from the sector in ever increasing numbers and in so doing must evict tenants in order to sell their properties or increase their rental income.

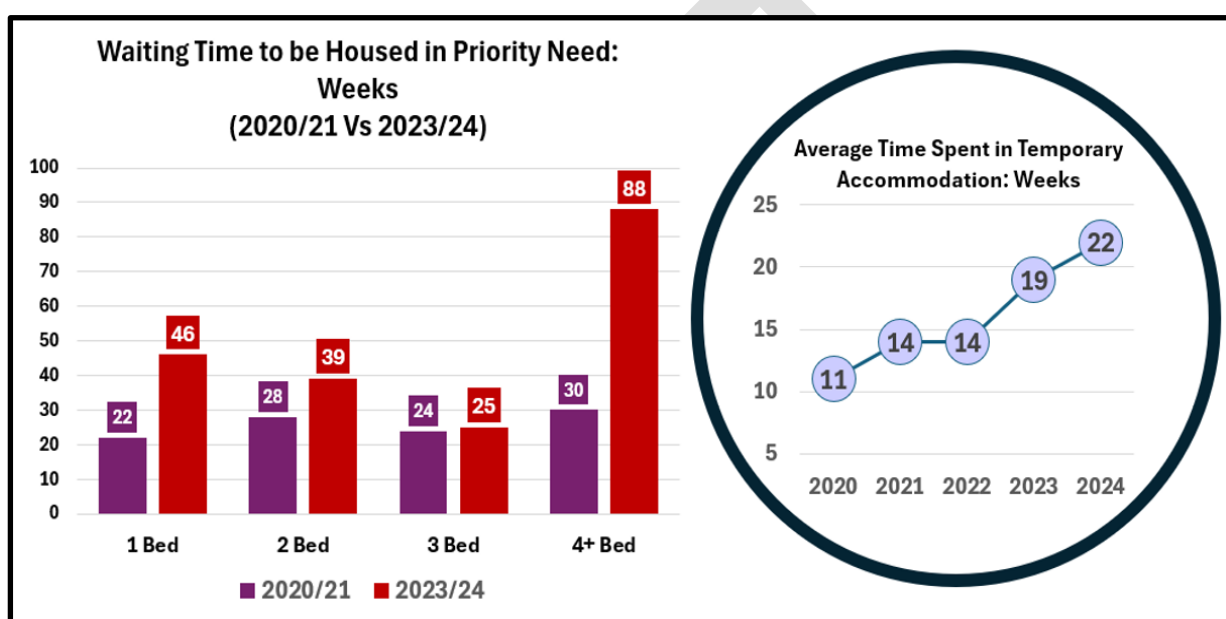
In terms of family or friends no longer willing to accommodate, this is often the result of strained family/friendship relationships due to the amount of time a relative or friend is staying whilst looking for permanent accommodation. Whereas in the past somebody may have been able to stay for a short time and find alternative accommodation of their own, this is again becoming increasingly difficult due to affordability and availability.

The fastest growing cause for intervention from the Housing Services team has been the increase in households at risk of losing Social Housing tenancies. The significant jump in this group has been partly down to a renewed focus in the way we work with

Registered Providers. We now take a much more active role in assisting them with tenants who are experiencing issues, in particular rent arrears. Our tenancy Sustainment Officer has forged very close partnerships with colleagues in the Registered Provider sector allowing us to prevent most cases in this group from being evicted.

Domestic Abuse numbers have sadly increased over the past 2 financial years and therefore remains a major cause for homelessness across the district. It is also often a driver for other types of homelessness through the underreporting from survivors of the true reasons for their homelessness.

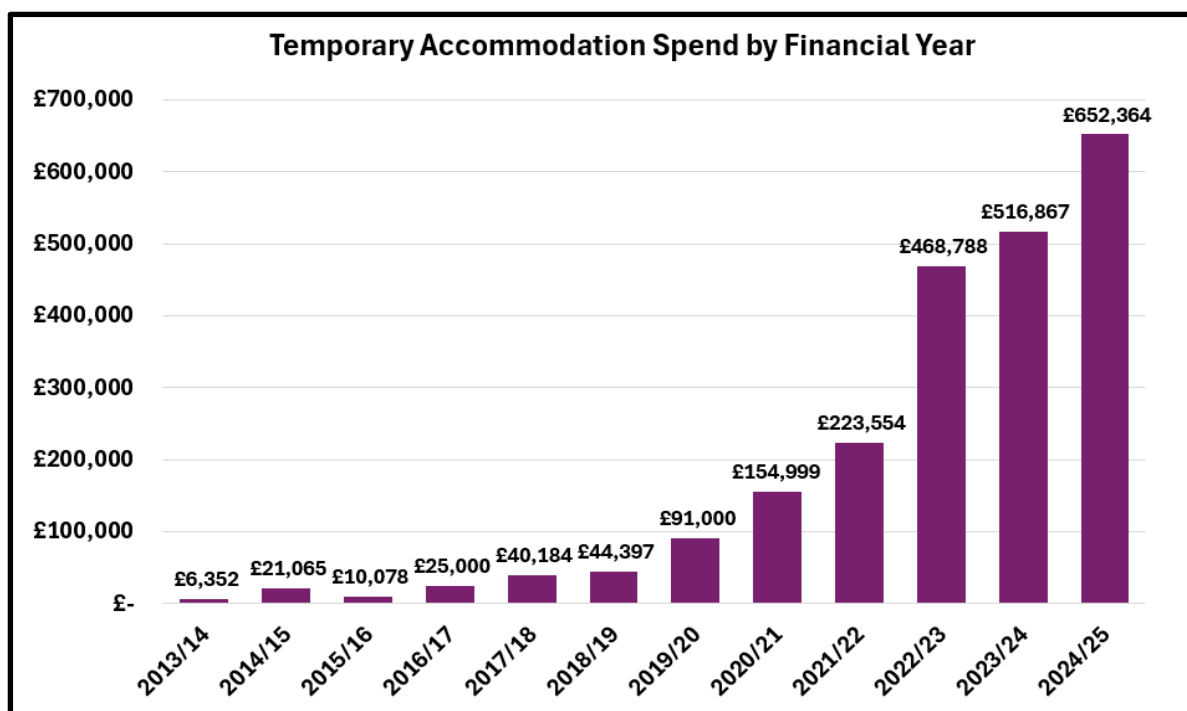
Impacts of the Rise in Cases: Waiting Times and Temporary Accommodation



The increase in cases, and the decrease in options to resolve them, has meant that households are spending significantly longer periods of time waiting to be housed and increasing the cost of temporary accommodation.

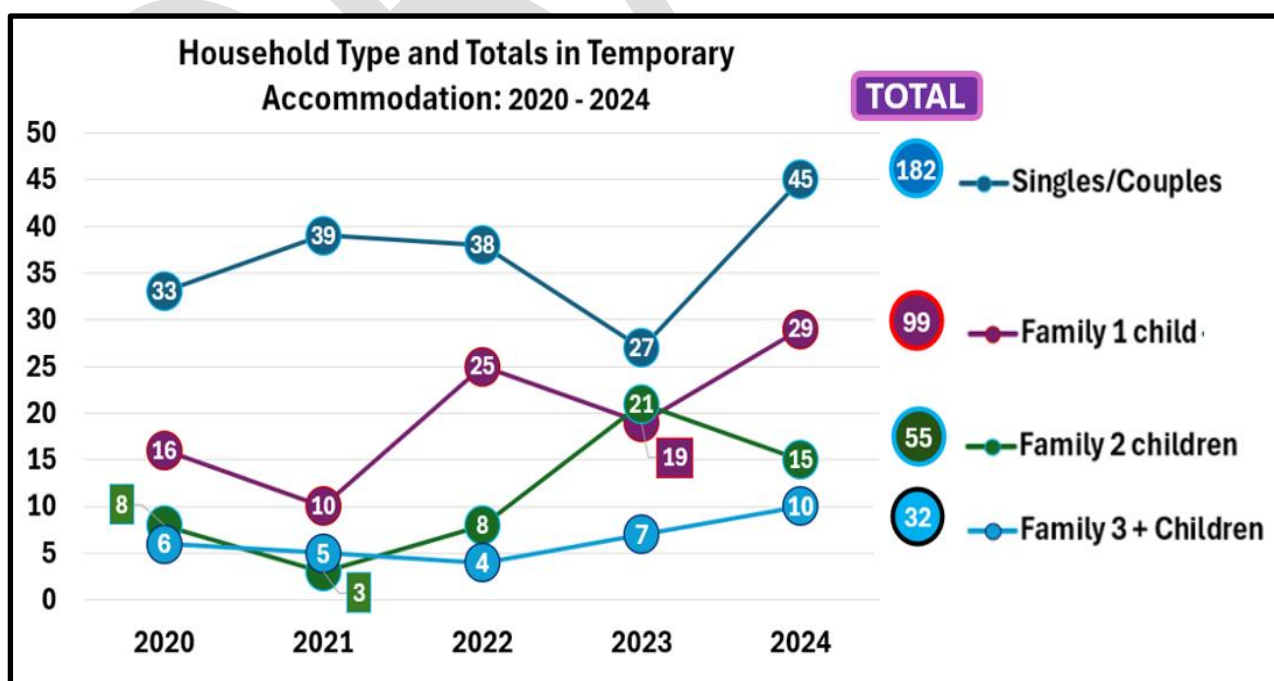
Once a household with children has passed 6 weeks in a Bed and Breakfast placement the law states that they must be moved to a self-contained placement. It is always our aim to house people as appropriately as possible before this legal limit.

As households are waiting longer for accommodation, more households require self-contained accommodation, which in the private sector is significantly more costly than Bed and Breakfast. This therefore increases our temporary accommodation spend further. The below graph shows our year on year increase in spending.



(n.b. The above graph contains figures for 2024/25 that are forecast using the average weekly numbers from the first 33 weeks of this financial year)

In terms of those residents staying in temporary accommodation, the below graph records the different household types, that over the last four years, the Housing Services team have placed in temporary accommodation.



While the numbers have fluctuated over the four years, Single Adults and Adult Couples without children have remained the largest cohort requiring temporary accommodation (50% of all placements between 2020 and 2024).

Households with children automatically require the duty to accommodate whilst single adults or couples without children need to be assessed as having significant additional vulnerabilities to be awarded the same duty.

This cohort is often the most time intensive group for Homelessness Case Officers to manage, presenting significant challenges. Due to the nature of their additional needs, temporary accommodation can prove to have negative impacts on those vulnerabilities, with many single households moving between different accommodation placements.

Single Homeless Case Study

Jane (not her real name) presented to the Council as she was fleeing domestic abuse from her marital home. As well as the trauma of experiencing domestic abuse, Jane could not read or write and suffered from both learning difficulties and mental health conditions. Jane also suffered with several physical health problems causing her significant chronic pain and impacting her mobility.

Jane had no access to any benefits on presentation and had no contacts with any other services. She had no money and no access to food. Jane was provided with Temporary Accommodation while the Homelessness Officer completed the investigation into her circumstances.

The investigation revealed that Jane had been married to a British National, however was unable to access public funds due to her immigration status now that she had fled her husband. Jane had also been forced to leave her child at home when she fled, increasing her anxiety and trauma.

Both our Homelessness Officer and Domestic Abuse Officer referred Jane to multiple agencies (Citizens Advice, Immigration Support Charities, Doctors Surgeries, Mental Health Services and others). Due to Jane's lack of reading and writing, our officers became the point of contact for Jane and the multiple services assisting her.

During her time in temporary accommodation, Jane was hospitalised due to her physical health and was also referred to Social Services and the Safeguarding Team due to suicidal ideation.

Due to our officers' hard work, Jane was able to access the benefits she was entitled to, was signed up for a GP, received Mental Health support from the NHS and received food parcels from the Council whilst also being signposted to other food providers. None of which would have been possible without the work of the Housing Services Team.

Jane was originally placed in temporary accommodation in October 2023. Due to her multiple difficulties, Jane was assessed as not being able to sustain her own general

needs tenancy and was finally placed in a supported housing placement in July 2024.

Jane had spent 38 weeks (nearly 9 months) in temporary accommodation.

Conclusion

In conclusion the rate of Homelessness has continued to increase and several national pressures (Covid, Cost of Living, PRS affordability and supply, planning slowdown) have all contributed to the rate of homelessness rising to its highest recorded level in Blaby District. The Housing Services Team continue to explore ways of countering these external pressures and working within Government guidelines to ease the burden on the residents of the district.

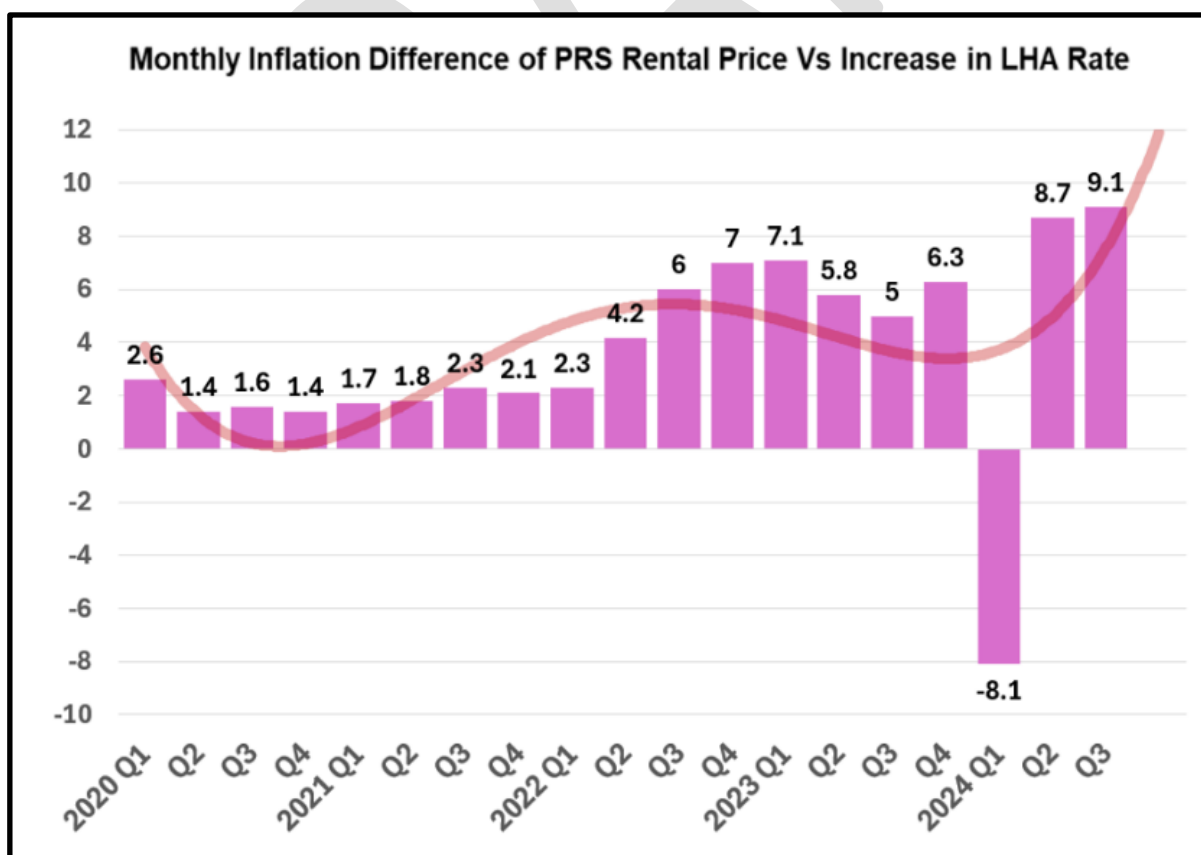
Inaccessible Private Rented Sector (PRS)

Historically due to Blaby Districts smaller than average social housing stock (as detailed in the Housing Profile) the private rented sector has been a key resource to prevent and alleviate those facing homelessness. However, the volume of households accessing the PRS is decreasing, and properties that are available have become unaffordable for many of our residents.

Affordability

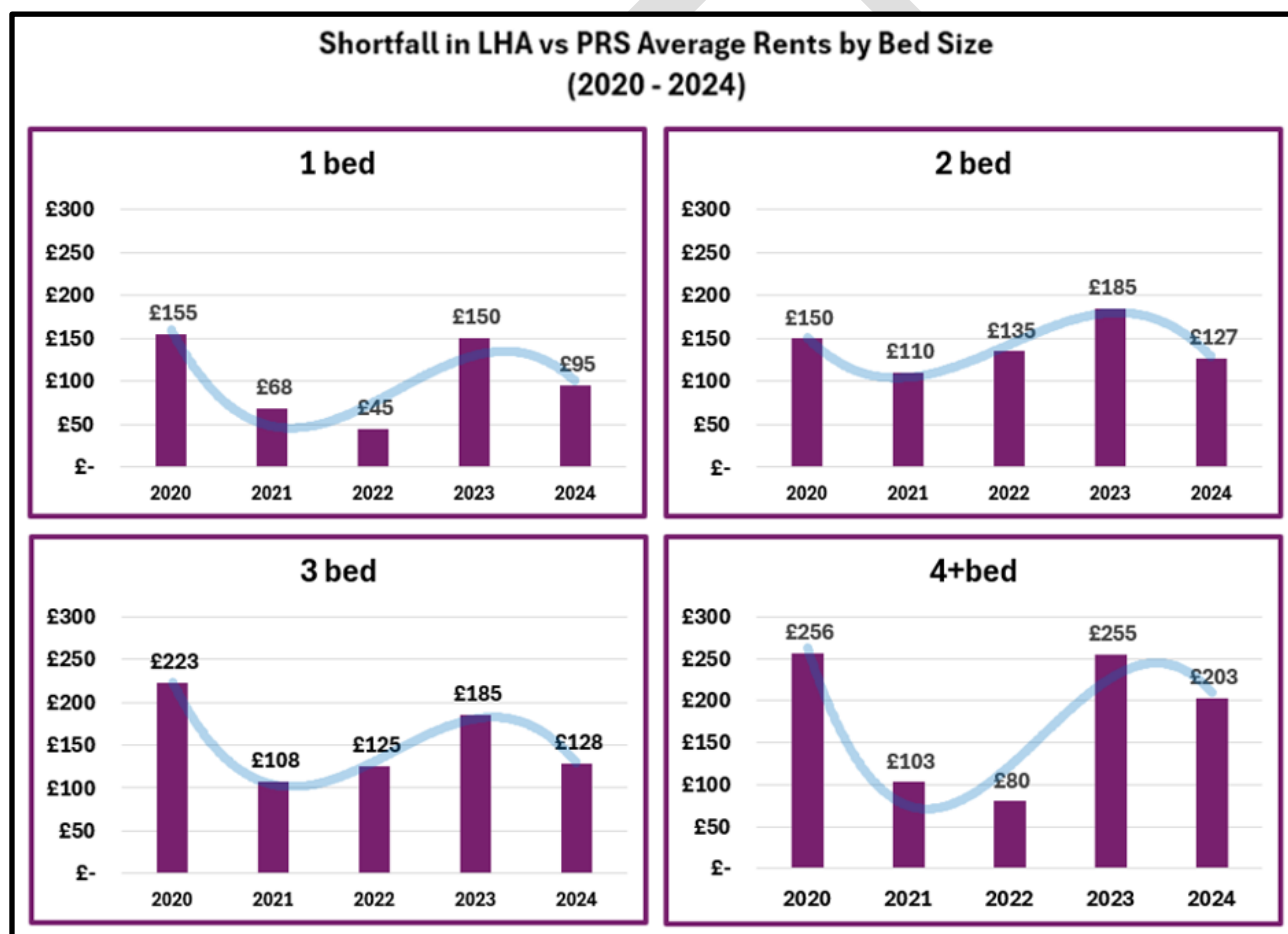
Many of our homeless households rely on Universal Credit to contribute to their housing costs, either partially (for those in employment) or as their sole income for rental payments (for those who receive the full entitlement). The value to the resident of these payments is governed by their household's bedroom requirements and the Local Housing Allowance (LHA) award. This value is set on a regional basis by Central Government.

The LHA rate in Blaby is tied to the cost of private renting in Leicestershire as a whole. The figure is based on the lowest 30th percentile of available private rented costs within the region (incorporating several areas with significantly lower rent levels) and has only been re-evaluated twice in the last four years. Once in April 2020 and once in April 2024. Over this period the below graph shows the inflationary increase in PRS rents offset with the increase in LHA rates.



The LHA uplift in April 2020 represented a 1% inflationary increase (against a 2.6% rise in that period in private rents). The increase in April 2024 (a 16% inflationary rise against the previous rate), while significant and having a positive impact, has already been offset by PRS increases in the subsequent two quarters. The incoming government has already confirmed that the LHA rate will not be revisited for review until at least April 2026.

The result of the failure of the LHA rate to keep pace with PRS rental increases has led to significant shortfalls across house types for anyone wishing to rent a property privately. The shortfall represents the monthly cost difference between the Housing Benefit award and the average cost of a PRS property. The graphs below show the different level of shortfall a household would need to make up monthly on top of their Housing Benefit payment to meet the average cost of a Private rental property across each property type.

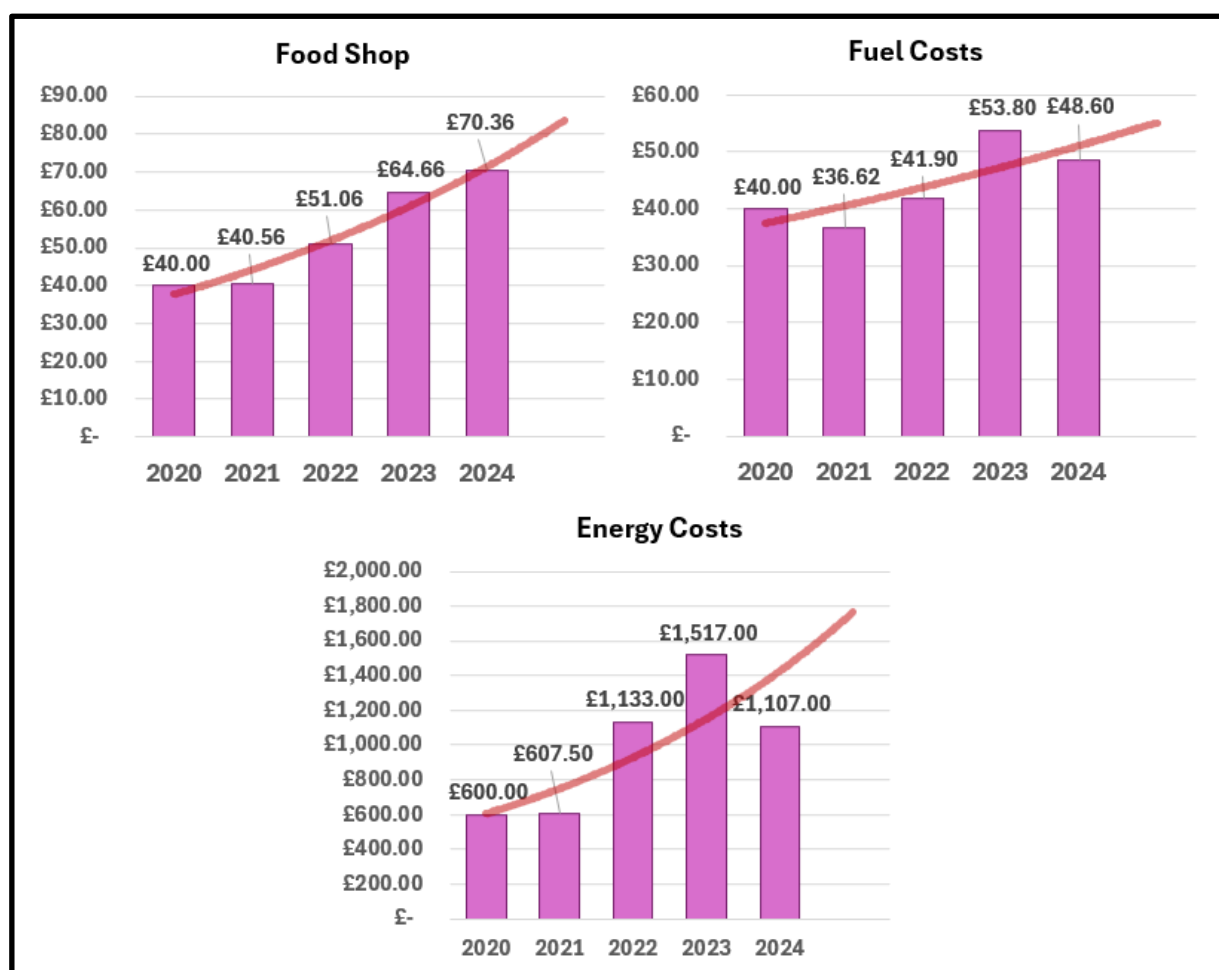


Whilst in the past it may have been possible for households to absorb the shortfall in LHA values, this is now increasingly difficult during the cost of living crisis.

Food, Energy and Fuel

Inflationary pressures on other key areas of household spending (Food, Energy and Fuel) have meant households have very little spare income to offset the extra cost of

PRS housing. The below graphs show the inflationary increase in costs of the three main necessities since the first Quarter of 2020. The figures demonstrate whilst inflation is fluctuating, prices are significantly higher than at the start of 2020.



Supply

Compounding the increasing unaffordability, the supply of private rental housing in the district remains low. Given the unpredictability of when PRS properties become available in a free market, it is difficult to demonstrate concrete statistics over a defined period as to how many properties become ready to let. However, we produce a series of snapshots of Private Rent availability when assessing housing need for planning applications. Below is a breakdown of these snapshots over the last 4 years. The data demonstrates the lack of provision open to those on our housing register.

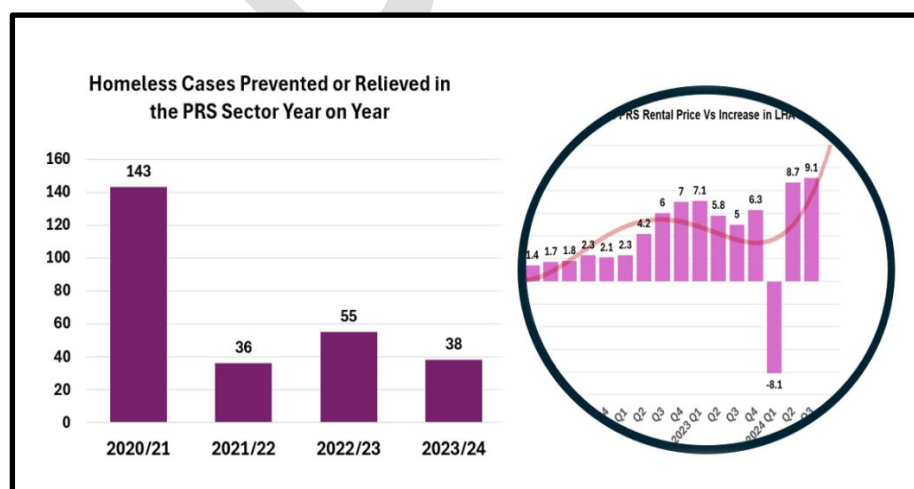
Private Rented Availability Snapshot Statistics

Snapshot Date	1 bed	2 bed	3 bed	4+ bed	Bungalow	Total
Jun-24	5	9	13	12	1	40
Feb-24	8	6	12	10	3	39
May-23	5	16	10	6	5	42
Aug-22	11	11	23	7	1	53
Mar-22	6	9	6	3	2	26
Jun-21	4	8	11	13	1	37
Dec-20	9	17	22	6	2	56
Average	7	11	14	8	2	42

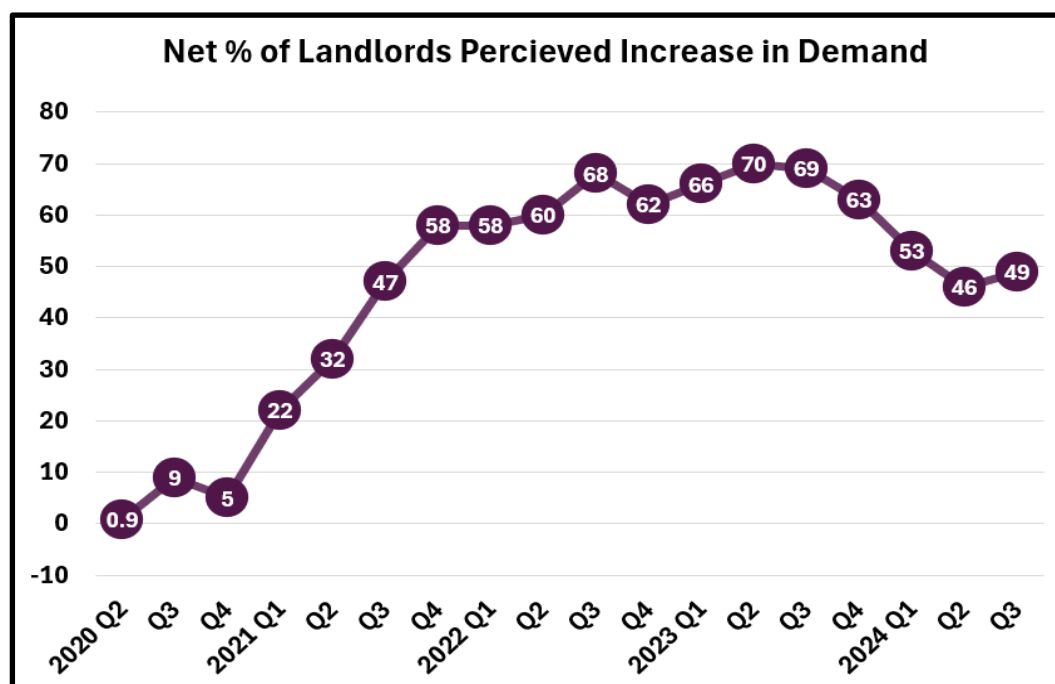
On average at any one time there are only 42 properties of varying sizes available to let, this is offset by the average number of applicants on our housing register of over 800 households seeking different accommodation. Both housing register applicants and Homeless households who have sought the help of the council are very likely to be lower earners.

The small supply of private rented homes means that landlords are in a position where they can increase rents and ensure that tenants have sufficient financial means (for example introducing earnings thresholds) to secure those higher rents without the danger of their properties lying vacant or rent arrears occurring.

As a result, the option for private renting is financially unviable for a large proportion of residents. This is borne out by the reduced number of households able to relieve their homelessness in the sector. The below comparison shows the sharp increase in rents and the subsequently reduced numbers of homeless households who secured PRS housing.



The percentage of Landlords who perceived that they were experiencing an increase in demand has also risen significantly since 2020 (below graph). Even though this is only a perceptive view it is likely to steer landlords to increase their rent levels as they feel there is capacity to do so without leaving properties unlet. This is also a negative factor for families on lower, unsecure incomes in their ability to compete with other prospective tenants with more secure and higher incomes.



This perception of increase in demand could also indicate the effect of other landlords leaving the market and the provision of rental properties becoming more limited. The net result being that those landlords that do remain will have an ever growing list of applicants and can raise rents accordingly.

Anxiety in the Market, Legislative Change and Higher Interest Rates

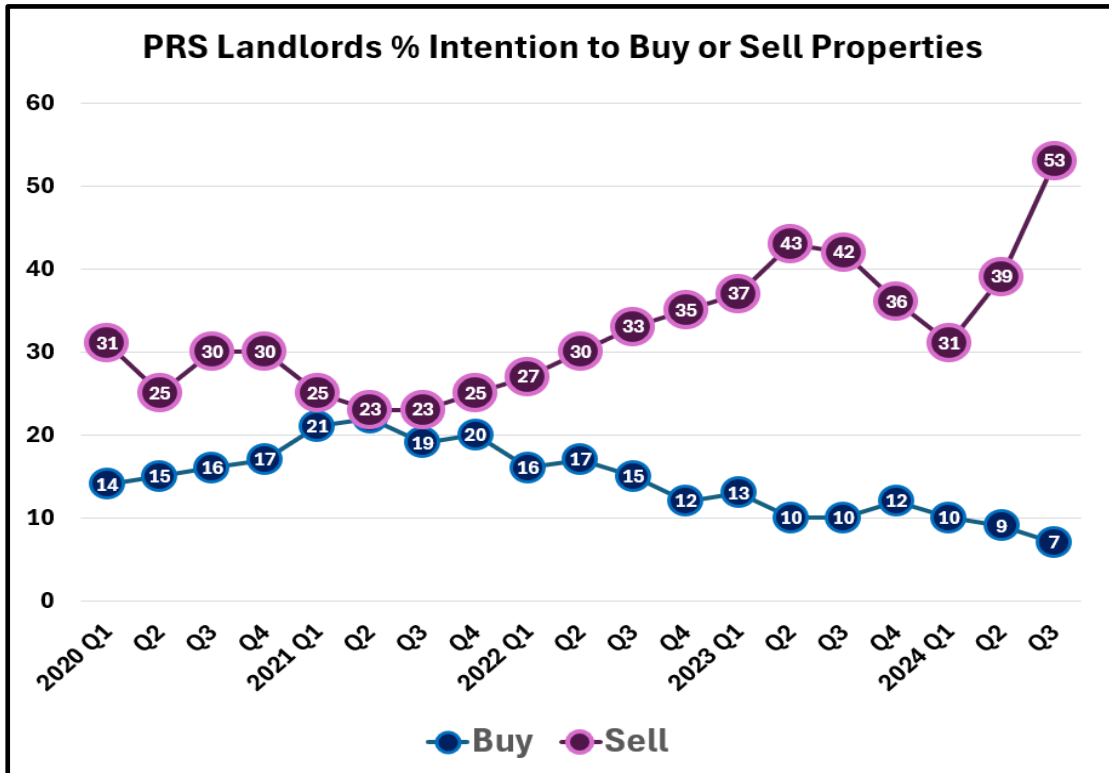
Landlords themselves are now actively looking to leave the sector due to several factors. Alongside tenants, landlords are also subject to the inflationary risks of the cost of living crisis, and many have also found mortgage rates have risen considerably over the last couple of years

The upcoming Renters Rights Bill has also contributed to unease in the sector. Whilst beneficial to current tenants with the introduction of the ban on Section 21 No Fault Evictions, Landlords are concerned that they will no longer have the flexibility that they once enjoyed.

The National Residential Landlord Association (NRLA) conducts a quarterly survey of Landlords. The Landlords Confidence Index (LCI) for the months July to September 2024 confirms the impact of the above pressures.

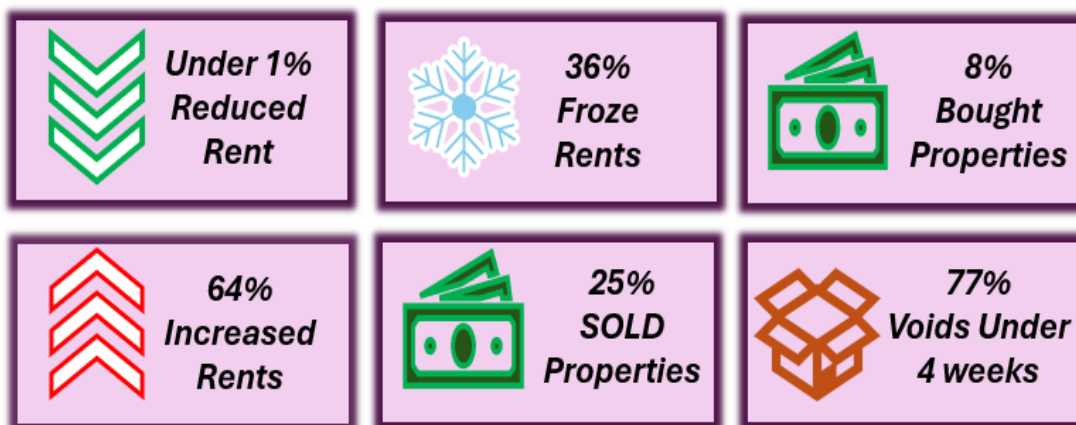
- 71.6% of Landlords having less confidence in the sector

- Only 0.6% feeling more confident
- An Overall Confidence score of 24.5% represents an all-time low, lower even than at the onset of Covid-19
- Numbers of landlords looking to increase their portfolios has hit an all-time low
- Landlords looking to sell is at its highest level for at least six years

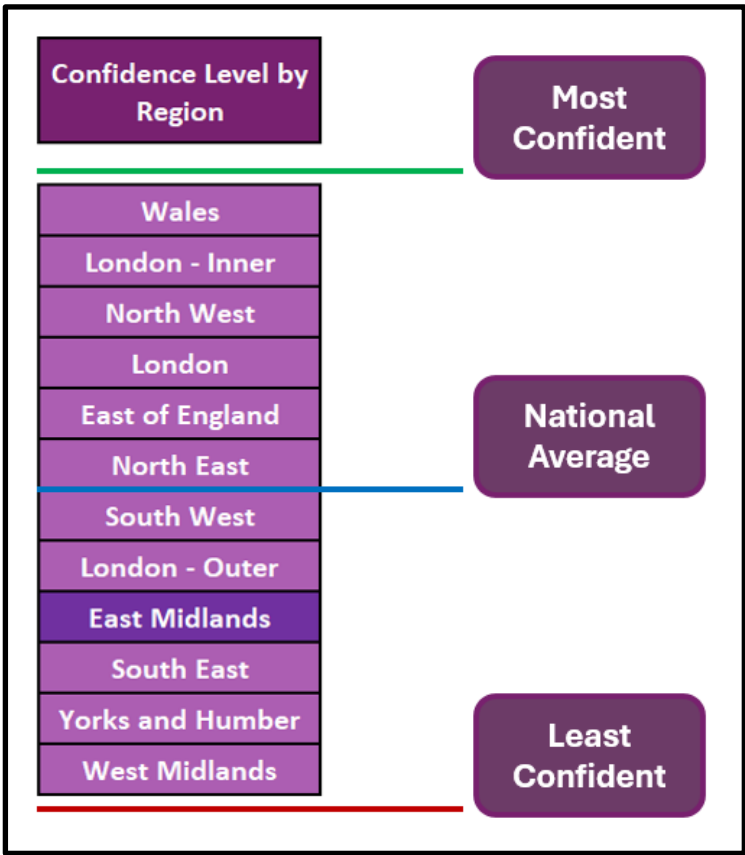


When considering the above graph, the intentions of Landlords seems to be an uncertain measure and whether they will continue to lack confidence may change, however it suggests that there is a reluctance to embrace new legislation designed to protect tenants.

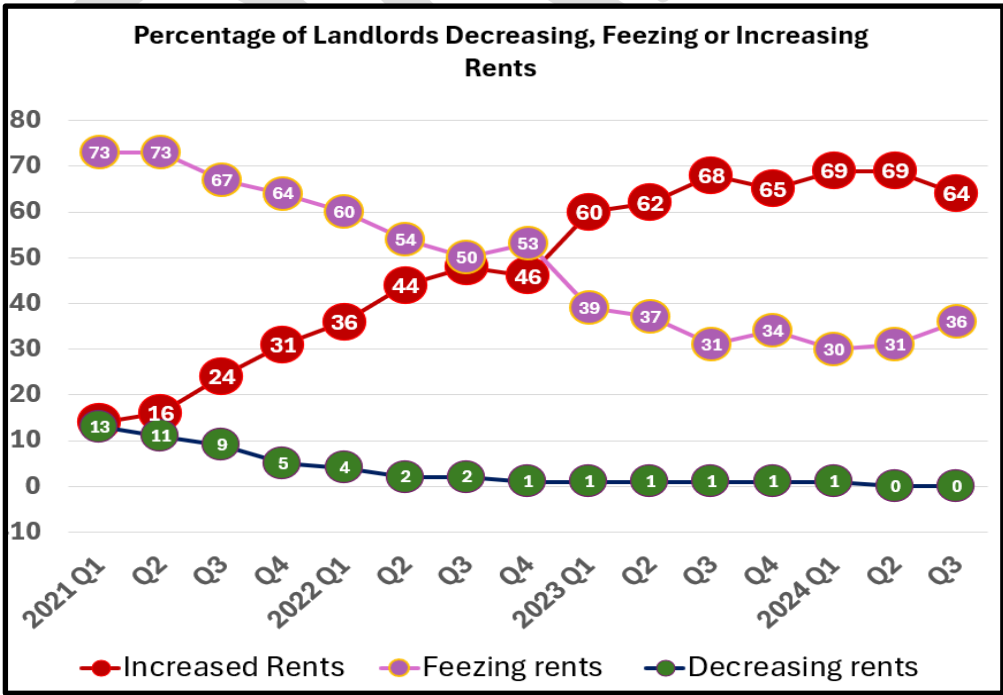
Further key findings from the report covering the last 12 Months include the below statistics:



Although the survey is a national one covering all of England and Wales, a table is produced to show a breakdown of confidence levels by region. The East Midlands is the 4th least confident region in the UK.



Much of the above data can be seen manifesting itself in the increasing number of landlords who are routinely increasing their rents.



The graph above shows that in just the last three years the percentage of landlords increasing rents rose from 21% in 2021 to now 67% in the first three quarters of 2024. Freezing rents has also reduced dramatically from 69% in 2021 to now only 32% in 2024. Landlords who lowered their rent levels, already a rare event at 13% in 2021 has dropped to no landlords at all indicating they will lower their rent levels, this is despite the dramatic increase in rents since emerging from the pandemic and the cost of living pressure facing their tenants.

Lastly, and which is apparent from the findings, the sector is experiencing significant turmoil. The NRLA state that their findings that 25% of landlords have sold properties (rather than just indicating they are looking to sell) is a record high and note that this figure doesn't include landlords who have sold their entire portfolio and who now no longer fill out the survey. As a result, they conclude that the number of landlords selling is likely to be higher. This would ensure that the other trends of increasing rent and lack of new provision will continue into 2025.

Conclusion

In conclusion, the turmoil in the Private Rented Sector through lack of supply, unaffordability and an increasing lack of confidence from landlords themselves has, over the time-period of the last Homelessness Strategy, resulted in a significant challenge for the Council in its attempts to access the market for vulnerable residents. Whilst we continue to routinely advise homeless households to diligently explore the PRS market, it is increasingly clear that currently this is only a viable option for a small number of our residents in attempts to relieve their homelessness.

Affordable Housing Delivery

Alongside the PRS sector, the only other route to a secure home for our homeless residents, should they lose their current home, is Social Housing. All social housing in Blaby District is delivered via Registered Providers and is made up of existing stock and new build delivery.

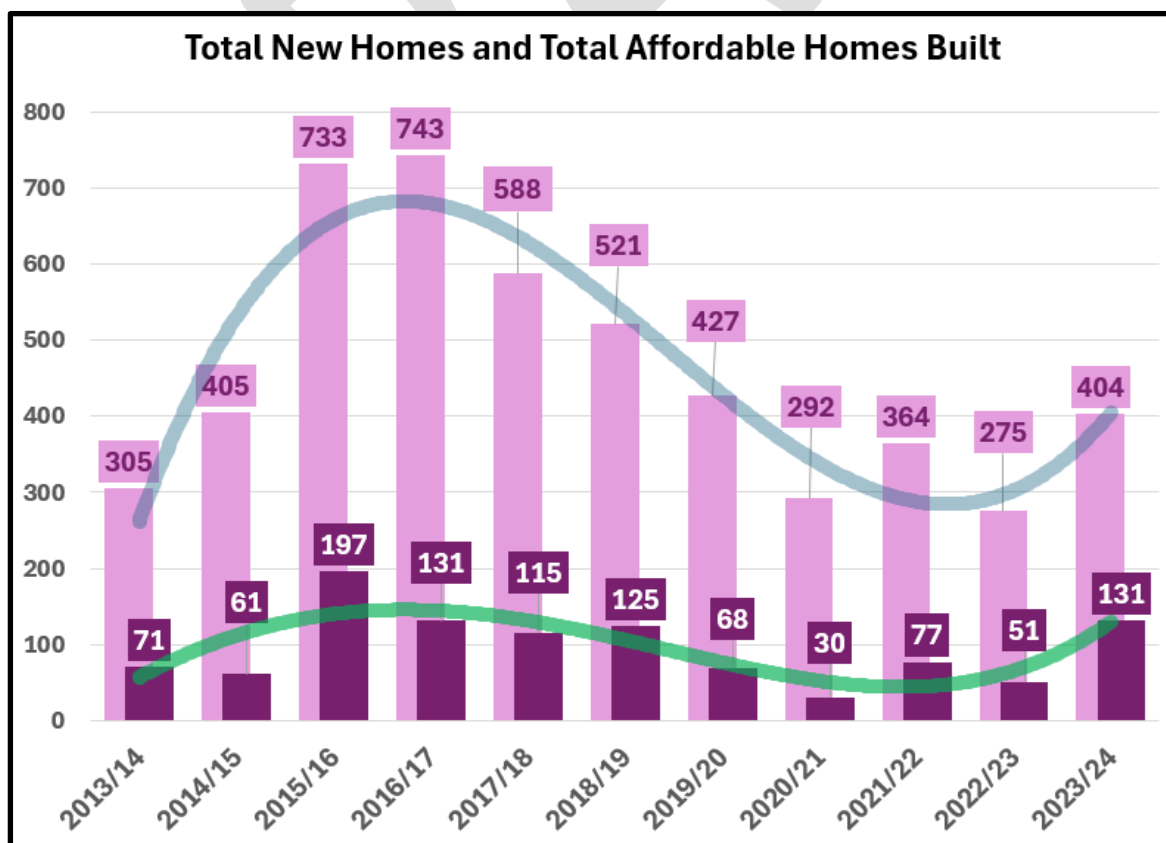
A key priority for the Housing Services Team and the Council is to maximise the increase of new affordable housing. As the Council is a non-general needs stock holding or house building authority this is achieved through the planning process and close partnership work with both Market Housing Developers and Registered Providers of Social Housing.

The latest research contained within the Housing and Economic Needs Survey (HENA) indicates that Blaby District Council would need to provide an additional 536 new Affordable Properties each year (from 2021 to 2039) to meet the unmet housing need for the district.

Current and New Delivery Review

The previous four years have proved to be difficult in terms of new affordable housing. Multiple factors have been significant in a smaller than average number of new affordable dwellings being completed.

Below is a graph showing the numbers of affordable housing units delivered over the last ten years per financial year in comparison to the total number of homes delivered.



Market Delivery

The key relationship between the provision of market housing and the provision of Affordable housing is clear. Given the Council's policy position of requiring any scheme of 15 or more units providing 25% of those units as affordable homes (20% on our Sustainable Urban Extension - New Lubbethorpe), a lack of private sector delivery has a big impact on our ability to provide new affordable homes. Simply put we are beholden to Developers to build in Blaby if we want to increase affordable housing in any significant number.

Focusing on the last four years, we can see the slowdown of market delivery has significantly reduced the provision of new affordable housing units. Several factors have contributed to this decline, including notably

- Covid 19
- Inflation in the building industry
- Land Availability
- Workforce decline
- Materials Cost



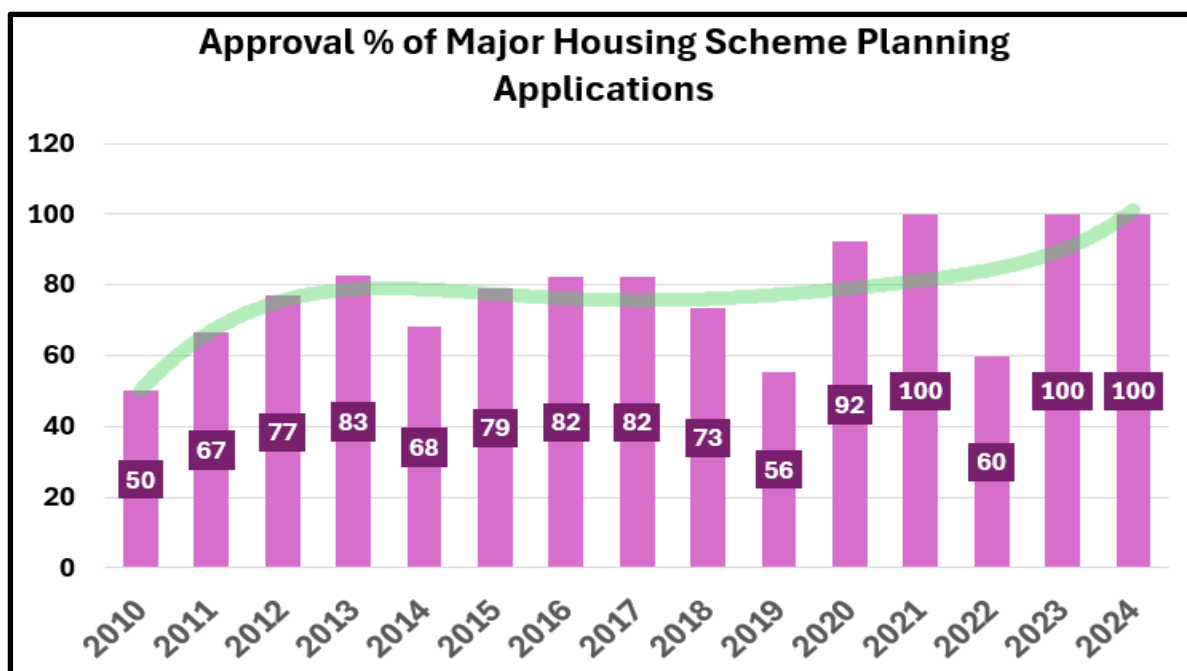
2014 to 2019 = 629 Units

2019 to 2024 = 357 Units

Factors within our Control

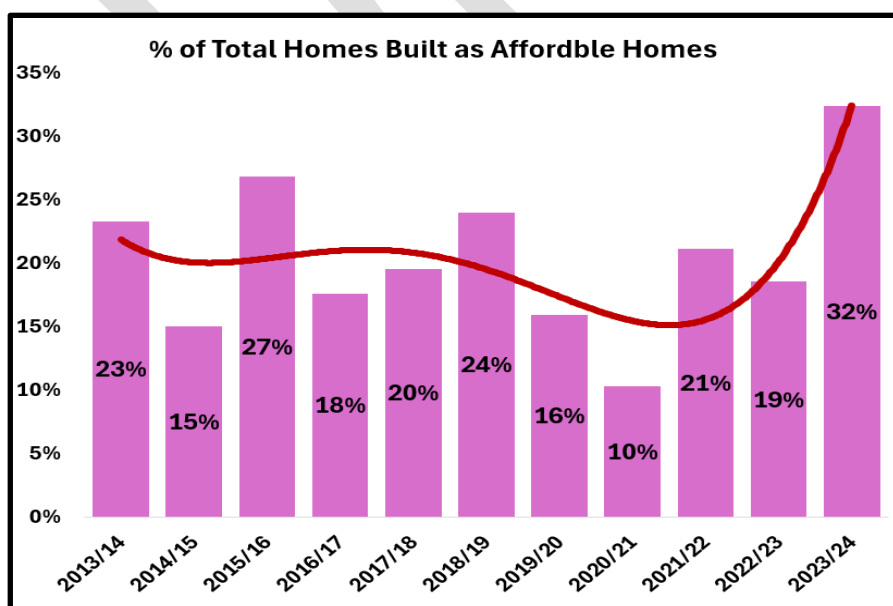
All major Housing Development planning applications must pass through the Development Control Team to make sure they are policy compliant and meet the objectives of Blaby District Council. Planning and Housing Strategy Officers work hard with developers to prepare all applications so that when presented to Planning Committee only those that are right for Blaby are approved and allowed to proceed.

As a Council we have a good record of approving applications based on their merits. Our approval rates for Major Developments is shown in the below graph.



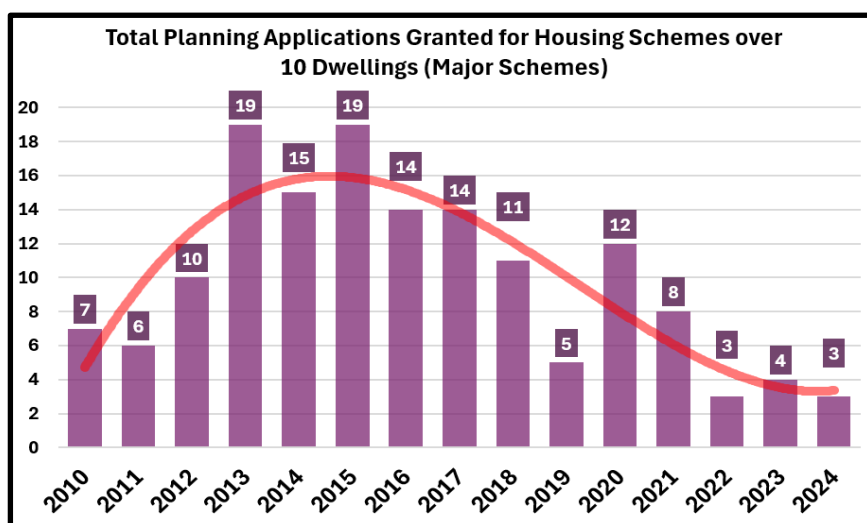
As the results show, we approve a high percentage of schemes for new housing, recognising the need to increase our housing delivery. Indeed, in the period of the last Homelessness Strategy 2020-2025 we have approved 90% of all major housing applications.

Of those schemes approved, 100% have been policy compliant in the number of affordable homes they have provided (25% affordable dwellings on schemes over 15 units). The below graph shows the number of affordable homes completed as a percentage of total dwellings built, with 2023/24 showing the highest affordable housing percentage of delivery in the last decade. However, as a caveat to this performance, this increased delivery was mainly due to two all affordable developments coming forward at the same time, for various reasons including the pandemic, these schemes had previously been delayed.



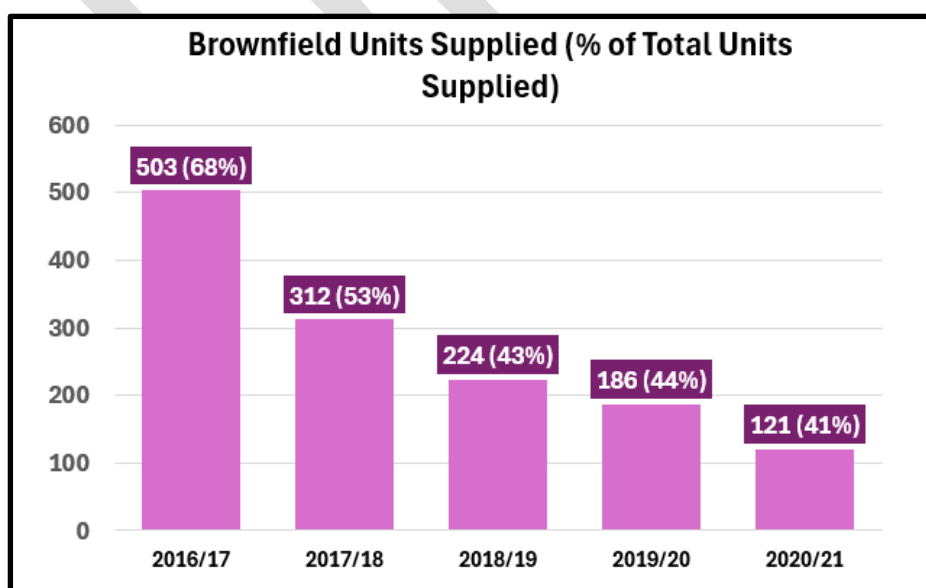
Factors Out of Our Control

When we consider the number of planning applications that have been presented by developers to the Council the issues we face become clearer.



Since a high point in 2015, applications from developers (2015 - 2024) for new major housing sites in our district have dropped dramatically (above graph). Consequently, the opportunities to utilise the major schemes for affordable housing delivery have also reduced.

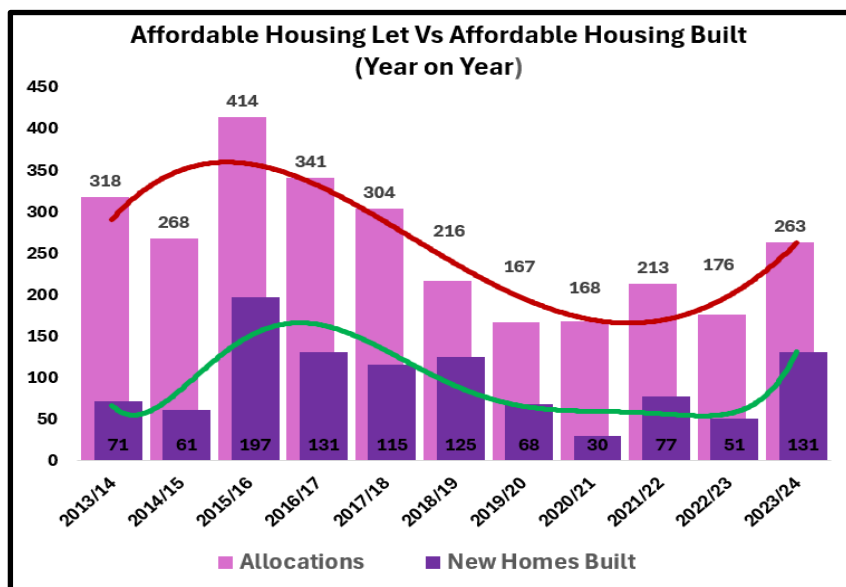
Another of the key restrictive factors in the last four years is the lack of Brownfield Land in the district. Brownfield land is defined as land that has previously been developed (not green or open space) and is suitable for new housing. As of 2021 Blaby District had only 3 sites identified as having the potential to deliver housing of more than 15 units (and thus providing affordable units). Previously Brownfield land has made a significant contribution to overall (and subsequently also affordable) housing delivery as shown below.



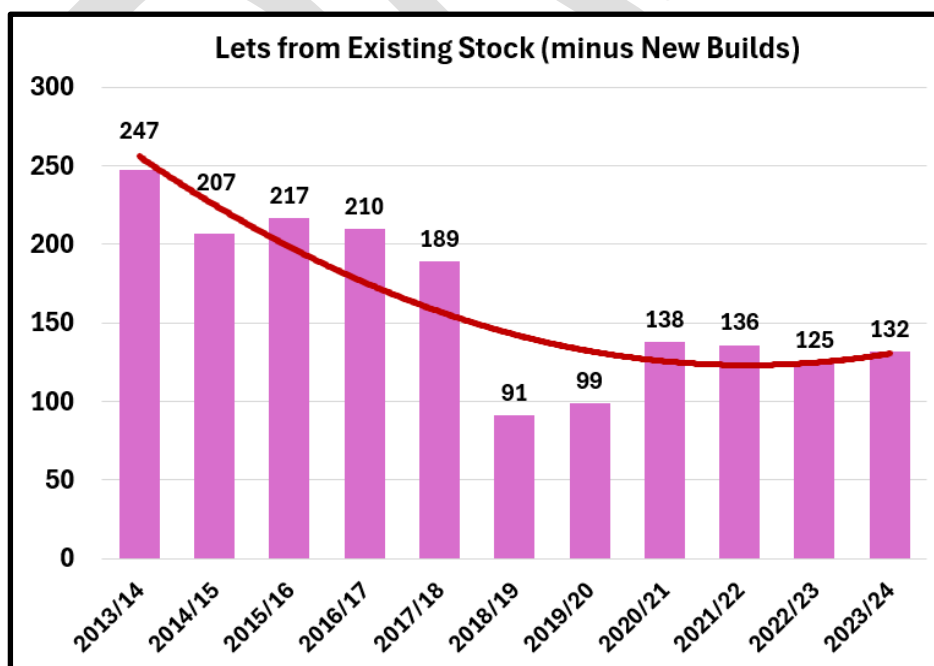
Existing Supply

The lack of New Affordable housing is having a big impact on our ability to provide housing for the homeless residents in our District. The other key resource we rely on is the turnover of existing stock becoming available as people move on from social housing.

The below graph shows the direct correlating trend between new housing built and the increase in lets we can offer our residents.



Furthermore, the average number of lets coming from the existing stock has dropped over time. Between 2013/14 to 2018/19 we advertised an average of 194 new lets from existing housing stock. This number has now dropped to an average of 126 per year between 2019/20 to today.

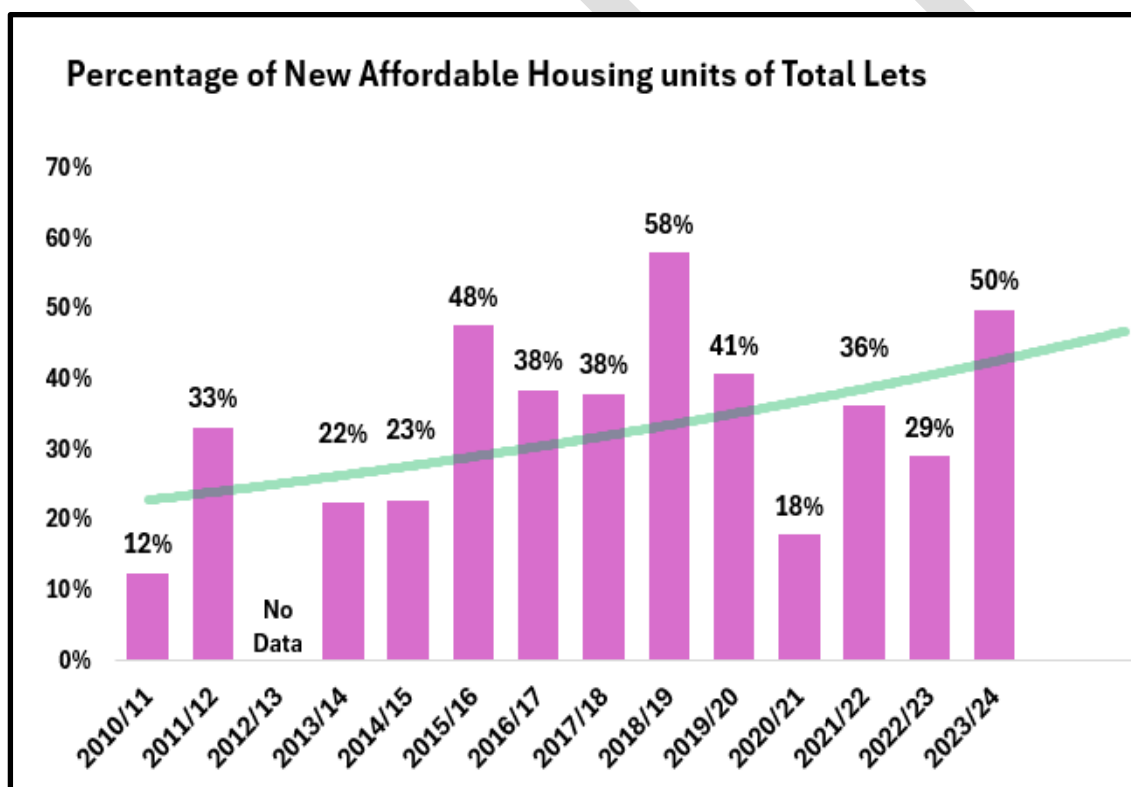


Potential reasons for this decline in existing lets is the increased work both we and the Registered Providers are doing in preventing households losing social housing tenancies. Whilst this is very important preventative work, this does have the unintended knock on effect of reducing turnover.

The collapse in the affordability of the Private Rented Sector could also be contributing to those households who may have in the past moved from social housing to the PRS, therefore freeing up new lets in the Social Rented Sector. Unfortunately, as detailed in the previous section, this is no longer an option for the majority of households living in social housing.

Also contributing to the lack of movement in the existing social housing stock is the reliance on new build affordable housing to supplement the total number of lets. Tenants are much less likely to want to leave a new build property.

Over the last 15 years the percentage of new build housing of the total lets per year has been (although erratic and dependent on yearly provision) increasingly important in housing those in the greatest need (Below Graph).



Conclusion

New Affordable Housing delivery is becoming more and more central in our capabilities to address homelessness in Blaby. With the contraction of the Private Rented Sector limiting a significant tool for homelessness prevention, the council will need to prioritise affordable housing delivery wherever opportunities present themselves. Despite difficulties in the availability of land, high inflation and rising materials costs we will still need to ensure that the housing that is built is suitable to

meet the needs of the district by working closely to communicate those needs with developers through the planning process.

DRAFT

Key Priority Performance Review 2020 – 2025

The last Homelessness and Rough Sleeping Strategy identified our vision and four key priority areas for the Council to focus on to look at ways of improving our offer to those residents experiencing or at risk of Homelessness. Our vision and key priorities were ...

Vision

Prevent homelessness and end rough sleeping in Blaby by working in partnerships to meet the housing and broader needs of those at risk of homelessness, or who are already homeless.

Key Priorities

- **Priority 1:** Preventing homelessness and reducing the use of temporary accommodation
- **Priority 2:** Increasing the supply of affordable housing
- **Priority 3:** Developing partnership work and wider communications to ensure sufficient user led provision
- **Priority 4:** Supporting vulnerable households to be independent and self-reliant

Below is a list of the Councils Key achievements and the key priorities they relate to.

Homelessness Prevented or Relieved

Between 2020/21 and 2023/24, the Housing Services Team have successfully prevented or relieved 1131 Households from the threat of, or experience of, homelessness. On average 280 households per year have been removed from this threat with 2023/2024 seeing the highest number (311 Households). This is testament to, most importantly, the hard work of the Homelessness Team in very challenging circumstances but also the extra provision of new build affordable housing in 2023/24

The number of ways this has been achieved includes

- working with residents to stabilise their finances via accessing correct benefit entitlements
- negotiating with Registered Providers to suspend tenancy arrears court action
- negotiation with family to resolve issues leading to breakdowns in living arrangements
- negotiating with Private Landlords to repair broken relationships with tenants caused by either arrears issues or repairs and again accessing the right financial support people are entitled to
- accessing new private rental accommodation. In the majority of cases this involves officers supporting residents to prepare for a move to another local authority area, a move which often includes upheaval to their lives (for example moving schools for their children and changing travel routines for school and work)

- Ensuring that vulnerable residents receive the right medical or social care support so that they can manage an existing tenancy
- Mediation work with other Council services and Registered Providers and the Police to alleviate the risk of homelessness in tenancies that may be at risk through anti-social behaviour
- Finally, managing expectations of residents as to where they may be able to move to, so that they can access social housing in a wide as possible area

All of these resolutions involve significant work on behalf of the Homelessness Case Officers, whether that be liaising with multiple outside agencies (Social Care, Probation, DWP, the NHS among others) or whether that is leading and supporting residents through a process that is at best very stressful and at worst incredibly traumatic for them to face.

Alongside the work of our Homelessness Case Officers, our Tenancy Sustainment Officer has worked with over 500 households over the period of the strategy. The role includes extensive partnership work with Registered Provider partners, a relationship proactively developed by our Officer to allow the early identification of residents who are at risk of eviction for rent arrears.

This work is vital in preventing those residents from needing more extensive homelessness assistance from our Homelessness Case Officers in the future and includes court appearances supporting residents in arranging acceptable payment plans to pay off rent arrears, filling out complicated benefits forms and signposting to other relevant agencies. Our Tenancy Sustainment Officer currently has an average case load of 30 open cases at any one time, an increase from the first two years of the previous Homelessness Strategy.

Our Triage Team have responded to 4774 initial approaches. Despite the fact that not all these approaches have proved to be homelessness cases, the Triage Team play a vital role in signposting residents to the relevant support services more suited to their needs for those who have approached in a time of crisis but don't need direct homelessness prevention support.

The Triage Team also effectively manage the Housing Register and Housing Register Applications, processing new applications and reviewing existing ones. They have an average of 800 active applicants at any one time. The team also liaise directly with Registered Providers to manage the letting advert and allocations process from initial bids to final signups.

Priorities Met: 1, 3, and 4

Domestic Abuse Link Worker: Freedom Programme and Case Work

In response to the increasing number of Domestic Abuse cases the Housing Services Team were able to partly utilise UKSPF funding to commission a Domestic Abuse Link Worker to embed within the team. This has enabled all DA cases that come through to the Homelessness Team to be offered dedicated and specialised DA support quickly.

On average our Link Worker has a case load of 31 open cases and receives an average of 19 new referrals per quarter. They are a vital component of the team allowing for prompt support for those in need.

As well as direct one on one support with residents, our LW works in conjunction with an equivalent officer from Hinckley and Bosworth Borough Council to deliver a collaborative group learning programme for survivors of, or those currently experiencing, domestic abuse.

The Freedom Programme is a 12 week course open to all self-identifying women, queer and nonbinary people (anyone that is not a self-identifying man) with the following aims

- To help women understand the beliefs held by abusive men and in doing so, recognize which of these beliefs they have shared
- To illustrate the effects of domestic abuse on children
- To assist women to recognize potential future abusers
- To help women gain self-esteem and the confidence to improve the quality of their lives
- To introduce women to other women who share similar experiences.

The programme represents a progressive and proactive approach to empowering women to break the cycle of recurring domestic abuse. The group also provides a safe space for women to meet other survivors. The group helps to counteract the feelings of isolation that many of those surviving Domestic Abuse feel or are made to feel by abusive perpetrators.

Over the course of the last four years the Link worker has become a critical part of the Housing Services Team. Whilst “success” is difficult to quantify within such a qualitative process, the below quote from a service user is a good measure of the importance of the role.

Anon

“I don’t know what I would have done without the support over the last 12 months, this has truly been lifesaving”

Priorities Met: 1, 3, and 4

Affordable Housing Provision

Over the lifetime of the previous Homelessness Strategy, despite a period of slow housing growth, the Council has facilitated the addition of 357 new Affordable Homes in the district. The majority of which, 131, have come in the year 2023/24, following a period of low numbers significantly impacted by the Covid pandemic.

Within those units we have made some significant steps forward in the provision of suitable affordable housing for vulnerable groups. This provision includes temporary housing projects, longer term supported housing placements and Housing First units

for rough sleepers. This is all in addition to general needs long term secure social housing properties.

Local Authority Housing Fund (LAHF) Supported Council Owned Temporary Accommodation.



Since selling the districts housing stock in 2008 under a Large Scale Voluntary Transfer (LSVT), the district has not directly owned any social housing properties. With the rapid increase in financing the cost of temporary accommodation it became apparent that the purchase of properties to use for this reason was becoming more financially prudent.

LAHF Round One was introduced in December 2022 for local authorities to bid for the funds to provide suitable housing in response to the emerging needs for resettlement of Afghan and Ukrainian refugees (due respectively to the re-emergence of the Taliban in Afghanistan and the invasion of Ukraine by Russia).

As a District we have met our pledge to house these groups through other means, however the fund was expanded in March 2023 (LAHF Round 2) to include the eligibility for Local Authorities to bid to fund more sustainable and suitable Temporary Accommodation for all Homeless Households.

As our need for this type of accommodation was evident, we submitted a bid for an initial allocation of funds to contribute 40% of the value for purchasing 11 properties. The bid was successful, and we were able to stretch the grant further and purchase an additional 5 properties taking the total to 16.

With the Council able to match fund the allocation we were able to purchase 12 one and two bedroom flats and 3 two bedroom houses. The 15th and final additional property is in the process of being purchased at the time of writing this strategy.

A significant amount of work across the council was required to set up the properties from a maintenance and management perspective and fully furnishing each unit. This work involved collaboration between the Housing Services Team, the Property and Assets Team, Health and Safety Officers and Senior Leadership oversight. This work included incorporating additional property management responsibility to a revised post, Housing Accommodation and Enablement Officer, replacing the existing Housing Strategy Officer, and also the creation of a new post, a Housing Services Team Assistant to help with property administration.

The properties are now occupied by homeless families who would otherwise be in unsuitable temporary accommodation.

Supported Housing Long Term Accommodation

Henson House and Frost Court (detailed below) represent the first two dedicated supported housing developments built in Blaby District for many years. By working closely with the Housing Associations involved and by providing a financial contribution, we have managed to secure nomination rights to both schemes.



Henson House is a block of 11 One Bedroom self-contained flats and forms part of a larger All-Affordable scheme in Whetstone. The accommodation provides accommodation for single adults with Learning Difficulties, mental health difficulties or who are at risk of homelessness and require temporary accommodation.

Working in partnership with Emh Homes' development and care teams, the project has been in progress since 2021 and opened its doors to residents in July 2024. The project involved a significant amount of planning and collaboration between initially the Councils Development Control Team, the Housing Services Team and Emh's development and land purchase teams. Once the initial plans were approved, the work shifted to collaboration between the Housing Services Team and Emh's Accommodation Care and Support Team to ensure the accommodation was fit for purpose and provided the level of care for Residents that the Council required.

The resulting scheme provides residents who meet the criteria with a self-contained home with onsite dedicated housing and employment support and 24 hour staff availability. The key aim of which is supporting residents to learn how to maintain a tenancy and eventually move on to a more secure, and long term, permanent home.

The development was supported financially by Blaby District Council, utilising both ring fenced Homelessness Support funding from central government, for revenue funding, and our own commuted sums, supporting the capital build costs. The commuted funds are awarded to the council via Market Developers who are unable to provide the required percentage of social housing on market housing led developments and are ringfenced for affordable housing provision.

Frost Court, Blaby



Frost Court Blaby is a standalone Mental Health Supported Unit providing 14 self-contained one bedroom flats for residents who require mental health support and help in maintaining tenancies.

The project has been the result of extensive partnership work between Norton Housing (a Mental Health Care Accommodation charity based in Leicester), Blaby District Councils Housing Services and Development Control Teams alongside Nottingham Community Housing Association (NCHA), who acted as the development partner for Norton Housing.

Despite suffering several setbacks during the build process (outside the control of development partners) the scheme has now opened its doors to residents and is providing a much needed service as one of only a handful of residential units that provides dedicated Mental Health Supported Accommodation in the district.

The aim of Frost Court is to allow residents who are currently unable to maintain a general needs tenancy to build up the necessary skills to move on to secure long term housing with the support of staff at the unit.

The development was also supported financially by utilising commuted sums awarded to the council via Market Developers who were unable to provide the required percentage of social housing on market housing led sites.

Rough Sleeper Initiative (RSI) and Rough Sleeper Accommodation Programmes (RSAP)

In partnership with Emh Homes, Blaby District Council led on two County wide funding bids to provide Housing First properties for rough sleepers and those at risk of rough sleeping.

Housing First is an initiative to provide rough sleepers with initial accommodation and to then subsequently provide wraparound social care, mental and physical health care and support. This includes employment support and maximising benefit entitlements once they have a settled address. The service is unique as it provides the housing first allowing for rough sleepers to have a support network built around them rather than accessing those support networks whilst in insecure temporary accommodation or rough sleeping.

The RSI scheme provided 6 existing affordable housing units to be converted into Housing First properties across the County. Blaby District Council secured one property via Emh homes during the funding round. The scheme also provide the funding for a Homelessness Outreach service, officers who visit rough sleepers in situ around the county to assess their needs and signpost them to the correct Councils for more extensive Homelessness Support.

The RSAP funding was designed to purchase new properties from the private sector. Again, the Housing Service Team led a county wide bid in conjunction with Emh homes. We sourced the properties for Emh to purchase and refurbish ready for

occupation and management. Via this route we secured an additional 2 properties in the district to house Rough Sleepers.

Finally, we have also added a further lease property from Emh to assist with our temporary accommodation needs bringing that number up to four units.

Priorities Met: 1, 2, 3, and 4

Wider Blaby District Council Work in Homeless Prevention

Discretionary Housing Payments (DHP): Council Tax and Benefits Team

Discretionary Housing Payments, funded by Central government and directly administered and awarded by the Council Tax and Benefits team play a vital role in maintaining existing tenancies where they have become unaffordable and allowing homeless households to move to new tenancies affording a period of leeway for new tenants to put in place measures to afford properties in the long term.

Over the lifetime of the previous Homelessness Strategy, we have awarded the following funds (2020/2021 figure is low due to the Covid 19 Pandemic meaning households had less expenditure and PRS evictions were suspended)

2020/2021 - £67830.12	52.33% of allocation
2021/2022 - £71524.23	80.39% of allocation
2022/2023 - £61889.54	98.14% of allocation
2023/2024 - £59060.86	93.66% of allocation

For the financial year 2024/2025, 54.4% of the budget was awarded in the first six months of the financial year. This indicates we are likely to spend 100% of the budget this year.

Priorities Met: 1, 2, and 4

Lightbulb

Blaby District Council also carries out a significant amount of work with residents to remove the threat of a future homelessness risk.

This work includes that of the Lightbulb Team. The Lightbulb Team is a multi-disciplinary service led by Blaby District Council offering a range of options for residents across the County who are either unable to leave hospital due to having no access to suitable accommodation or struggling to live in their current homes due to medical difficulties.

Between 2021 and 2024, 248 Households in Blaby were supported via financial grant assistance to maintain their current home or to access new housing from hospital. This includes 202 households who received Disabled Facilities Grants to provide major adaptations to their homes following medical need changes, 36 grants to provide minor adaptations to their homes and 10 Hospital Discharge grants to

either equip a current home with necessary furnishings and white goods for residents to safely occupy current accommodation or to access new housing.

Between February 2023 and October 2024, the Hospital Enablement Team (HET) has worked with 148 individuals who are deemed to be ready for discharge but unable to access secure housing. Whilst some of these individuals will be passed on to the Homelessness service, the HET team will also access private rental accommodation, provide furniture and white goods or negotiate with family to resolve the discharge issues.

All of this work is vital to prevent these households from needing the services of the Homelessness Team. Again, this work involves significant collaboration with other agencies most notably Adult and Children's Social Care and the National Health Service (including direct embedded collaboration with the NHS and the Housing Enablement Team when dealing with delayed Hospital Discharges).

Priorities Met: 1, 3, and 4

Community Services Team

Resident Support Team

Blaby District Council Resident Support team will support residents with a wide range of issues including:

- Support to prevent the risk of homelessness
- Maximising income (such as claiming benefits)
- Addressing housing arrears
- Budgeting and debt Management
- Support setting up rent and utility payments
- Registering with health services (such as a GP surgery or dentist)
- Independent living skills
- Applying for grants and funding
- Setting up a new home
- Signpost to other services and making referrals on their behalf

The Resident Support Team have supported 1330 individuals and families with a variety of the above issues between 2020 and 2024. Whilst many of these cases will have been referred by the Housing Services Team, many others won't, and the work is important to prevent households from reaching a point of losing or being at risk of losing their home.

Anti-Social Behaviour Team

Since 2020 the Anti-Social Behaviour (ASB) team have been involved with 1062 cases of ASB in Blaby District. These cases range from low level anti-social behaviour, for example cannabis smoking affecting neighbours, to high level cases that have led to Closure Orders on properties. Whilst again not all cases would result in homelessness for either the victim or the perpetrator, this work makes an important contribution in preventing situations escalating to a point where residents

will feel they are not safe in their homes and need to move and potentially becoming homeless as a result.

Domestic Abuse Services

The Community Services dedicated Domestic Abuse work has currently aided 56 Residents in the year 2024. This work includes making victims of domestic abuse safe within their current homes. Prevention work includes providing CCTV cameras, special locks or providing escalation plans if they are needed to allow residents to feel safe. Again, this work is crucial for residents to remain settled rather than seeking the assistance of the Homelessness Team to move.

Priorities Met: 1, 3, and 4

Partnership Working

As part of our continued efforts to create partnerships and maintain improved homelessness prevention pathways for vulnerable groups we have contributed to, and signed up to, several new protocols in the last four years.

Leicestershire Care Leavers Protocol - Close collaboration work with Children's Social Care and other Leicestershire District Councils to improve the experiences of care leavers and their interactions with Homelessness Services, whilst updating good practices from both Local Authorities and Social Care services.

16/17 Year Old Protocol – Joint protocol designed to establish the roles and responsibilities of different agencies towards homeless and or potentially homeless 16- and 17-year-olds to achieve the best outcomes for the young person. Agencies involved in the protocol include Leicestershire County Council, Children and Family Services and all Local Authorities.

Prison Release and Ex-Offender Pathway Protocol – Multi Agency Protocol to again define key roles of each agency involved in an effective response to the prevention of homelessness for newly released offenders or existing ex offender. Agencies involved in the Protocol are all Homelessness Teams from Local Authorities in Leicester and Leicestershire (including neighbouring Rutland), the Probation Service and the Charity Sector Help the Homeless, Turning Point, The Bridge Homelessness to Hope, and The Bridge (East Midlands).

Emerging County Domestic Abuse Protocol – Although not finalised or published we are a key partner involved in the development of a new Domestic Abuse Protocol. Because of the nature of Domestic Abuse and the need for survivors to often move across Local Authority boundaries, the key aim of the protocol is to align all Local Authorities in Leicestershire in one way of working with survivors to remove barriers to homelessness prevention and relief for this vulnerable group.

Priorities Met: 1, 3, and 4

Partnership Work with Third Sector Organisations

Beam

Beam are an organisation specialising in employment and housing support for residents referred to them by Local Authorities. Using UKSPF (Levelling up) funding the Housing Services Team employed Beam on a two year contract in 2022 to support our homeless households. Currently Beam have supported 26 residents with employment and housing support.

The Falcon Centre

The Falcon Centre is one of the few homeless hostels for non-priority need residents in the County. We work closely with the centre to refer clients who would not otherwise be owed a temporary accommodation duty.

Turning Point

As a dedicated Drug and Alcohol support service Turning Point are one of our key partners when dealing with complex residents with substance abuse issues. As is clear in the above case study, Turning Point offer a crucial service in the County and regularly attend multi agency meetings with the council and other Public Bodies

Lawrence House / Durban House

Lawrence House and Durban House are the only two homeless shelters dedicated to young people. Lawrence House being for 18-25 and Durban House 18 – 26 year olds.

The Bridge - Rough Sleeper Initiative

Whenever there are reports from the public that we have a potential rough sleeper in Blaby those cases are referred to the RSI Team. They will visit the rough sleeper in situ and provide advice and assistance to the individual and refer information back to us. They will carry out regular visits to assess progress if the rough sleeper does not engage. This is an important tool and a vast improvement on the previously accepted norm of outreach work performed by Homeless Case Officers, Team Leaders and the Manager from the Housing Services Team on an ad hoc basis.

Leicester Welfare Provision: Worklink Project (White Goods and Furniture)

The LWP Worklink Project is one of our key partners most benefiting our homeless households, allowing them to make a fresh start once housing is secured. The Worklink project provides essential furniture and white goods to those households who cannot afford to furnish their new home. This contribution is crucial for previously homeless households to settle in their new accommodation and gives them the best chance to become independent from services. We have also worked closely with the project to provide furniture and white goods for our Leased temporary accommodation, whilst also managing resources where needed to ensure the most vulnerable receive priority goods.

Priorities Met: 1, 3, and 4

Utilising Funding Opportunities

Our final achievement is our success in securing significant funding in competitive bid processes from Central Government. In the lifetime of the last strategy the Housing Services Team, with support from Senior Leadership and Councillors, have been able to secure additional funding of approximately £2 Million (£1,935,830) to fund projects to meet our four priorities. This funding has been critical in providing new temporary accommodation, expanding our ability to tackle Domestic Abuse and to increase employment opportunities for our vulnerable households.

We have also looked for, and delivered on, opportunities to provide funding from our own available budgets to support partners in delivering projects that are at risk where needed. This willingness underlines our commitment to work with all organisations for the shared goal of preventing homelessness in Blaby.

Priorities Met: 1, 2, 3, and 4

Homelessness Review Conclusion, Revised Priorities and Actions

Homelessness Review Conclusion 2020 - 2024

2020 to 2024 has presented the Country and subsequently the Homelessness Sector with unprecedented challenges and disruption, arguably not seen since the Second World War. The first global pandemic in over one hundred years, large scale military conflicts in Europe, the Middle East and Africa, global disruption of supply chains causing an inflation surge, a subsequent slowdown in the house building industry and finally a cost of living crisis for individuals and families. Crises whose fragile recovery is significantly dependent on external geo-political factors in an increasingly globalised society. These factors combined have all contributed to an increase in housing unaffordability, a decrease in new affordable housing and an increase in homelessness nationally and in Blaby District.

Despite these overwhelming conditions, the Housing Services Team, and the Council as a whole, have worked diligently to meet the challenges. As shown in the achievements section of the review, we have strived to minimise the impacts on our community by working proactively with all available partners and stakeholders. We have utilised as much additional funding as we can and, on a daily basis through our frontline officers, provided critical support to the most vulnerable in our community. This has often meant going beyond the work of a housing service, especially in cases where our Public Sector partners have been unable to help due to their own challenges.

However, there is more we can do.

Over the lifetime of the new strategy, 2025-2030, we will look to work on, and continually revise and improve, the following four priorities and associated actions

Priority 1

Prevent homelessness and reduce the use of temporary accommodation

- Continue to make effective use of Discretionary Housing Payments (DHP), charitable organisations and other available funding sources, to prevent homelessness and maintain tenancies.
- Provide effective and timely advice which is outcome focused on those in housing need and concentrates on the prevention of homelessness.
- Be creative and innovative in finding solutions to prevent homelessness, including using funding in a flexible manner.
- Continue to strengthen and develop multi-agency work, to enable joint initiatives and identify those at risk of homelessness, for example, those leaving prison or hospital, families, young people, and care leavers and continue to provide support to help sustain tenancies.
- Reduce stays in temporary accommodation and in particular bed and breakfast accommodation.

Priority 2

Increase the supply of affordable housing for both General Needs Households and Vulnerable Groups

- Continue to work in partnership with registered housing providers, strategic partners, and Homes England to maximise the number of affordable homes built to meet the demand of homeless households and those on our housing register.
- Continue the good work in seeking innovative solutions to develop move on and supported housing for households who are vulnerable and/or have complex needs.
- Collaborate closely with colleagues across the council to contribute to the ambitions for housing development opportunities within Blaby.
- Review the landlord incentive package currently offered to assist with the recruitment of new landlords to increase access to this sector and investigate new ways of collaborating with landlords to assist in reducing use of B&B accommodation.
- Continue to encourage owners of empty homes to consider renting their property to those who need affordable homes.

Priority 3

Continue to develop partnership work with existing stakeholders and seek to form new innovative partnerships

- Develop inter-agency joint work and understanding of respective procedures, pathways, and expectations.
- Collaborate with partners to address the gap in the provision of support and to minimise the impact of welfare reform.
- Continue to build upon the sub-regional initiatives such as the Rough Sleeper Accommodation Programme and Rough Sleeper Initiatives E.g. Housing First and Rough Sleeper Outreach Service
- Pursue cross-authority projects and strategic and operational planning. E.g., Care Leaver Protocol, Young Persons Protocol and Prison Release Protocol
- Promote the prevention agenda and ensure that all council staff, members, and partners are kept updated and informed.

Priority 4

Supporting vulnerable households to be independent and self-reliant

- Continue to build upon our work with active Registered Providers to deliver new supported accommodation for vulnerable households with complex needs
- Work with our partner agencies to deliver outreach and advice services to those who are homeless or threatened with homelessness
- Enable vulnerable households to access our Tenancy Sustainment Officer, Resident Support Team and our Domestic Abuse Link Worker to help support

them to sustain tenancies and access other services e.g. specialist financial support

- Build on relationships with key partners including adult and children's services to increase support and accommodation options
- Reduce the number of people sleeping rough by developing a person-centred approach where all personal circumstances are considered, and interventions are tailored accordingly e.g. the housing first initiative
- Work in partnership to support service users to get in or nearer to the workplace
- Develop an assessment process for complex cases, identifying individual households and monitoring outcomes
- Continue to seek creative solutions for complex cases through the Leicestershire "Complex Needs Accommodation Board"
- Continue to explore training and development opportunities for front line officers and managers to better understand the life experiences of vulnerable groups and how this can shape our services

Action Plan

In order to maintain focus on the key priorities of this strategy, we have created an Action Plan of those key priorities and actions and assigned each to a lead officer within the Council. As the previous four years have reaffirmed, this is a dynamic document which allows us to change and adapt our practices to unforeseen challenges that may arise.

Priority 1: Preventing homelessness and reducing the use of temporary accommodation				
Action	Lead	Target	Resources	Updates
Continue to make effective use of Discretionary Housing Payments (DHP), charitable organisations and other available funding sources, to prevent homelessness and maintain tenancies.	Homelessness and Systems Team Leader	On-going	DHP Funds	As Required
Provide effective and timely advice which is outcome focused for those in housing need and concentrates on the prevention of homelessness	Homelessness and Systems Team Leader	On-going	N/A	Monthly Case Reviews
Be creative and innovative in finding solutions to prevent homelessness, including using funding in a flexible manner	Homelessness and Systems Team Leader	On-going	N/A	N/A
Continue to strengthen and develop multi-agency working, to enable joint initiatives and identify those at risk of homelessness, for example, those leaving prison or hospital, families, young people and care leavers and provide support to help sustain tenancies	Homelessness and Systems Team Leader	On-going	N/A	N/A
Reduce stays in temporary accommodation and ensure that the use of bed and breakfast accommodation is only used as a last resort and for short spells	Homelessness and Systems Team Leader	On-going	N/A	Monthly Updates on Numbers

Priority 2: Increase the supply of affordable housing for both General Needs Households and Vulnerable Groups				
Action	Lead Officer	Target	Resources	Updates
Continue to work in partnership with registered housing providers, strategic partners, and Homes England to maximise the number of affordable homes built to meet the demand of homeless households and those on our housing register	Housing Strategy Team Leader	On-going	N/A	Bi-annually via delivery numbers
Continue the good work in seeking innovative solutions to develop move on and supported housing for households who are vulnerable and/or have complex needs	All	On-going	N/A	As Required
Collaborate closely with colleagues across the council to contribute to the ambitions for housing development opportunities within Blaby	Housing Strategy Team Leader	On-going	N/A	Bi-annually via delivery numbers
Review the landlord incentive package currently offered to assist with the recruitment of new landlords to increase access to this sector and investigate new ways of collaborating with landlords to assist in reducing use of B&B accommodation	Housing Assessment & Private Rented Sector Team Leader	On-going	N/A	N/A
Continue to encourage owners of empty homes to consider renting their property to those who need affordable homes	Housing Strategy Team Leader / Housing Assessment & Private Rented Sector Team Leader	On-going	N/A	Monthly Updates on Numbers

Priority 3: Continue to develop partnership work with existing stakeholders and seek to form new innovative partnerships				
Action	Lead Officer	Target	Resources	Updates
Develop inter-agency joint work and understanding of respective procedures, pathways, and expectations	All	On-going	N/A	As Required
Collaborate with partners to address the gap in the provision of support and to minimise the impact of welfare reform	Homelessness and Systems Team Leader / Housing Assessment & Private Rented Sector Team Leader	On-going	N/A	As Required
Continue to build upon the sub-regional initiatives such as the Rough Sleeper Accommodation Programme and Rough Sleeper Initiatives E.g. Housing First and Rough Sleeper Outreach Service	Homelessness and Systems Team Leader / Housing Strategy Team Leader	On-going	N/A	As Required
Pursue cross-authority projects and strategic and operational planning. E.g., Care Leaver Protocol, Young Persons Protocol and Prison Release Protocol	Homelessness and Systems Team Leader	On-going	N/A	As Required
Promote the prevention agenda and ensure that all council staff, members, and partners are kept updated and informed	Homelessness and Systems Team Leader	On-going	N/A	As Required

Priority 4: Supporting vulnerable households to be independent and self-reliant				
Action	Lead Officer	Target	Resources	Updates
Continue to build upon our work with active Registered Providers to deliver new supported accommodation for vulnerable households with complex needs	Homelessness and Systems Team Leader / Housing Strategy Team Leader	On-going	N/A	As Required
Work with our partner agencies to deliver outreach and advice services to those who are homeless or threatened with homelessness	Homelessness and Systems Team Leader	On-going	N/A	As Required
Enable vulnerable households to access our Tenancy Sustainment Officer, Resident Support Team and our Domestic Abuse Link Worker to help support them to sustain tenancies and access other services e.g. specialist financial support	Homelessness and Systems Team Leader / Housing Assessment & Private Rented Sector Team Leader	On-going	N/A	As Required
Build on relationships with key partners including adult and children's services to increase support and accommodation options	All	On-going	N/A	As Required
Reduce the number of people sleeping rough by developing a person-centred approach where all personal circumstances are considered, and interventions are tailored accordingly e.g. the housing first initiative	Homelessness and Systems Team Leader	On-going	N/A	As Required

Priority 4 continued: Supporting vulnerable households to be independent and self-reliant				
Action	Lead Officer	Target	Resources	Updates
Work in partnership to support service users to get in or nearer to the workplace	Homelessness and Systems Team Leader	On-going	BEAM	Monthly Updates from Beam
Develop an assessment process for complex cases, identifying individual households and monitoring outcomes	Homelessness and Systems Team Leader	On-going	N/A	As Required
Continue to seek creative solutions for complex cases through the Leicestershire "Complex Needs Accommodation Board"	Housing Services Manager / Homelessness and Systems Team Leader	On-going	N/A	As Required
Continue to explore training and development opportunities for front line officers and managers to better understand the life experiences of vulnerable groups and how this can shape our services	All	On-going	Training Budget	As Required

Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Recommendations of the Cabinet Executive: Quarter 3 Capital Programme Review 2024/25 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report provides Members an update on expenditure against the Capital Programme for the second quarter of 2024/25.

2. Recommendation(s) to Council

- 2.1 That the report is accepted.
- 2.2 That the latest Capital Programme for 2024/25, totalling £9,898,960, 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 that have occurred in the 3rd quarter of the year.

4. Matters to consider

4.1 Background

The original Capital Programme for 2024/25 was approved by Council on 27th February 2024 and amounted to £3,826,900, including a borrowing requirement of £1,665,938.

The revised Capital Programme following the 2nd quarter of 2024/25 was approved in November 2024 and amounted to £8,435,559. The following table shows the latest Capital Programme which now amounts to £9,898,960. This includes £4,528,430 of unspent budget brought forward from 2023/24. Appendix A gives a scheme-by-scheme breakdown of the planned expenditure for 2024/25.

	£
Approved Capital Programme 2024/25	8,435,559
<u>New Additions</u>	
1. Food Waste Vehicles and Receptacles	970,000
2. EV Charging Hub at Enderby Leisure Centre	147,200
3. Public Realm Works - Parks & Open Spaces	133,000
4. Laptop Replacement Programme Phase 1	102,091
5. Section 106-backed Schemes	91,799
6. Mobile Working Software Upgrade	50,412
7. CCTV Upgrade at Council Offices	30,000
8. Regeneration Property	20,990
9. Replacement AV System for Council Chamber	20,000
10. Installation of PV Panels at Holt Way	13,493
<u>Reductions</u>	
11. ICT Security Upgrades	(61,130)
12. Network Upgrades - Phase 2	(24,961)
13. Office 365 Consultancy	(16,000)
14. Installation of PV Panels at Enderby Leisure Centre	(13,493)
Revised Capital Programme 2024/25	9,898,960

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

Additions

1. Food Waste Vehicles and Receptacles – Approval was given at Council on 19th November 2024 to use budget set aside in preparation for service delivery commencing 1st April 2026.
2. EV Charging Hub at Enderby Leisure Centre – As part of the Green Living Leicestershire partnership external funding has been sourced from the Local EV Infrastructure Fund to install an electric vehicle charging hub at Enderby Leisure Centre. This project is being led by Harborough District council.
3. Public Realm Works – Parks & Open Spaces – This addition is funded by the Council's UKSPF capital allocation for footpath improvements and flood resistance works at various open spaces across the district.
4. Laptop Replacement Programme Phase 1 – As part of the decision to bring IT services in-house, replacement laptops are required to support the Council's new IT infrastructure. It is proposed that the LICTP capital budget (reductions listed under 11,12 and 13) is repurposed for this project.
5. Section 106-backed schemes – Monies received are 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.
6. Mobile Working Software Update – This upgrade and implementation of mobile working software is required to ensure that the service demands across district cleaning and parks & open spaces are managed efficiently. This is to be funded from prudential borrowing.
7. CCTV Upgrade at Council Offices – Budget is required to upgrade the existing CCTV system at the Council's main office to safeguard council staff and assets.
8. Regeneration Property – The additional budget has been received by LAHF and is to assist in the purchase of properties to ease homelessness accommodation pressures within the district.
9. Replacement Audio/Visual System for Council Chamber – This is required to cover inflationary increases and specification changes following the increased requirement to facilitate hybrid meetings.
10. Installation of PV Panels at Holt Way – Budget has been transferred from the Installation of PV Panels at Enderby Leisure Centre project to make the three homelessness properties on Holt Way more energy efficient.

11. ICT Security Upgrades – Refer to point 4.

12. Network Upgrades - Phase 2 – Refer to point 4.

13. Office 365 Consultancy – Refer to point 4.

14. Installation of PV Panels at Enderby Leisure Centre – Refer to point 10.

4.2 At the end of December 2024, the Council had spent £1,861,068 against its planned Capital Programme.

The reasons behind the main variances are as follows:

- Fleet Vehicle Replacement Programme - £1,204,415 planned spend not yet utilised: Orders for three new waste collection vehicles have been placed with delivery expected by October 2025 and expenditure to be realised in 25/26. The retrofitting of an existing refuse collection vehicle is expected to be completed this financial year.
- Net Zero at the Depot - £1,100,394 planned spend not yet utilised: At the time of writing this report the works to install the solar panels on the depot roof had just been completed and power generation had commenced. Expenditure will be recognised in the 4th Quarter. Work is continuing to investigate appropriate infrastructure solutions for the Electric Vehicle infrastructure at the Council's depot which are being proposed by consultants/specialists in this field.
- Food Waste Vehicles and Receptacles - £970,000 planned spend not yet utilised: The vehicles, which will use Hydrotreated Vegetable Oil (HVO), are currently being procured. A decision is to be made on how to best to accommodate these vehicles at the depot due to limited capacity.
- IT Infrastructure Improvements - £752,044 planned spend not yet utilised: Works to move IT to an in-house service are well under way, expenditure is due to increase during the final phase, with the service going live at the end of March 2025.
- Strategic Regeneration Property Investment - £682,707 planned spend not yet utilised: Surveys are currently being completed on a suitable property located in Narborough. It is anticipated that following successful completion of the relevant surveys the purchase will complete by the end of March 2025.
- Disabled Facilities Grants - £596,499 planned spend not yet utilised: The DFG allocation has been increased by central government over recent years. Lightbulb have seen a permanent rise in the complexity of cases coming through due to an increase in residents' health complications. We have also experienced an increase in child cases where the needs can

be complex resulting in cases taking longer to complete. Lightbulb is currently going through a service review and streamlining ways of working which will increase the number of DFG's completed throughout the year.

- Strategic Review: Land Rear of Enderby Leisure Centre - £394,648 planned spend not yet utilised: Consultants are engaging with the Council's Local Plan team to provide information for the site to be assessed for inclusion in the new Local Plan.
- Strategic Asset Review - £250,000 planned spend not yet utilised: Viable options are being compiled for consideration and a small proportion of expenditure is expected to be spent in this financial year.
- Replacement CRM/Granicus solutions - £186,405 planned spend not yet utilised: The procurement of a new CRM solution is currently on hold and will be revisited once the Council's IT infrastructure project is complete. It is proposed to move the project budget to the Capital Programme for 2025/26.
- Income Management System – £180,625 planned spend not yet utilised: Final testing is being completed to ensure the new system is fully integrated with other essential Council finance systems. The new system go live has been delayed and is now expected early 2025/26.
- Installation of PV Panels at Enderby Leisure Centre - £179,260 planned spend not yet utilised: UKSPF funding has been sourced for the installation of the PV panels on the roof of the gym and bowls hall. Contracts are currently being reviewed with works planned to commence in February 2025.
- Car Park, Bouskell Park, Blaby - £177,659 planned spend not yet utilised: The majority of works have been completed and the car park reopened to the public at the end of January. Final costs will be recognised in the final quarter. There are some minor works ongoing which are forecast to be completed by the end of March 2025.
- Section 106-backed schemes - £176,491 planned spend not yet utilised: The Planning Obligation Monitoring Group approved a large S106 project at Ellis Park (Glenfield) in November 2024 which is currently being undertaken.
- EV Charging Hub at Enderby Leisure Centre - £147,200 planned spend not yet utilised: A planning application is being submitted to install 12 electric vehicle charging points at Enderby Leisure Centre. It's forecast that the charging points will be installed by August 2025.
- Walk & Ride, Blaby - £140,000 planned spend not yet utilised: Substantial parts of the new walk and cycle route between Lubbethorpe and the City are complete. There is a delay at the Meridian roundabout

due to required amendments to the existing highways by Leicester County Council. It is expected these works are to complete this year.

- Public Realm Works - Parks & Open Spaces – £133,000 planned spend not yet utilised: Path improvements to the district's open spaces (Crow Mills, The Osiers and Whistle Way) is due to commence in February 2025 and are anticipated to complete by the end of March 2025.
- Resurfacing of Main & Overflow Car Parks, Fosse Meadows - £130,000 planned spend not yet utilised: Following the agreement earlier this year with Green Circle to manage Fosse Meadows, Green Circle will look to access external funding opportunities to progress with the project.
- End User Device Replacement – Phase 1 – £104,804 planned spend not yet utilised. As a result of the Council's ongoing project to move IT services in-house, the first phase of replacing end of life laptops will be complete by the end of March 2025.
- HR & Payroll System - £100,000 planned spend not yet utilised: plans for phase 2 are to be revisited to assess priorities as to where we would like to focus our efforts in terms of the system and its functionality to best support BDC moving forward. The inclusion of backfilling posts where officers are working on this project, and any additional project management support costs remain within the scope of this budget allocation.

4.3 Significant Issues

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

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report although officers are required to consider environmental impacts of the capital projects brought forward in the capital programme.

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

- 6.1 Details are set out in the preceding paragraphs

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

7.1

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

8. Other options considered

8.1 None

9. Appendix

9.1 Appendix A – Capital Monitoring Statement to 31st December 2024

10. Background paper(s)

10.1 None

11. Report author's contact details

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	Approved Capital Programme 2024/25 £	Budgets Brought Forward from 2023/24 £	Virements / Additions etc within the year £	Project completed, saving realised £	Latest Capital Programme 2024/25 £	Capital Expenditure to 31 December 2024 £	Variance as at 31 December 2024 £
<u>Invest to Save Schemes</u>							
Regeneration Property	-	662,067	20,990	-	683,057	350	682,707
Strategic Review : Council Offices	-	250,000	-	-	250,000	-	250,000
Strategic Review : Land Rear of Enderby Leisure Centre	-	503,710	-	-	503,710	109,062	394,648
Revenues & Benefits - Document Management & MyView	-	-	28,595	-	28,595	25,117	3,478
Replacement CRM/Granicus solutions	200,000	-	13,595	-	186,405	-	186,405
	200,000	1,415,777	35,990	-	1,651,767	134,529	1,517,238
<u>Essential/Contractual Schemes</u>							
Net Zero at the Depot	-	1,176,000	-	-	1,176,000	75,606	1,100,394
Refurbishment of Vacant Units at Enderby Road Industrial Estate	-	11,825	-	-	11,825	11,825	-
Walk & Ride Blaby	-	140,000	-	-	140,000	-	140,000
Finance System Upgrade	-	-	87,320	-	87,320	5,000	82,320
Installation of PV Panels at Enderby Leisure Centre	385,400	-	13,493	192,647	179,260	-	179,260
Installation of PV Panels at Holt Way	-	-	13,493	-	13,493	2,923	10,570
CCTV Upgrade at Council Offices	-	-	30,000	-	30,000	-	30,000
Capital Grants Programme	54,500	15,642	-	-	70,142	26,226	43,916
Blaby Town Centre Improvements	-	17,000	-	-	17,000	-	17,000
Works to Landfill Gas Monitoring System, Huncote	40,000	-	-	-	40,000	-	40,000
Replacement of Air Quality Analysers	-	10,000	-	-	10,000	3,242	6,758
Income Management System	-	220,000	15,000	-	205,000	24,375	180,625
Replacement BACS Submission Software	20,000	-	-	-	20,000	10,600	9,400
HR & Payroll System	-	100,000	-	-	100,000	-	100,000
Replacement AV System for Council Chamber	75,000	-	20,000	-	95,000	-	95,000
End User Device Replacement - Phase 1	-	15,000	102,091	-	117,091	12,287	104,804
Office 365 Consultancy	-	16,000	16,000	-	-	-	-
Network Upgrades - Phase 2	-	24,961	24,961	-	-	-	-
ICT Security Upgrades	-	72,076	61,130	-	10,946	7,346	3,600
ICT Infrastructure Improvements	500,000	497,378	-	-	997,378	245,334	752,044
Multi-factor Authentication	-	5,000	-	-	5,000	-	5,000
Fleet Vehicle Replacement Programme	1,308,000	142,000	354,000	175,672	1,628,328	423,913	1,204,415
Vehicle CCTV & Tracking Upgrade	-	13,000	-	-	13,000	5,320	7,680
Mobile Working Software	-	-	50,412	-	50,412	-	50,412
Upgrades to IDOX DMS and UNI-form Public Access	14,000	-	-	-	14,000	7,150	6,850
Refurbishment of Council Offices	-	2,950	-	-	2,950	2,950	-
	2,396,900	2,478,832	526,732	368,319	5,034,145	864,097	4,170,048
<u>Desirable Schemes (subject to affordability)</u>							
Resurfacing of Main & Overflow Car Parks, Fosse Meadows	130,000	-	-	-	130,000	-	130,000
	130,000	-	-	-	130,000	-	130,000
<u>Externally Funded Schemes</u>							
Disabled Facilities Grants	630,000	512,790	-	-	1,142,790	546,291	596,499
Housing Support Grants	30,000	34,707	-	-	64,707	46,582	18,125
CCTV cameras at 3 Other sites in District	-	1,632	-	-	1,632	-	1,632
Car Park Improvements, Bouskell Park, Blaby	440,000	-	-	-	440,000	262,341	177,659
Public Realm Works - Parks & Open Spaces	-	-	133,000	-	133,000	-	133,000
EV Charging Hub at Enderby Leisure Centre	-	-	147,200	-	147,200	-	147,200
Food Waste Vehicles and Receptacles	-	-	970,000	-	970,000	-	970,000
Section 106-backed Schemes	-	84,692	99,027	-	183,719	7,228	176,491
	1,100,000	633,821	1,349,227	-	3,083,048	862,442	2,220,606
TOTAL CAPITAL PROGRAMME 2024/25	3,826,900	4,528,430	1,911,949	(368,319)	9,898,960	1,861,068	8,037,892

	Approved Capital Programme 2024/25 £	Budgets Brought Forward from 2023/24 £	Virements / Additions etc within the year £	Project completed, saving realised £	Latest Capital Programme 2024/25 £	Capital Expenditure to 31 December 2024 £	Variance as at 31 December 2024 £
<u>FINANCED BY:</u>							
<u>Internally Resources</u>							
Prudential Borrowing	1,665,938	2,540,411	662,480	175,672	3,368,197	409,226	2,958,971
Usable Capital Receipts	574,000	890,710	30,000	-	1,494,710	337,524	1,157,186
Blaby District Council Plan Priorities Reserve	54,500	31,000	-	-	85,500	38,592	46,908
IT Reserve	-	20,000	-	-	20,000	-	20,000
IT Systems Replacement Reserve	39,815	-	-	-	39,815	-	39,815
Revenue Funded Capital Expenditure	-	100,082	-	-	100,082	82	100,000
<u>External Resources</u>							
Disabled Facilities Grant	660,000	547,497	-	-	1,207,497	592,874	614,623
Defra	-	-	1,489,212	-	1,489,212	213,201	1,276,011
LA Housing Fund Round 2	-	312,406	20,990	-	333,396	-	333,396
S106 Contributions - Various	-	84,692	99,027	-	183,719	7,228	176,491
UK Shared Prosperity Fund	510,000	1,632	788,000	-	1,299,632	262,341	1,037,291
Sport England	192,647	-	-	192,647	-	-	-
Local EV Infrastructure Fund	-	-	147,200	-	147,200	-	147,200
Unconfirmed Government Grant	130,000	-	-	-	130,000	-	130,000
TOTAL FUNDING	3,826,900	4,528,430	1,911,949	(368,319)	9,898,960	1,861,068	8,037,892

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Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Recommendations of the Cabinet Executive:5 Year Capital Programme 2025/26 to 2029/30 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
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report sets out the Council's proposed Capital Programme and resources for the next five financial years commencing in 2025/26. The Capital Programme covers our planned expenditure on the acquisition, construction and/or enhancement of non-current assets, i.e., those assets with a useful life of greater than one year.
- 1.2 The report also presents the Council's updated Capital Strategy at Appendix B.

2. Recommendation(s) to Council

- 2.1 That the 5 Year Capital Programme for 2025/26 to 2029/30, set out at Appendix A, is approved.
- 2.2 That the application of capital resources of £1,422,512 for 2025/26, including a borrowing requirement of £680,012, is approved.
- 2.3 That the Capital Strategy 2025/26 to 2029/30 is approved.

3. Reason for Decisions Recommended

- 3.1 To obtain approval for the proposed level of capital expenditure in 2025/26 and the suggested method of financing that expenditure.
- 3.2 To provide a longer-term forecast of capital expenditure and financing

requirements for the period 2025/26 to 2029/30.

3.3 To ensure compliance with the Prudential Code.

4. Matters to consider

4.1 Background

The Council approved its current Capital Strategy on 27th February 2024. The Capital Strategy is a high-level document that considers the Council's future capital spending plans and available capital resources, together with the implications for the revenue account. The strategy also sets out the overall governance process for setting the Capital Programme.

Part of the governance process involves the approval of a rolling 5 Year Capital Programme based around the Council's strategic priorities and planned renewal and replacement of existing assets.

The summarised 5 Year Capital Programme, covering the financial years 2025/26 to 2029/30, is attached at Appendix A. The starting point is the existing 5-year programme, which was also approved by Council at the above meeting. The Senior Leadership Team has reviewed the existing programme and separated the schemes into the following categories as a way of targeting resources where the need is most urgent or where longer-term savings will be generated:

- Invest to Save schemes.
- Essential schemes or those where the Council is contractually committed.
- Desirable schemes subject to affordability and full business case.
- Schemes that are externally funded.

Consideration has also been given to where schemes can be, or need to be, deferred to a future financial year. The headline proposals were considered by Cabinet Members Informally in November 2024, and shared with Scrutiny in January 2025, although some of the detail has since been refined to reflect emerging priorities and slippage to the planned programme of works.

4.2 Proposal(s)

As can be seen at Appendix A, the total proposed Capital Programme for the next five years amounts to £12.4m, of which just over £1.4m falls in 2025/26. At this point in time, many of the schemes put forward for inclusion in the Capital Programme require further refinement in terms of specification and cost. Some of those schemes may also require separate approval from Council before proceeding. In cases such as this a further report will be brought before Council at the appropriate time.

Across the life of the 5 Year Capital Programme, it is forecast that just under £1.0m of capital expenditure can be met from the Council's own resources

(e.g., capital receipts and reserves), and another £3.3m from capital grants and contributions. This leaves a projected borrowing requirement of £8.1m between 2025/26 and 2029/30.

The estimated borrowing requirement in 2025/26 is £0.7m with the remainder of the programme being funded from a mixture of government grant, Section 106 contributions, capital receipts, and earmarked reserves.

The main expenditure requirements in 2025/26 are as follows:

- Disabled Facilities Grants (£630,000) - the precise grant allocation has not yet been released but is expected to be broadly the same level as 2024/25. The Capital Programme will be updated as soon as allocations are announced and will be reported to Council through the quarterly monitoring process.
- Fleet Vehicle Replacement Programme (£304,000) – this allows for 2 District Cleansing vehicles (£100,000) and 4 Open spaces vehicles (£204,000).
- Leisure Centres (£175,000) – this allows for replacing the gym equipment at Enderby and Huncote Leisure centre. The costs formed part of the Leisure contract which has been approved at full Council. Discussions have been undertaken with SLM and the replacement of equipment is expected to be undertaken during 2025/26.
- Replacement / Upgrade of Service Specific IT Systems (£152,000) – this allows for second phase of the end user devices rollout, and a graduation of the Finance system to a cloud based platform.

Capital Financing Costs

The Council writes down borrowing costs on an annuity basis using the weighted average life of assets funded through borrowing. This is in line with the Council's approved Minimum Revenue Provision (MRP) Policy, and links to the Treasury Management Strategy also on this agenda.

The additional MRP chargeable in respect of schemes in the 2025/26 Capital Programme, based on a weighted average life of 9 years, averages out at £76,000 per annum. This charge will not be charged to the General Fund budget until 2026/27, the year after the borrowing is incurred. There will also be additional revenue costs in respect of loan interest payable, and other running costs. The revenue costs arising from the five year proposals is £18,122 for 2025/26, but amount to £2,579,099 over five years, subject to all schemes being required to progress. The costs may reduce depending upon the type of resources applied.

The revenue costs above have been built into the base budget and medium-term financial strategy. Capital schemes that fall within the category of "Invest to Save" are expected to generate efficiencies and savings in future financial years, although these savings have yet to be quantified and included within the base budget.

In most cases, the capital proposals in this report are indicative, and will be refined as the procurement process for each scheme gets underway. An allowance for inflation has been built into the estimates for future years but scheme costs are nevertheless subject to change due to the passage of time. Where there is a significant departure from the estimates, outside of tolerances permitted by the financial regulations, a further report and business case will be brought back to Council with the final costs when they are known.

Officers will closely monitor the progress of expenditure against the Capital Programme and, if the revenue implications become prohibitive, because of increasing costs or changes to available funding, schemes may be recommended for deferral. Similarly, if it becomes apparent that the Council can utilise more of its own resources to fund capital expenditure, instead of borrowing, this will also be considered to reduce ongoing revenue costs.

UK Shared Prosperity Funding

The Council expects to receive an allocation of £691,969 in 2025/26 from the UK Shared Prosperity Fund (UKSPF). The grant conditions specify that £127,000 of that allocation forms capital expenditure. Local authorities may spend more on capital schemes if they so wish, subject to the approval of a revised Investment Plan. Capital schemes to be funded from the 2025/26 allocation have not yet been proposed therefore they are not currently included in the Capital Programme. Once proposals have been received these will be added to the Capital Programme and reported to Cabinet and Council as part of the routine quarterly monitoring process.

4.3 Capital Strategy

The 2021 Prudential Code made it incumbent upon local authorities to produce an annual Capital Strategy. This is largely in response to the major expansion of local authority investment activity over recent years into the purchase of non-financial investments, particularly property.

The main issues raised in the Code are:

- A local authority should define its risk appetite and its governance processes for managing risk.
- A local authority should assess the risks and rewards of significant investments over the long term, to ensure the long-term financial sustainability of the authority. CIPFA has not defined what longer term means but it infers a timescale of 20-30 years in line with the financing time horizon and the expected life of the assets, while medium term financial planning, at a higher level of detail, is probably aimed at around a 10-year time frame and to focus on affordability.
- The Prudential Code stresses that local authorities should ensure that their approach to commercial activities should be proportional to its overall resources.
- A local authority should have access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital

expenditure, and to involve members adequately in making properly informed decisions on such investments.

Since Blaby does not have any non-financial assets, it has not been considered necessary to produce a 20-to-30-year Capital Strategy. For that reason, only the capital proposals for the period 2025/26 to 2029/30 have been built into the updated Capital Strategy which appears at Appendix B. In addition to the updated capital plans, the strategy has also been revised to ensure that it reflects the latest governance processes involved in setting the 5 Year Capital Programme.

4.4 Significant Issues

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

5. Environmental impact

- 5.1 A Net Zero and Climate Impact Assessment (NZCIA) is not required for this report but all capital bids are required to make clear how they help to achieve the Council's Carbon Net Zero target.

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

- 6.1 The costs are detailed in the body of this report and in Appendices A and B.

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

7.1

Current Risk	Actions to reduce the risks
Investment in capital schemes which may not be aligned to Council priorities, or which might not be affordable.	All bids submitted for inclusion in the capital programme are reviewed against the Council's priorities, whether the investment supports service delivery, and the capital and revenue consequences for the budget.
That the authorised capital expenditure is exceeded as projects progress throughout the year.	The projects are monitored throughout the year by Senior Leadership Team, which highlights any possible variances at the earliest opportunity.
That the revenue costs arising from the Capital Programme are unaffordable in light of changes to local government funding.	Future year's schemes may need to be reviewed and, where necessary deferred or stopped completely, if revenue savings need to be identified.

8. Other options considered

- 8.1 None. It is important to produce a 5-year Capital Programme as a minimum requirement of the Capital Strategy, and that the programme aligns with the Council's Medium Term Financial Strategy.

9. Appendix

- 9.1 Appendix A – 5 Year Capital Programme

- 9.2 Appendix B – Capital Strategy

10. Background paper(s)

- 10.1 None

11. Report author's contact details

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Project	Planned Capital Expenditure					
	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£	£	£	£	£	£
<u>Invest to Save Schemes</u>						
Revenues & Benefits - DMS & Citizens Access	0	0	150,000	0	0	150,000
	0	0	150,000	0	0	150,000
<u>Essential/Contractual Schemes</u>						
Landfill Gas Monitoring Works	43,000	28,000	18,000	9,000	59,000	157,000
Leisure Centres	175,292	0	0	0	0	175,292
Fleet Vehicle Replacement Programme	304,000	397,000	3,115,000	55,000	3,806,000	7,677,000
Capital Grants Programme	54,500	54,500	54,500	54,500	54,500	272,500
Replacement/Upgrade of Service Specific IT Systems	152,000	0	60,000	220,000	236,000	668,000
	728,792	479,500	3,247,500	338,500	4,155,500	8,949,792
<u>Desirable Schemes (subject to affordability)</u>						
Car Parks	15,000	0	0	0	0	15,000
Public Spaces Protection Order Signage	18,720	0	0	0	0	18,720
	33,720	0	0	0	0	33,720
<u>Externally Funded Schemes</u>						
Disabled Facilities Grants	630,000	630,000	630,000	630,000	630,000	3,150,000
Housing Support Grants	30,000	30,000	30,000	30,000	30,000	150,000
	660,000	660,000	660,000	660,000	660,000	3,300,000
TOTAL CAPITAL EXPENDITURE	1,422,512	1,139,500	4,057,500	998,500	4,815,500	12,433,512

	Future Years Planned Capital Expenditure					
	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£	£	£	£	£	£
<u>Financed by:</u>						
Borrowing	680,012	25,000	3,325,000	70,000	4,042,000	8,142,012
Capital Receipts	28,000	400,000	18,000	214,000	59,000	719,000
Capital Grants	660,000	660,000	660,000	660,000	660,000	3,300,000
Capital Reserves	54,500	54,500	54,500	54,500	54,500	272,500
TOTAL CAPITAL FINANCING (excluding S106)	1,422,512	1,139,500	4,057,500	998,500	4,815,500	12,433,512

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CAPITAL STRATEGY 2025/26 – 2029/30

1. INTRODUCTION

1.1 Background

- 1.1.1 The Prudential Code for Capital Finance in Local Authorities was developed by the Chartered Institute of Public Finance Accountants (CIPFA) to support local authorities with their capital investment decision making processes. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.
- 1.1.2 The most recent versions of the CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report to provide the following:
- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
 - An overview of how the associated risk is managed.
 - The implications for future financial sustainability.

1.2 Aims and Principles

- 1.2.1 In terms of capital expenditure and investment, the Council's main aim is to deliver our corporate objectives and priorities whilst ensuring that our capital plans are affordable, prudent, and sustainable.
- 1.2.2 The Capital Strategy demonstrates that the Council takes capital expenditure and investment decisions in line with service objectives, and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. The strategy sets out the long-term context in which capital expenditure and investment decisions are made, and to give due consideration to risk and reward, and the impact on the achievement of priority outcomes. It comprises the following distinct but inter-related elements:
- Capital expenditure.
 - The Five-Year Capital Plan.
 - Financing our capital expenditure plans.
 - The capital appraisal and prioritisation process.
 - An overview of the governance process, including approval, monitoring, and reporting.
 - Debt and other treasury management issues
 - Commercial activity
 - Skills and knowledge required to deliver our capital plans.
- 1.2.3 The Capital Strategy should be read in conjunction with our Medium-Term Financial Strategy (MTFS), Treasury Management Strategy and the Minimum Revenue Provision (MRP) Policy since our capital expenditure plans have a direct impact on debt and the MRP.

1.2.4 The key principles upon which the Capital Strategy is based are as follows:

- Ensuring that capital investment is focused on the delivery of our Vision and corporate priorities, as set out in the Blaby District Plan.
- Maximising our available capital resources and ensuring value for money.
- Ensuring proper stewardship and sound governance in our decision-making process.
- Ensuring that our plans are affordable, prudent, and sustainable.

2. CAPITAL EXPENDITURE

2.1 Definition of Capital Expenditure

2.1.1 Whilst revenue expenditure is spending on the Council's day to day running costs (e.g., employee costs and supplies and services), capital expenditure provides long term solutions to deliver our priorities and operational requirements. Capital expenditure is broadly defined as expenditure on the acquisition, creation, or enhancement of non-current assets. Non-current assets are those items of land, property and vehicles, plant or equipment which have a continuing benefit to the Council for a period extending beyond one year.

2.1.2 Grants or loans made to a third party, towards expenditure which meets the definition above, may also be capitalised. An example of this would be disabled facilities grants.

2.1.3 The Council will incur capital expenditure for several reasons, including:

- To refurbish and extend the useful life of existing assets.
- To deliver its corporate priorities.
- To meet statutory requirements and/or health and safety regulations.
- To avoid unnecessary revenue expenditure.

2.2 Capitalisation Policy

2.2.1 The Council operates a de-minimis limit of £10,000 for expenditure to be considered for capitalisation. Below that limit, expenditure will be charged to the revenue account.

2.2.2 Subject to the de-minimis limit referred to above, the following categories of expenditure will be capitalised:

- The acquisition, reclamation, enhancement or laying out of land.
- The acquisition, construction, preparation, enhancement or replacement of buildings and other infrastructure (including ICT).
- The acquisition, installation or replacement of vehicles, plant, machinery, and equipment.
- The making of grants, loans, or other financial assistance towards expenditure.
- The acquisition of share or loan capital.
- The acquisition of computer software licences.

3. THE FIVE-YEAR CAPITAL PLAN

3.1 Capital Plans

3.1.1 The five-year capital programme is sub-divided into the following categories:

- Invest to save schemes.
- Schemes that are deemed to be essential to the delivery of our services or are linked to a long-term contract.
- Schemes that are desirable, but which are subject to affordability and the availability of resources.
- Externally funded schemes.

3.2 Our Vision and Priorities

3.2.1 The Council approved the Blaby District Plan 2024 to 2028 on 28th November 2023. The Blaby District Plan serves as the Council's roadmap for continuous improvement, and to continue our vision that the district is a great place to live, work and visit.

3.2.2 Our priorities link back to the vision and are predicated on the major challenges facing the district, those being:

- Climate Change – our ambition is for the Council to reduce carbon emissions and achieve net zero by 2030, with the district following suit by 2050.
- Service Delivery – future funding is uncertain, and it is likely that there will continue to be funding reductions and increasing pressure on services. The MTFs predicts a budget deficit of £4.9m by 2029/30.
- Housing Growth, Affordable Housing and Homelessness – we face a significant housing delivery challenge over the next 12 years, and there is an increasing need for affordable housing. The combined impact of the pandemic, rising living costs, and an unaffordable private rented sector, have led to an increase in homelessness across the district.
- Health – we are working with partners to tackle obesity. A further challenge is posed by contaminated land and the potentially high cost of mitigation works to ensure the safety of our communities.

3.2.3 The following organisational values define our culture, embody our beliefs and principles, and provide guidance for our interactions with customers, colleagues, and communities.

- Put the customer at the heart of everything we do.
- Be innovative, adaptable, and resourceful.
- Understand the needs of our communities and treat everyone fairly.
- Be open, honest, and clearly communicate.

3.2.4 The Blaby District Plan 2024 to 2028 sets out our strategic themes, what we want to achieve over the period covered by the plan, and how we will strive to achieve this.

- Enabling our communities and supporting our vulnerable residents.
- Enhancing and maintaining our natural and built environments.
- Growing and supporting our economy.
- Keeping you safe and healthy.
- Ambitious and well-managed Council, valuing our people.

A copy of the Blaby District Plan is available to download from our website.

3.3 Asset Management Planning

3.3.1 The Council owns a relatively small number of assets that, in general, make an important and positive contribution towards the delivery of our corporate priorities. The quality, condition, suitability, and sustainability of our operational assets have a direct bearing on our service delivery. Therefore, it is essential that our assets are managed proactively and efficiently to ensure that they are fit for purpose.

3.3.2 The Council's key asset management priorities are:

- Evaluate the appraisals of the Council office campus in addition to other key locations and where appropriate undertake more detailed assessments to determine the long-term potential for office accommodation and affordable homes.
- Implementation of the parks and open spaces strategy and associated management plans including exploring opportunities from biodiversity net gain funding and working with partners.
- Utilisation of power from newly installed solar panels, and how this integrates with installation of electric charging infrastructure at the depot, in support of the Council's net zero carbon ambitions.
- Further purchase of housing to alleviate homelessness pressures and reduce the call upon bed and breakfast accommodation (subject to available funding).
- Ensuring the safety of our residents by understanding the risks associated with former landfill sites within our district and implementing measures to reduce landfill gas emissions.
- Ensuring that our ICT infrastructure is fit for purpose and future-proofed, to enable the Council to deliver transformational savings and efficiencies.

3.3.3 Although the Council's asset base is relatively small, it is nevertheless paramount that we make the best use of those assets. Consequently, an officer group meets regularly to consider options for the future use of assets that are surplus to requirements in terms of direct service delivery. Options

will generally include disposal or redevelopment, and a report will be brought before Council for consideration depending upon the most sustainable proposals for the asset in question.

3.3.4 The Parks and Open Spaces Strategy 2024 – 2034 was approved in January 2024 and includes an action plan for the Council’s strategic parks and open spaces. This plan helps to further inform the 5 Year Capital Programme and will consider options that will make the sites more sustainable in the future.

3.3.5 One of the Council’s key objectives, as set out in the Blaby District Plan 2024 – 2028, is to deliver our Climate Change Strategy and strive to meet our carbon net zero ambitions. All capital bids must demonstrate how they contribute to the delivery of the Council’s strategic outcomes, objectives, and priorities. A key part of this will be how the capital proposals will help to meet our net zero aspirations. However, it is important to recognise that there may be constraints, including financial, that mean this is not always practical.

3.4 Commercialisation

3.4.1 The Council recognises that future changes to business rates retention and the wider Local Government funding formula will reinforce the need to seek new, innovative ways of generating income or reducing costs to support service delivery.

3.4.2 The Council takes a commercial, business-like approach to how it delivers services, monitors expenditure, and considers charging for services. This is balanced alongside the need to place our customers at the heart of everything we do and providing support for the most vulnerable in our community. The Council’s Commercial Strategy provides focus and structure to the work that is already underway in the Council.

3.4.3 The vision of the Strategy is:

“To place Blaby in the best financial position possible, enabling Blaby District to be a Great Place to Live, Work and Visit.”

It aligns closely to the Councils other key strategies, including the Blaby District Plan, Medium Term Financial Strategy, the Council’s Economic Development Framework and the Tourism Strategy.

3.4.4 The Strategy includes five priority themes:

- Strengthening and Efficiency of Services
- Investment in and Maximisation of Asset Utilisation
- Selling Services
- Maximising Partnership Working and Encouraging Corporate Social Responsibility
- Exploiting External Funding Opportunities

3.4.5 The Commercial Strategy was reviewed and refreshed in February 2022 in the wake of the Covid-19 pandemic, considering the current and future financial landscape. The Strategy includes a Priority Action Plan which details work that is currently being undertaken or is planned. Further detail is contained within the Commercial Strategy itself which is available to download from the Council's website.

3.4.6 The introduction of the general power of competence, on the back of the Localism Act 2011, has given local authorities more flexibility in the types of activity in which they can engage. As a result of the financial challenges facing local government, many local authorities began to consider much different and innovative types of investment than would previously been the case. However, the level of borrowing undertaken by local authorities to fund investment for commercial return has given the government cause for concern. This has been exacerbated by the number of authorities that have issued Section 114 notices in response to difficulties over financial sustainability. This has resulted in the current position, reflected in the changes introduced in the 2021 Prudential Code, whereby the wider powers and flexibilities referred to above are still in place, but the ability to borrow purely for financial gain has been removed.

3.4.7 At its meeting in September 2022, the Council approved the following "Commercialism Position Statement":

The Council recognises the need to balance bold, innovative action with social value creation when considering any commercial venture.

In addition, the Council also recognises the need for achieving best value and efficiency in both service delivery and commercial activity. As such, the following areas will be considered more favourably when evaluating which activities should be pursued:

- Investment in regeneration activity that supports strategic development aims and generates a financial return, making the investment sustainable and not placing further pressure on revenue budgets.
- Where the impact on local business is minimised.
- Where Blaby's reputation, locally and nationally, would be enhanced.

An investment of the nature described above, since it has stated service aims, would not be precluded under the changes to the 2021 Prudential Code.

3.4.8 Council will also consider strategic investments in commercial property for regeneration purposes, subject to any investment meeting the following criteria:

- Is there a benefit to the local economy or Blaby residents that can be gained from the activity?
- Can income be generated to support the activity?
- Can the income stream(s) be developed (at scale) within the next financial year?
- Can the income stream(s) be delivered with relative certainty?
- Are there significant financial risks associated with the opportunity?
- Is there a track record within the Council – or other local authorities – which demonstrate the opportunity is viable?
- Does the Council have any commercial advantage in addressing an opportunity compared to the private sector (or, potentially, neighbouring local authorities or other public bodies)?
- (Conversely) is the Council at a commercial disadvantage compared to existing players in the market who may have existing brands, infrastructure, or track record of service delivery?
- Could the private sector respond to the Council entering the market by competing aggressively – e.g., through price competition - such that an initial or extended period of trading losses might ensue?
- Does the Commercial opportunity come with significant legal or regulatory risk?
- Does the Council have skills and capacity within the existing workforce that enable the delivery of the commercial opportunity?
- Could the Council easily access skills and capacity from the employment / interim / consultancy markets that enable the delivery of the commercial opportunity?
- Are there political or ethical reasons which may constrain the Council's ability to provide services on a commercial basis?

Any potential commercial investment activity for regeneration will be graded against these criteria and assessed independently. Given the complex and many faceted aspects of any opportunity, there is no strict level for pass/fail; opportunities will be assessed on their merits.

3.5 Five Year Capital Programme

- 3.5.1 The Council recognises that its capital plans are inextricably linked with its service revenue expenditure, through borrowing costs (loan interest and the MRP) and other associated running costs. It is, therefore, essential that the longer-term capital planning implications are reflected in the Medium-Term Financial Strategy.

3.5.2 The 5 Year Capital Programme covering the period 2025/26 to 2029/30 is summarised in the table below.

Project	Planned Capital Expenditure					
	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	Total £
<u>Invest to Save Schemes</u>						
Revenues & Benefits – DMS & Citizens Access	0	0	150,000	0	0	150,000
<i>Sub-total Invest to Save Schemes</i>	0	0	150,000	0	0	150,000
<u>Essential and Contractual Schemes</u>						
Landfill Gas Monitoring	43,000	28,000	18,000	9,000	59,000	157,000
Leisure Centres	175,292	0	0	0	0	175,292
Fleet Vehicle Replacement Programme	304,000	397,000	3,115,000	55,000	3,806,000	7,677,000
Capital Grants Programme	54,500	54,500	54,500	54,500	54,500	272,500
Replacement/Upgrade of Specific IT Systems	152,000	0	60,000	220,000	236,000	668,000
<i>Sub-total Essential & Contractual Schemes</i>	728,792	479,500	3,247,500	338,500	4,155,500	8,949,792
<i>Desirable Schemes</i>	33,720	0	0	0	0	33,720
<i>Externally Funded Schemes</i>	660,000	660,000	660,000	660,000	660,000	3,300,000
TOTAL CAPITAL EXPENDITURE	1,422,512	1,139,500	4,057,500	998,500	4,815,500	12,433,512

4. CAPITAL RESOURCES

4.1 Capital Receipts

- 4.1.1 Capital receipts mainly arise from the disposal of the Council's assets, subject to a statutory de-minimis limit of £10,000, below which the income is credited to the revenue account instead.
- 4.1.2 The Council also continues to generate capital receipts through the VAT Shelter arrangement and "Right to Buy" sales arising from the legacy arrangements in place following the housing stock transfer.
- 4.1.3 It is recognised that the Council's small asset base means that there are limited opportunities to dispose of assets to generate capital receipts.
- 4.1.4 Capital receipts may also be applied to repay debt. This has the effect of reducing the MRP liability and, therefore, generates revenue savings.
- 4.1.5 On 31st March 2024, it is estimated that the Council will have approximately £1.2m capital receipts available to finance its capital expenditure plans, of which just over £0.2m has been earmarked to affordable housing projects.

4.2 Government Grants

- 4.2.1 The Council's main government grant available to fund capital expenditure is the Disabled Facilities Grant (DFG) allocation which amounted to £660,000 in 2024/25. This grant is required to be spent in accordance with a Better Care Fund spending plan jointly agreed by local authorities and Clinical Commissioning Groups. In 2023/24, part of the allocation was top-sliced and retained by the Better Care Fund to support county-wide initiatives to deliver additional occupational therapist provision, and assistive technology as part of a dementia pilot scheme.
- 4.2.2 The DFG allocation must be used for the specific purpose of providing adaptations for disabled people or other social care capital projects agreed with the Better Care Fund.
- 4.2.3 From time to time the Council receives other government grants that are usually ring-fenced for specific purposes, e.g., the Local Authority Housing Fund, which has been used to purchase 16 properties to accommodate homeless households.

4.3 Borrowing

- 4.3.1 Local authorities can borrow money for capital purposes, subject to the cost of borrowing being affordable, prudent, and sustainable. The affordability of any proposed borrowing is gauged by way of the Prudential Indicators, specifically the measure of financing costs as a proportion of the net revenue stream.
- 4.3.2 Borrowing may be sourced externally, e.g., through the Public Works Loan Board (PWLB), through the money markets, or other local authorities, or by way of applying our own cash balances, i.e., internal borrowing. In recent years the Council has, in the main, been able to use internal balances since, based on current market interest rates, it is cheaper to forego investment interest than it is to incur additional loan interest. This position cannot be sustained in the longer term and, as the Council's reserves and balances diminish over the life of the current MTFS, it will be necessary to drawdown new borrowing to finance the capital programme. However, whilst PWLB rates remain at their current level, the Council will continue to utilise internal borrowing. It is likely that external borrowing will be drawn once rates fall to around 4%.
- 4.3.3 As borrowing has a consequential impact on the revenue budget, in terms of loan interest and MRP, the Council aims to limit the amount of borrowing it undertakes where possible unless it can be demonstrated that it leads to savings or generates additional income, such as with the refurbishment of our major leisure facilities at Enderby and Huncote in 2019/20.

4.4 Section 106 Contributions

- 4.4.1 Section 106 (S106) contributions are planning obligations arising from new developments within the district. Generally, they are intended to cover new infrastructure requirements that might arise because of the development, e.g., affordable housing, community facilities, open spaces.
- 4.4.2 The allocation of S106 contributions is managed by the Planning Obligations Monitoring Group, a joint officer and member group. Proposed schemes which meet the criteria for award of S106 funding must be presented to the Planning Obligations Monitoring Group for consideration.
- 4.4.3 Where it is appropriate to do so, the Council may also allocate S106 funding to support its own capital schemes.

4.5 Reserves

- 4.5.1 Reserves may be built up from revenue resources over time to pay for capital expenditure. The following reserves will generally be used to support the capital programme:
- Blaby District Plan Priorities Reserve
 - ICT Reserve

4.6 Revenue Contributions

4.6.1 Local authorities are also able to contribute from their revenue budget towards the financing of capital schemes – sometimes known as direct revenue funding. No limits are imposed on this form of funding, but plans must be affordable in terms of the MTFS.

4.7 Available Resources

4.7.1 The table below sets out the estimated current and future resources available to finance our capital expenditure plans.

	Estimated Balance as at 31/03/25 £'000	Income 2025/26 £'000	Income 2026/27 £'000	Income 2027/28 £'000	Income 2028/29 £'000	Income 2029/30 £'000	Total Expected Income £'000
Capital Receipts	541	50	50	50	50	50	791
Capital Grants	45	660	660	660	660	660	3,345
Reserves	396	54	55	54	55	54	668

Section 106 contributions have been excluded from the table above since each individual contribution will differ in terms of the type and location of scheme that they may be able to support.

4.7.2 The Council's 5 Year Capital Programme and planned financing is summarised below. This includes schemes that have already been approved (e.g., investment in regeneration property) and recurring expenditure such as DFGs.

Estimated Capital Programme	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Invest to Save Schemes	0	0	150	0	0	150
Essential & Contractual Schemes	729	479	3,247	339	4,156	8,950
Desirable Schemes	34	0	0	0	0	34
Externally Funded Schemes	660	660	660	660	660	3,300
Total Schemes	1,423	1,139	4,057	999	4,816	12,434

Financed by:	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Borrowing	680	25	3,325	70	4,042	8,142
Capital Receipts	28	400	18	214	59	719
Government Grant	660	660	660	660	660	3,300
Reserves	55	54	54	55	55	273
Total Funding	1,423	1,139	4,057	999	4,816	12,434

4.7.3 The following table indicates the remaining capital resources available if the 5 Year Capital Programme above is approved. It is assumed that the Council will receive £50,000 per annum from vehicle sales and a share of the sale proceeds of former Council dwellings.

Unallocated Resources	31/03/25 £'000	31/03/26 £'000	31/03/27 £'000	31/03/28 £'000	31/03/29 £'000
Capital Receipts	563	213	245	81	72
Reserves	341	287	232	178	123
Total Available	904	500	477	259	195

5. Capital Appraisal and Prioritisation Process

5.1 Capital Appraisal

- 5.1.1 The Five-Year Capital Programme is prepared by officers and approved annually by full Council as part of the budget setting process. Schemes falling within Year 1 are subject to full appraisal by the Senior Leadership Team before being recommended to Cabinet Executive and Council for approval. Years 2 to 5 remain as indicative costs to aid the forward planning process and to provide a link with the MTFS. Senior Leadership Team is responsible for ensuring that the Capital Programme and Strategy are aligned with the Code of Practice, the Blaby District Plan, and priorities, MTFS, and Treasury Management Strategy.
- 5.1.2 The Five-Year Capital Programme is refreshed and updated on an annual basis.
- 5.1.3 The existence of a five-year plan ensures a degree of certainty in terms of future capital costs and their impact on the revenue budget, with only new initiatives or urgent schemes coming forward outside of this process.
- 5.1.4 Capital schemes that are deemed to be Major Corporate Projects are appraised and monitored by Programme Board, essentially comprising members of the Senior Leadership Team. Any such schemes are subject to individual report to and approval by full Council in accordance with the Financial Regulations.
- 5.1.5 Other capital schemes will fall into four broad categories, as discussed in previous chapters.
- Schemes that involve forward investment to generate future revenue savings (this will include commercial investment).
 - Schemes that are deemed to be essential or which involve some form of contractual commitment, e.g., the fleet replacement programme, replacement, or upgrade of IT software etc.
 - Schemes that meet corporate objectives and are desirable, but which will only be progressed if affordable.
 - Externally funded schemes.

5.2 Major Corporate Projects

- 5.2.1 Capital schemes that are designated as Major Corporate Projects will be appraised and monitored by Programme Board.
- 5.2.2 Major Corporate Projects will either be subject to separate, individual approval by full Council, outside of the annual capital planning process, or specifically referenced in the routine quarterly capital monitoring reports to Council.

- 5.2.3 Not all Major Corporate Projects will be capital schemes, but it is likely that they will include at least an element of capital expenditure – e.g., the acquisition of new wheeled bins as part of the alternate weekly Refuse and Recycling service that was introduced in recent years.

5.3 Other Capital Schemes

- 5.3.1 Other capital schemes should, be identified for inclusion in the rolling 5 Year Capital Programme. It is anticipated that most schemes falling under the commercialisation agenda would, however, constitute a Major Corporate Project.
- 5.3.2 The capital planning process will run in tandem with the annual budget cycle. Service Managers will be required to identify their expected capital expenditure requirements over the next five years. This will require sufficient detail to allow the compilation of an indicative 5 Year Capital Programme, including the following:
- The asset type, e.g., car park, vehicle, open space, IT software.
 - A brief description of the scheme
 - The indicative cost of the scheme
 - The year(s) in which expenditure is expected to fall
 - The revenue implications (cost or savings)
 - Links to corporate priorities, health and safety etc.
- 5.3.3 Once the draft 5 Year Capital Programme has been compiled, more detail in respect of any scheme falling within Year 1 (i.e., the next financial year) will need to be provided on a Capital Appraisal Form (see Annexe A). This will include evidence in support of the appraisal criteria required for the scheme to be considered for inclusion in the Capital Programme.
- 5.3.4 Evaluation and appraisal of proposed capital schemes will be undertaken by the Senior Leadership Team using the criteria set out on the Capital Appraisal Form.
- 5.3.5 Once a draft capital plan has been compiled it is shared with Portfolio Holders to ensure that proposals have Member support prior to formally reporting to Cabinet Executive and Council. The 5 Year Capital Programme will be subject to change during the budget process, to ensure that changing priorities are captured ahead of formal approval.

5.4 Urgent Capital Schemes

- 5.4.1 It is recognised that urgent capital expenditure requirements may come forward during the financial year outside of the budget cycle.
- 5.4.2 Urgent capital schemes are submitted to the Capital Accountant using the Capital Appraisal Form.

5.4.3 Senior Leadership Team will evaluate the proposed scheme considering the following:

- The availability of unallocated resources
- Whether there are any existing schemes which no longer require funding
- Whether there are any existing schemes which can be deferred and replaced by the urgent scheme

5.4.4 If the new scheme can be accommodated within existing resources, then it may be added to the Capital Programme. If additional resources are required, then approval must be sought from Council.

5.5 Post Completion Evaluation Process

5.5.1 Programme Board will receive project closure reports in respect of all major corporate projects. These reports will capture key achievements, outstanding deliverables, and lessons learnt to help inform the project management process for future schemes, and to ensure that the objectives of each project are delivered.

5.5.2 Closure reports are not required for projects that fall outside of the remit of Programme Board.

6. The Governance Process

6.1 Prudential Code

- 6.1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') states that the governance procedure for setting and revising the Capital Strategy and prudential indicators is the responsibility of the same body that takes decisions on setting the budget, i.e., full Council.
- 6.1.2 The chief finance officer, in Blaby's case the Executive Director (Section 151), is responsible for ensuring that all matters to be considered are reported to the decision-making body for consideration, and for establishing procedures for monitoring of performance.
- 6.1.3 The Code requires local authorities to have regard for the following matters when agreeing or revising the capital programme and prudential indicators:
- Service objectives – do spending plans meet our strategic aims and objectives?
 - Stewardship of assets – is capital investment being made on new assets at the expense of maintaining existing assets?
 - Value for money – do the benefits of capital investment outweigh the cost?
 - Prudence and sustainability – can the Council afford the borrowing now and in the future?
 - Affordability – what are the implications for the budget and council tax?
 - Practicality – is the delivery of the plan achievable?
- 6.1.4 The Council is required by regulation to comply with the Prudential Code when assessing the affordability, prudence and sustainability of its capital investment plans. Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent, and sustainable.
- 6.1.5 The Government has now restricted access to Public Works Loan Board (PWLB) funding for local authorities where the authority plans to purchase commercial investment property for yield. This applies whether or not a loan is specifically attached to an individual commercial property. In addition to this, an amendment to the 2021 Code prevents the acquisition of commercial investment property financed through borrowing. This means that the acquisition of assets purely to generate a commercial return is extremely difficult unless it can be achieved by applying existing resources.

6.2 Prudential Indicators

6.2.1 The Prudential Code specifies the indicators which the Council must set and monitor to ensure that our capital expenditure plans are prudent, affordable, and sustainable.

Prudential Indicator	Purpose
Capital Expenditure Plans	Sets out planned expenditure for capital purposes, and how these plans are being financed. It also identifies any shortfall in resources which result in a need to borrow.
Capital Financing Requirement (CFR)	The CFR is the total historic capital expenditure which has not yet been paid for from either capital or revenue resources. It is basically a measure of our outstanding debt and consequential underlying need to borrow. Any capital expenditure which has not been paid for immediately, (e.g., by applying capital receipts), will increase the CFR.
Debt compared to the CFR	Provides a comparison of debt with the underlying need to borrow, to demonstrate that borrowing is only being undertaken for capital purposes.
Liability Benchmark	Acts as a tool to manage the net treasury position, with the aim of minimising or reducing refinancing, interest rate and credit risk.
Operational Boundary	The level of debt which the Council would not normally expect to exceed but which may be breached in an emergency.
Authorised Limit	The maximum amount of debt which the Council may borrow. This limit should not be breached and may only be changed by full Council.
Ratio of Financing Costs to Net Revenue Stream	Illustrates how much of the Council's key revenue streams (i.e., Government Grants, Council Tax and Business Rates) are used to service debt. An increasing percentage may indicate that capital borrowing is not sustainable.

6.3 Blaby's Governance Process

- 6.3.1 The Constitution specifies that full Council is responsible for approving the Council's policy framework and budget, which will be proposed by Cabinet Executive. In terms of financial planning this includes the approval of the Capital Programme and Capital Strategy.
- 6.3.2 The Executive Director (Section 151) is responsible for determining the capital resources available to fund the Council's capital expenditure plans. The Directors are responsible for ensuring that a Capital Programme, including details of any associated revenue implications, is prepared on an annual basis for consideration by Cabinet Executive before submission to full Council for approval.
- 6.3.3 Scrutiny Commission are also given opportunity to review the proposed Capital Programme, ahead of formal submission to Cabinet Executive and Council, and make comments and/or recommendations as necessary.
- 6.3.4 Progress against delivery of the Capital Programme is reported to Cabinet Executive and Council on a quarterly basis.
- 6.3.5 Senior Leadership Team plays a key role in the monitoring and review of the Capital Programme. This includes:
- continuously reviewing, updating, monitoring progress, and making recommendations for any necessary changes to the Capital Strategy.
 - reviewing, updating, and monitoring progress of current year capital schemes to ensure maximal delivery of the Capital Programme on a quarterly basis.
 - receiving bids from project officers in respect of any new or urgent schemes emerging in the current financial year, outside of the budget setting cycle.
 - ensuring that capital bids meet the criteria set out on the Capital Appraisal Form, to make the optimal use of the available capital resources.
- 6.3.6 Given the necessity for potential transactions to be assessed, negotiated, and completed quickly, delegated authority has been approved by Council for the following persons to progress any future strategic property investment opportunities:
- The Chief Executive
 - The Executive Director (S151 Officer)
 - The Monitoring Officer

In consultation with:

- The Leader of the Council
- The Deputy Leader (Portfolio Holder for Finance, People and Performance)

Each case will be the subject of a retrospective, exempt report to Council in which full details of the transaction will be disclosed for transparency purposes.

7. Debt and Other Treasury Management Issues

7.1 External Debt and the use of Internal Borrowing

- 7.1.1 The following table provides a projection of external debt and use of internal borrowing to support capital expenditure compared with the CFR.

	31/03/26 £'000	31/03/27 £'000	31/03/28 £'000	31/03/29 £'000	31/03/30 £'000
CFR	19,655	18,578	20,770	19,504	22,067
External Borrowing	7,650	7,650	11,050	11,050	15,050
Internal Borrowing	12,005	10,928	9,720	8,454	7,017

7.2 Provision for the Repayment of Debt

- 7.2.1 The Council makes provision for the repayment of external debt in line with the life of the underlying debt. This is known as the Minimum Revenue Provision (MRP). The Council approves an annual MRP Statement as part of the budget reporting process. MRP represents a significant charge against the Council's annual budget. It is important to consider the revenue implications of borrowing when determining the capital expenditure plans, as it has a considerable bearing on the sustainability of the Council's financial position.

7.3 Authorised Limit and Operational Boundary

- 7.3.1 The authorised limit 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. The authorised limit for 2025/26 is £22.0m – further details are contained within the Treasury Management Strategy 2025/26.
- 7.3.2 The operational boundary 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. For 2025/26 the operational boundary has been set at £19.8m – see the Treasury Management Strategy 2025/26 for future years' projections.

7.4 Treasury Management

- 7.4.1 The Council's approach to Treasury Management is set out in its Annual Treasury Management Strategy which is presented to Council for approval in February. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The contribution the treasury management function makes to the authority is critical, as the balance of debt

and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.

- 7.4.2 The processes to be followed when considering loans and investments are laid down in the Council's Treasury Management Practices document, which has been compiled in accordance with the Prudential Code, and the Treasury Management Code of Practice.
- 7.4.3 In terms of due diligence, before undertaking any new borrowing or investment arrangements, the Council will ensure that it has the legal powers to do so and that its financial position is always safeguarded.
- 7.4.4 Risk appetite – The Council places the security and liquidity of its funds ahead of the return on investment. In terms of treasury investments, the Council uses a tried and trusted set of credit criteria developed by its treasury advisors, Link Asset Services. Surplus funds will only be invested with counterparties that meet those criteria, and a lending list has been developed accordingly. Officer will add and remove counterparties to and from the list during the year where there is a change in credit ratings. However, the Council also recognises that there are also risks attached to doing nothing and will seek to strike a balance accordingly.

8. Commercial Activity

8.1 Commercialisation Strategy

8.1.1 The Council approved an update to its Commercialisation Strategy on 24th February 2022.

8.1.2 The vision linked with the strategy is set out in paragraph 3.4.3 and will be achieved through the following means:

- Creating a commercial culture and ethos – that Council understands the need for all services to operate effectively & efficiently to strengthen service provision and where possible generate income.
- Maximising Income but still retaining the status as ‘the safety net for the vulnerable’.
- Maximising the Blaby Pound – encouraging those who reside, work or trade in the district to spend within the district and support the local economy and their community.
- Focusing resources on initiatives that will drive financial or social benefit.
- Continuing to communicate with residents and customers to promote access to our services and Blaby’s reputation for delivering quality services.
- Recognising that chargeable Non-Statutory Services be cost neutral as a minimum.

8.1.3 Further details are available in the Commercial Strategy and Action Plan which are available to download from the Council’s website.

9. Skills and Knowledge

9.1 In-house Resources

- 9.1.1 The Council employs a small Assets Team, currently part of the Neighbourhood Services and Assets Group. Following a management restructure in November 2023, the Council appointed an Executive Director for Place, and Group Manager with responsibility for Assets and Major Projects. Adding to the extensive knowledge and experience of the Assets team.
- 9.1.2 The Council also operates in-house Legal and Finance teams that provide support to officers involved in the delivery of capital schemes.
- 9.1.3 During 2023/24, the Council secured support for the development of Blaby's commercial agenda, on a consultancy basis, from the Strategic Director – Commercial and Economic Development at Charnwood Borough Council, who has significant experience in this field. This support is no longer provided to the Council following the additions to the Senior Leadership as detailed at 9.1.1.

9.2 External Resources

- 9.2.1 Blaby also makes use of external advice from several sources when developing projects or undertaking due diligence. This includes the use of the following external experts:
- Treasury Management and Capital Financing – Link Treasury Services
 - Procurement services – Welland Procurement
 - External valuers
 - External legal advisors
 - Property condition experts

Other advice is commissioned as and when required.

9.3 Members

- 9.3.1 Members are fully engaged with the budget process, including Scrutiny Commission, Cabinet Executive and Council, the latter being responsible for approving the Budget, Capital Programme and Treasury Management Strategy.
- 9.3.2 The Council runs Member Induction training for newly elected Members, and this programme includes an overview of finance and the budget.
- 9.3.3 In addition to the induction programme, Blaby also operates a Member Training Plan, and this enables the Council to provide any additional training requirements as and when they are identified.

Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Recommendations of the Cabinet Executive: Prudential Indicator & Treasury Management Strategy 2025/26 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
Strategic Themes	Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report lays down the guidelines and rules that Officers are required to follow when making decisions to borrow or when investing Council funds. Such decisions are made daily under delegated authority. The report outlines the Council's prudential indicators for 2025/26 to 2029/30 and sets out the expected treasury management activities for that period. The report also sets out the financial institutions the Council may invest in, the maximum investment level and the periods over which the investments can be made.
- 1.2 The report also fulfils four key legislative requirements:
 - The reporting of the prudential indicators which set out the expected capital activities - as required by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.
 - The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year.
 - The Treasury Management Strategy which sets out how the Council's treasury service will support the decisions taken above, the day-to-day treasury management activity, and the limitations on borrowing and investing through treasury prudential indicators. This accords with the CIPFA Code of Practice on Treasury Management in the Public Services.
 - The Annual Investment Strategy in accordance with investment guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC).

2. Recommendation(s) to Council

- 2.1 That the capital prudential indicators and limits for 2025/26 to 2029/30 are approved.

- | | |
|-----|--|
| 2.2 | That the Treasury Management Strategy for 2025/26 and the treasury prudential indicators are approved. |
| 2.3 | That the Investment Strategy for 2025/26 is approved. |
| 2.4 | That the Minimum Revenue Provision (MRP) Statement for 2025/26 is approved. |

3. Reason for Decisions Recommended

- | | |
|-----|---|
| 3.1 | The Local Government Act 2003 and supporting regulations requires the Council to “have regard to” the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent, and sustainable. |
| 3.2 | The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This covers the Council’s criteria for choosing investment counterparties and limiting exposure to the risk of loss. |
| 3.3 | The Act also requires the Council to undertake an annual review of its policy for calculating the minimum revenue provision (MRP) for repayment of external debt. |

4. Matters to consider

4.1 Background

MHCLG guidance requires that there is sufficient Member scrutiny of the Council’s treasury management function. For Blaby, Cabinet Executive is the responsible body for scrutinising the Treasury Management Strategy. To facilitate the decision-making process and support capital investment decisions the Prudential Code requires local authorities to agree and monitor a minimum number of prudential indicators. These are mandatory and must, as a minimum, cover the forthcoming three financial years.

The prudential indicators in this report, and the appendices, are based on the financial plans contained within the revenue and capital reports elsewhere on this agenda.

The Treasury Management Strategy is attached at Appendix A including the prudential indicators that relate to the treasury management function. This strategy covers the operation of the treasury function and its activities for the forthcoming year and reflects the Council’s capital and commercial investment strategies. The strategy has been informed by advice received from the Council’s treasury management consultants.

4.2 Proposal(s)

The main considerations set out in the Treasury Management Strategy (Appendix A) are as follows:

Capital Expenditure

The capital spending plans are based on available resources and the affordability of any associated borrowing, which has been built into the Medium-Term Financial Strategy.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Capital Expenditure	6,997	10,301	1,423	1,140	4,058	999	4,816
Financed by:							
Capital Receipts	(731)	(1,495)	(28)	(400)	(18)	(214)	(59)
Capital Grants & Contributions	(2,597)	(4,791)	(660)	(660)	(660)	(660)	(660)
Capital Reserves	0	(145)	(55)	(55)	(55)	(55)	(55)
Revenue Contributions	(4)	(100)	0	0	0	0	.0
Net financing need for the year	3,665	3,770	680	25	3,325	70	4,042

Borrowing Requirement

As shown in the table above, the capital expenditure plans can be partly funded from capital receipts, grants, and contributions, and from reserves, leaving a residual amount to be funded through borrowing. This increases the Capital Financing Requirement (CFR) but the CFR is also reduced each year by a statutory revenue charge, the Minimum Revenue Provision (MRP). The Council is also able to top-up this repayment by applying a Voluntary Revenue Provision (VRP).

Capital Financing Requirement

The projected CFR over the life of the Medium-Term Financial Strategy is set out in the table below.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Total CFR	17,366	20,226	19,655	18,578	20,770	19,504	22,067
Movement in CFR	2,880	2,960	(570)	(1,077)	2,192	(1,265)	2,563

MRP Policy

The MRP is an annual revenue charge based on the outstanding Capital Financing Requirement (CFR) brought forward from the preceding financial year. The CFR represents the Council's underlying need to borrow and is basically that part of capital expenditure which has not yet been financed. It

is effectively capital expenditure financed through borrowing, whether that is external borrowing or internal borrowing (i.e., from the Council's own reserves and balances). Each year the Council is required to repay a proportion of that outstanding "borrowing cost" by way of the MRP, and it must approve its policy for charging MRP annually in advance of the forthcoming financial year. For 2025/26 the recommended policy is set out in paragraph 2.3 of Appendix A.

Borrowing

The Council's anticipated net borrowing requirement (net of investments) is shown below with a comparison against the CFR. The Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council's gross borrowing remains significantly below its CFR due to the ongoing use of internal borrowing. Whilst internal reserves and balances remain at current levels, internal borrowing is a prudent method of financing capital expenditure since it is cheaper than external borrowing.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Gross Borrowing	6,168	8,099	8,475	8,485	11,858	11,858	15,856
Investments	(23,089)	(20,000)	(15,000)	(15,000)	(15,000)	(10,000)	(8,000)
Net Borrowing	(16,921)	(11,901)	(6,525)	(6,515)	(3,142)	1,858	7,856
CFR	17,366	20,226	19,655	18,578	20,777	19,504	22,067

The Council's borrowing limits are as follows:

	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Operational Boundary for External Debt	20,700	19,800	18,900	21,600	19,800	22,500
Authorised Limit for External Debt	23,000	22,000	21,000	24,000	22,000	25,000

Liability Benchmark

The Council is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the Liability Benchmark:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.

2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Further details are included in paragraph 2.3 to Appendix A.

4.3 Property Fund

The Council invested £1m in the Lothbury Property Trust in December 2019. Following the unprecedented withdrawal of a number of investors, notice was given by Lothbury for the termination of the fund on the 31st March 2024 if a viable merger option could not be found by this date.

Following an extraordinary general meeting held in March 2024, the deadline for terminating the fund was extended to the end of May 2024. Unfortunately, due to a difference in opinion over the valuation of certain assets that were to be transferred from Lothbury to UBS, the merger option did not proceed, and the fund was wound up on 30th May.

Although the merger fell through, officers maintained communication with UBS Triton fund managers. Due to the opportunity to transfer the Council's share of proceeds from Lothbury to UBS Triton, as and when funds are distributed, at a preferential management fee rate, under delegated authority the Executive Director (Section 151), in consultation with the Portfolio Holder for Finance, People and Performance determined that the transfer of funds from Lothbury to UBS Triton remained the Council's best opportunity to recover its investment loss.

Following the winding up of this fund on the 30th May 2024 Lothbury continue to dispose of all assets and making distributions to investors. On 30th June 2023 the Net Asset Value (NAV) of this investment was £0.739m.

As at 31st December 2024 the remaining balance within the Lothbury Fund still to be distributed was £263,371. A further Capital distribution was undertaken on the 10th January 2025 totalling £161,264.98.

As at 31st December 2024 the UBS Triton Property Fund LP investment value stood at £496,605.34.

4.4 Capital Strategy

The Prudential Code also makes it a requirement to produce a Capital Strategy which links to the Treasury Management Strategy. The Capital Strategy is an overarching document that sets the policy framework for the development, management, and monitoring of capital investment. It should focus on the core principles that underpin the Council's capital plans; short, medium, and long-term objectives; key issues and risks affecting the delivery of the capital programme; and the governance framework.

The strategy aims to drive the Council's capital plans by ensuring that capital expenditure and financing, and treasury management are appropriately aligned to support the sustainable, long-term delivery of our services. The strategy is reported as part of the 5 Year Capital Programme report elsewhere on this agenda.

5. Environmental impact

- 5.1 The Council is actively seeking opportunities to invest its surplus balances in a way which supports the Green Strategy, with the caveat that such investments meet the primary considerations of security, liquidity, and return.

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

- 6.1 There are no direct costs arising from this report. Instead, it provides a basis on which to undertake the treasury management activities necessary to support the Council's capital expenditure plans.

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

7.1

Current Risk	Actions to reduce the risks
That external borrowing might not be undertaken at the most advantageous rate	Treasury officers maintain regular contact with the Council's advisors, Link Treasury Services, who monitor movements in interest rates on our behalf. The aim is always to drawdown loans when interest rates are at their lowest point.
Credit risk – the risk that other parties might fail to pay amounts due, e.g., deposits with banks etc.	The Annual Investment Strategy sets the criteria through which the Council decides with whom it may invest. The lending list is updated regularly to reflect changes in credit ratings.
Liquidity risk – the Council might not have sufficient funds to meet its commitments	Daily monitoring of cash flow balances. Access to the money markets to cover any short-term cash shortfall.
Refinancing and maturity risk – the risk that the Council might need to 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 as a result 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
That the investment in UBS Triton will not achieve full recovery of the Council's current investment loss as expected.	UBS Triton is an established property fund with one of the highest rates of return in the market over the last 7 years. An earmarked reserve is in place to mitigate any potential fluctuations in the fund value, although it does not cover the full value of the initial investment.

8. Other options considered

8.1 None. The approval of the Treasury Management Strategy and prudential indicators is a statutory requirement.

9. Appendix

9.1 Appendix A – Treasury Management Strategy Statement and Appendices 2025/26

9.2 Appendix B – Approved counterparty list

10. Background paper(s)

- 10.1 The CIPFA Prudential Code
CIPFA's Code of Treasury Management in the Public Services
The Treasury Management Policy, Practices and Schedules

11. Report author's contact details

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Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

2025/26

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1.1 Background

The Authority is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

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

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

-

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by Scrutiny Committee and the Cabinet Executive.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) has also been required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Cabinet Executive. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

Cabinet members last received refresher training from our treasury consultants in October 2018.

The training needs of treasury management officers are periodically reviewed.

Treasury officers regularly attend training events provided by our treasury consultants to keep up to date with latest developments and regulations.

1.5 Treasury Management Consultants

The Authority uses **MUFG corporate Markets Link Group, MUFG Corporate Markets Treasury Limited** as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2029/30

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. This indicator also covers how those plans are to be financed by capital or revenue resources. Members are asked to approve the capital expenditure and resources in the table below. Any shortfall of resources results in a funding borrowing need.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Capital Expenditure	6,996	10,301	1,422	1,139	4,057	998	4,815
Financed by:							
Capital Receipts	(731)	(1,495)	(28)	(400)	(18)	(214)	(59)
Capital Grants & Contributions	(2,597)	(4,791)	(660)	(660)	(660)	(660)	(660)
Capital Reserves	0	(145)	(54)	(54)	(54)	(54)	(54)
Revenue Contributions	(4)	(100)	0	0	0	0	0
Net financing need for the year	3,664	3,770	680	25	3,325	70	4,042

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

2.2 The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for

these schemes. The Authority currently has just under £0.9m of finance lease liabilities within the CFR.

The Authority is asked to approve the CFR projections below:

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Total CFR	17,366	20,226	19,655	18,578	20,770	19,504	22,067
Movement in CFR	2,880	2,860	(570)	(1,077)	2,192	(1,266)	2,563

Movement in CFR represented by:							
Net financing need for the year	3,664	3,771	680	25	3,325	70	4,042
MRP/VRP and other financing movements	(784)	(911)	(1,250)	(1,102)	(1,133)	(1,335)	(1,479)
Movement in CFR	2,880	2,860	(570)	(1,077)	2,192	(1,265)	2,563

The following table analyses the planned external borrowing for capital expenditure purposes and conforms to the MHCLG requirements for applying for certainty rate borrowing from the Public Works Loan Board (PWLb).

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Service expenditure	2,120	3,421	680	25	3,325	70	4,042
Housing	1,544	350	0	0	0	0	0
Regeneration	0	0	0	0	0	0	0
Preventative action	0	0	0	0	0	0	0
Projects for yield	0	0	0	0	0	0	0
Total	3,664	3,771	680	25	3,325	70	4,042

Borrowing for schemes that fall under the heading of “projects for yield” will automatically disqualify the Council from being able to borrow from the PWLB in any year, so this table demonstrates that The Council is complying with the Code in this regard.

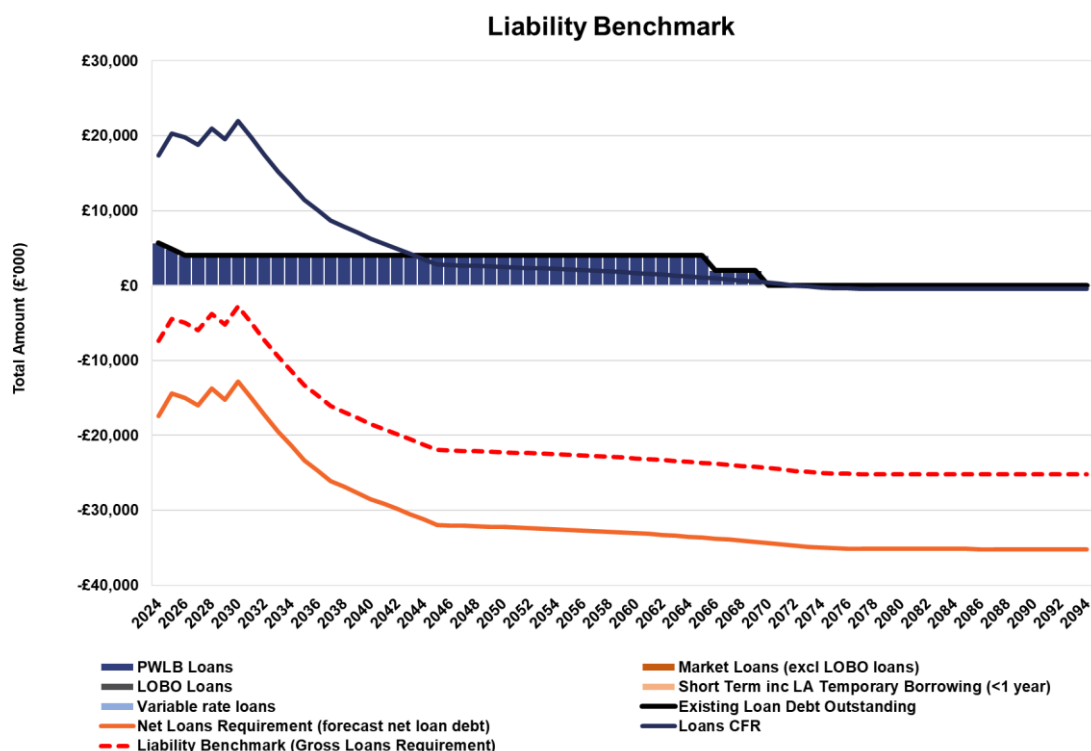
2.3 Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority’s existing loans that are still outstanding in future years.

2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Fund Balances & Reserves	(16,282)	(14,478)	(15,753)	(12,889)	(9,917)	(7,036)	(4,710)
Capital Receipts	(1,365)	(766)	(788)	(438)	(470)	(306)	(297)
Provisions	(2,019)	(2,657)	(3,527)	(4,447)	(5,386)	(6,375)	(7,384)
Other	(1,978)	0	0	0	0	0	0
Total Core Funds	(21,644)	(17,901)	(20,068)	(17,774)	(15,773)	(13,717)	(12,391)
Working Capital*	(12,642)	(14,225)	(6,112)	(7,345)	(8,139)	(3,930)	(1,820)
(Over)/Under Borrowing	11,198	12,126	11,180	10,120	8,913	7,647	6,211

Expected Investments	(23,090)	(20,000)	(15,000)	(15,000)	(15,000)	(10,000)	(8,000)
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*Working capital balances shown are estimated year-end; these may be higher mid-year

2.5 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Council is required to calculate a prudent MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Council can use any other reasonable basis that it can justify as prudent.

The MRP policy statement must be approved by full Council in advance of each financial year. The Council is recommended to approve the following MRP statement:

For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation over 50 years.

Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method), which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building. An annuity method will be used for the MRP calculation on a weighted average basis.

The interest rate applied to the annuity calculations will reflect the market conditions at the time and will for the current financial year be the Council's weighted average borrowing rate.

The following table gives an indication of the useful asset lives of different categories of assets/capital expenditure type, and hence the period over which MRP will be charged.

Capital Expenditure incurred on:	Estimated Asset Life for MRP purposes
Construction of new buildings	40 – 60 years
Disabled Facilities Grants – Stairlifts	5 years
Disabled Facilities Grants – Bathrooms/Major Adaptations	20 years
Enhancement and refurbishment of land and buildings	10 years
Refuse vehicles	7 years
Other vehicles, plant and equipment	5 – 7 years
Other capital grants	5 years

IT Systems	2 - 5 years
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Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26, or in the year after which the asset becomes operational.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

MRP in respect of assets acquired under Finance Lease will be charged at a rate equal to the principal element of the annual lease rental for the year in question.

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. For these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

There have been no VRP overpayments made to date.

3. BORROWING

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

3.1 Current Portfolio Position

The overall treasury management portfolio as at 31st March 2024 and for the position as at 31st December 2024 are shown below for both borrowing and investments.

	Actual 31/03/24 £000	Actual 31/03/24 %	Actual 31/12/24 £000	Actual 31/12/24 %
Treasury Investments				
Banks	18,129	79%	19,464	55%
Local Authorities	1,000	4%	0	0%
Money Market Funds	2,960	13%	16,000	45%
Total managed in house	22,089	97%	35,464	100%
Property Funds	743	3%	760	3%
Total managed externally	743	3%	760	3%
Total Treasury Investments	22,832	100%	36,224	100%
External Borrowing				
Local Authorities	0	0%	0	0%
Public Works Loans Board	5,713	100%	4,911	100%
Total External Borrowing	5,713	100%	4,911	100%
Net Treasury Investments/(Borrowing)	17,119		31,313	

The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Loans at 1 st April	5,930	5,713	7,257	7,650	7,650	11,050	11,050
Leases at 1 st April	455	455	842	825	808	808	807
Gross Opening Debt	6,385	6,168	8,099	8,475	8,458	11,858	11,857
New loans in year	0	2,400	500	0	3,400	0	4,000
New leases in year	0	402	0	0	0	0	0
Loan repayments	(217)	(855)	(858)	0	0	0	0
Lease repayments	0	(15)	(16)	(17)	0	0	(1)
Loans at 31 st March	5,713	7,257	7,650	7,650	11,050	11,050	15,050
Leases at 31 st March	455	842	825	808	808	807	806
Gross Closing Debt	6,168	8,099	8,475	8,458	11,858	11,857	15,856
Capital Financing Requirement	17,366	20,225	19,655	18,578	20,770	19,504	22,067
Under/(over) borrowing	11,198	12,126	11,180	10,120	8,912	7,647	6,211

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director (Section 151) reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

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

	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Borrowing	19,700	18,800	17,900	20,600	18,800	21,500
Other long-term liabilities	1,000	1,000	1,000	1,000	1,000	1,000
Total	20,700	19,800	18,900	21,600	19,800	22,500

The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

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

	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Borrowing	21,800	20,800	19,800	22,800	20,800	23,800
Other long-term liabilities	1,200	1,200	1,200	1,200	1,200	1,200
Total	23,000	22,000	21,000	24,000	22,000	25,000

3.3 Prospects for Interest Rates

The Authority has appointed MUFG Corporate Markets Treasury Limited (previously named Link Treasury Services Limited) as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by MUFG Corporate Markets Treasury Limited on this forecast table: -

- Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.
- If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.
- The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.
- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside

risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

- Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).
- Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.
- Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.
- So far, we have made little mention of the US President election. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.
- Our revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Executive Director (Section 151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than the sum of the expected increase in borrowing need (CFR) over the next three years; and
- The Authority would not look to borrow more than 24 months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to the Full Council at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK National Wealth Fund	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●

Internal (capital receipts & revenue balances)	•	•
Commercial Paper	•	
Medium Term Notes	•	
Finance Leases	•	•

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, part of the 5 Year Capital Programme report.

The Authority’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Authority’s investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority’s risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order

to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Authority does not currently place a limit on the maximum total exposure to non-specified investments as a percentage of the total investment portfolio.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This Authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending

31st March 2023. Subsequently, a further extension to the over-ride to **31st March 2025** was agreed by Government.

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness Policy

This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

In respect of building societies, the Council will use those societies that have assets in excess of £10 billion, subject to them having a minimum credit rating of P-2 (Moody's).

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

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration

will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on an ongoing basis. The Authority is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by MUFG. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour/long term rating	Money and/or % limit	Time Limit
UK Banks/Non-UK Banks	Yellow	£5m/£3m	5 years
UK Banks/Non-UK Banks	Purple	£5m/£3m	2 years
UK Banks/Non-UK Banks	Orange	£5m/£3m	1 year
Banks – part nationalised • RBS	Blue	£8m	1 year
UK Banks/Non-UK Banks	Red	£8m/£5m/£3m	6 months
UK Banks/Non-UK Banks	Green	£5m/£3m	100 days
UK Banks/Non-UK Banks	No colour	n/a	n/a
Building Societies	No colour/P-2	£5m	100 days
Council's own banker (not meeting usual criteria)	No colour	£8m	Overnight
DMADF	UK Sovereign Rating	unlimited	6 months
Local authorities	n/a	£5m	5 years
Property Funds	n/a	£1m	Unlimited
Money Market Funds			
• CNAV	AAA	£8m	Liquid
• LVNAV	AAA	£8m	Liquid
• VNAV	AAA	£8m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink/AAA	£3m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink/AAA	£3m	Liquid

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link Group-provided Passport portal.

Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. **Non-specified treasury management investment limit.** The Authority does not currently place a limit on the maximum total exposure to non-specified investments as a percentage of the total investment portfolio.
- b. **Country limit.** The Authority has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent counterparty rating). Furthermore, the maximum amount which may be invested with non-UK banks will be limited to £3m per institution. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.3 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

The Council's proposed Approved Counterparty List appears at Appendix B.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.5%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

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

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

Upper limit for principal sums invested for longer than 365 days	2025/26	2026/27	2027/28	2028/29	2029/30
Principal sums invested > 365 days	£6.0m	£6.0m	£6.0m	£6.0m	£6.0m
Current investments as at 31/01/25, in excess of 1 year, maturing in each year	£1.0m	£1.0m	£1.0m	£1.0m	£1.0m

4.4 Investment Performance / Risk Benchmarking

This Authority will use the 3-month average earnings as a benchmark for assessing its investment performance.

4.5 End of Year Investment Report

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

4.6 Property Fund Managers

Property funds are a longer-term investment tool, generally with an investment period of greater than 5 years. Investment balances are normally based on the projected level of reserves and balances available for longer-term investment and appropriate due diligence should be undertaken before investing in Property Funds. The Council invested £1m in the Lothbury Property Trust in December 2019, following an ongoing reduction in the fund value, fund managers gave notice to terminate the fund on 31st March 2024. The termination deadline was extended to the end of May 2024 following an extraordinary general meeting. The merger option which was considered did not go ahead and the fund was wound up on the 30th May. The Executive Director (Section 151), in consultation with the Portfolio Holder for Finance, Performance, and People, determined under delegated authority that the transfer of funds from Lothbury to UBS Triton remained the Council's best opportunity to recover its investment loss, and the process for investing with UBS is underway.

4.7 Ethical Investment Policy

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values. This would include, inter alia, avoiding direct investment in institutions with material links to:

- Human rights abuse (e.g. child labour, political oppression)
- Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
- Socially harmful activities (e.g. tobacco, gambling)

In addition to this, and in furtherance of the Council's carbon neutral ambitions, the Council will invest in green deposit notice accounts, providing that they are in accordance with the Council's prevailing investment criteria.

5 APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management (option 1)
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2025/26 – 2029/30

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital Expenditure

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Capital Expenditure	6,996	10,301	1,422	1,139	4,057	998	4,815
Financed by:							
Capital Receipts	(731)	(1,495)	(28)	(400)	(18)	(214)	(59)
Capital Grants & Contributions	(2,597)	(4,791)	(660)	(660)	(660)	(660)	(660)
Capital Reserves	0	(145)	(54)	(54)	(54)	(54)	(54)
Revenue Contributions	(4)	(100)	0	0	0	0	0
Net financing need for the year	3,664	3,770	680	25	3,325	70	4,042

5.1.2 Affordability Prudential Indicators

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

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

	2023/24 Actual £000	2024/25 Revised £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
General Fund	8.14%	8.55%	11.41%	10.98%	12.26%	14.94%	16.12%

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

5.1.3 Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2025/26		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2025/26		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

5.1.4. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2024-2027

Link Group Interest Rate View 11.11.24													
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

PWLB forecasts are based on PWLB certainty rates.

5.3 ECONOMIC BACKGROUND (to 12th December 2024) – commentary provided by MUFG Corporate Markets

The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the

next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.

If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump’s victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its

December meeting. However, with Trump's inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.

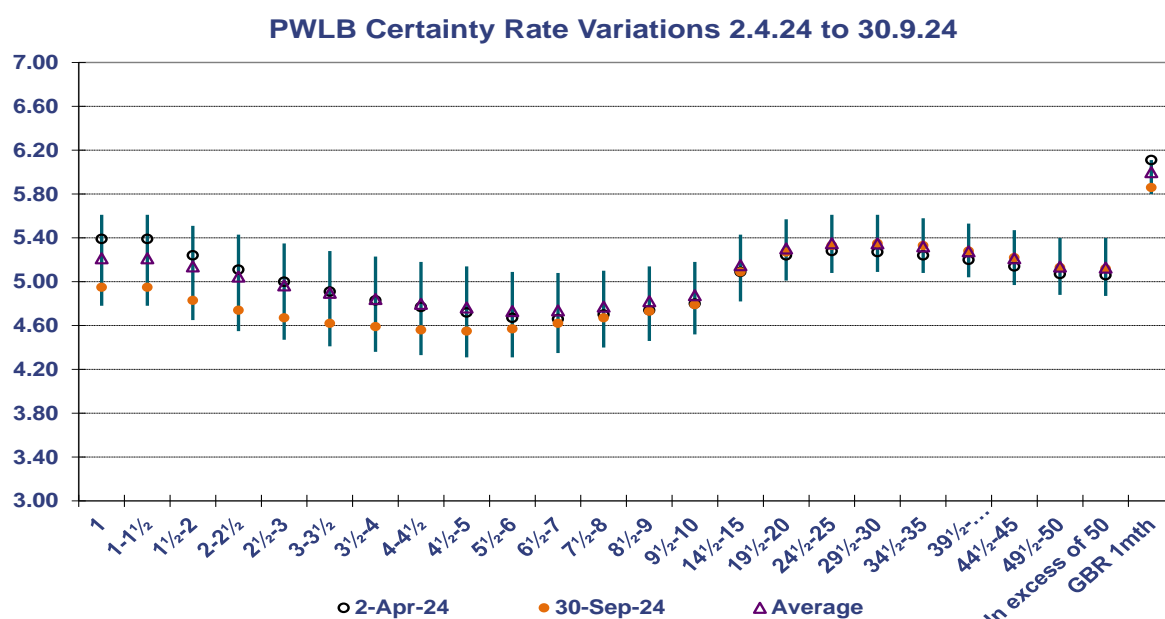
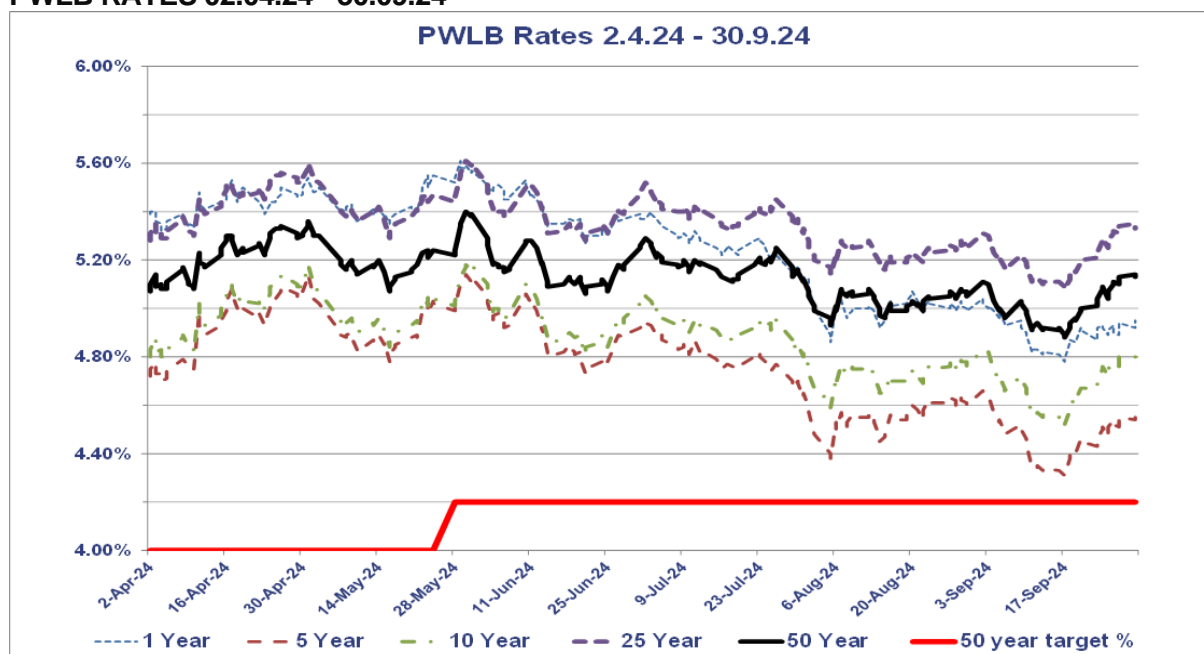
The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8,304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 02.04.24 - 30.09.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria/ colour band	Maximum investment limit per institution	Maximum maturity period
DMADF – UK Government	Yellow	unlimited	6 months (maximum set by DMO)
UK Gilts*	Yellow	£5m	5 years
UK Treasury bills*	Yellow	£5m	364 days (maximum set by DMO)
Bonds issued by Multilateral Development Banks	Yellow	£5m	5 years
Money market funds – Constant Net Asset Value (CNAV)	AAA	£8m per fund	Liquid
Money market funds – Low Volatility Net Asset Value (LVNAV)	AAA	£8m per fund	Liquid
Money market funds – Variable Net Asset Value (VNAV)	AAA	£8m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£3m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£3m per fund	Liquid
Local authorities	Yellow	£5m per authority	1 year
UK Banks	Orange Red Green	£5m	1 year 6 months 100 days

Part nationalised UK Banks	Blue	£8m	1 year
Non-UK Banks (with a Sovereign Rating of AA-)	Orange Red Green	£3m	1 year 6 months 100 days
Building Societies	Orange Red Green	£5m	Up to 1 year Up to 6 Months Up to 100 days

* UK Government gilts and treasury bills are rarely, if ever, used but are included in this list as a potential, high credit quality investment.

DMO is the Debt Management Office of HM Treasury.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria/ colour band	Maximum investment limit per institution	Maximum maturity period
Local authorities	n/a	£5m per authority	5 years
UK Banks	Yellow Purple	£5m	5 years 2 years
Non-UK Banks (with a Sovereign Rating of AA-)	Yellow Purple	£3m	5 years 2 years
Building Societies	P-2 (Moody's)	£5m	Up to 100 days
Property Funds	n/a	£1m	Minimum of 5 years

Council's own bank	n/a	£8m	Overnight
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The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits

The Council will undertake investments for periods in excess of one year only when it has been clearly established that core funds are available, and that any funds invested will not be required during the term of the investment.

The Council's policy is not to invest with subsidiaries of counterparties where those subsidiaries do not have credit ratings in their own right, even where they have an unconditional guarantee from a parent.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Authority. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.5 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Group creditworthiness service.

Based on lowest available rating (as at 25.11.24)

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA-

- Belgium
- France
- U.K.

5.6 TREASURY MANAGEMENT SCHEME OF DELEGATION

Council:

- receiving and reviewing reports on treasury management policies, practices, and activities
- approval of annual strategy.

Cabinet Executive:

- approval of amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

Scrutiny Committee:

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council that person is the Executive Director (Section 151). This person will carry out the following duties: -

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios.*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments.*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken.*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

APPENDIX B

APPROVED COUNTERPARTY LENDING LIST 2025/26

	Country	Monetary Limit	Maximum Period for Investment
UK Banks			
Bank of Scotland PLC (RFB)	UK	£5m	1 year
Barclays Bank PLC (NRFB)	UK	£5m	6 months
Barclays Bank UK PLC (RFB)	UK	£5m	6 months
Clydesdale Bank PLC	UK	£5m	6 months
Goldman Sachs International Bank	UK	£5m	6 months
Handelsbanken Plc	UK	£5m	1 year
HSBC Bank PLC (NRFB)	UK	£5m	1 year
HSBC UK Bank Plc (RFB)	UK	£5m	1 year
Lloyds Bank Corporate Markets Plc (NRFB)	UK	£5m	1 year
Lloyds Bank Plc (RFB)	UK	£5m	1 year
NatWest Markets plc (NRFB)	UK	£5m	6 months
Santander Financial Services plc (NRFB)	UK	£5m	6 months
Santander UK PLC	UK	£5m	6 months
SMBC Bank International Plc	UK	£5m	6 months
Standard Chartered Bank	UK	£5m	6 months
Nationalised/Part Nationalised Banks			
National Westminster Bank plc (RFB)	UK	£5m	1 year
The Royal Bank of Scotland Plc (RFB)	UK	£5m	1 year
Non-UK Banks			
Australia and New Zealand Banking Group Ltd.	Australia	£3m	1 year
Commonwealth Bank of Australia	Australia	£3m	1 year
Macquarie Bank Ltd.	Australia	£3m	1 year
National Australia Bank Ltd.	Australia	£3m	1 year
Westpac Banking Corp.	Australia	£3m	1 year
BNP Paribas Fortis	Belgium	£3m	6 months
KBC Bank N.V.	Belgium	£3m	1 year
Bank of Montreal	Canada	£3m	1 year
Bank of Nova Scotia	Canada	£3m	1 year
Canadian Imperial Bank of Commerce	Canada	£3m	1 year
National Bank of Canada	Canada	£3m	1 year
Royal Bank of Canada	Canada	£3m	1 year
Toronto-Dominion Bank	Canada	£3m	1 year
Danske A/S	Denmark	£3m	6 months
Nordea Bank Abp	Finland	£3m	1 year
OP Corporate Bank plc	Finland	£3m	1 year
BNP Paribas	France	£3m	6 months
Credit Agricole Corporate and Investment Bank	France	£3m	6 months
Credit Agricole S.A.	France	£3m	6 months
Credit Industriel et Commercial	France	£3m	6 months
Societe Generale	France	£3m	6 months
Bayerische Landesbank	Germany	£3m	1 year
Commerzbank AG	Germany	£3m	6 months
Deutsche Bank AG	Germany	£3m	6 months
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	Germany	£3m	1 year
Landesbank Baden-Wuerttemberg	Germany	£3m	1 year
Landesbank Berlin AG	Germany	£3m	1 year
Landesbank Hessen-Thueringen Girozentrale	Germany	£3m	1 year
Landwirtschaftliche Rentenbank	Germany	£3m	2 years
Norddeutsche Landesbank Girozentrale	Germany	£3m	1 year
NRW Bank	Germany	£3m	2 years
ABN AMRO Bank N.V.	Netherlands	£3m	6 months
BNG Bank N.V.	Netherlands	£3m	2 years
Coöperatieve Rabobank U.A.	Netherlands	£3m	1 year
ING Bank N.V.	Netherlands	£3m	1 year
Nederlandse Waterschapsbank N.V.	Netherlands	£3m	2 years
DNB Bank ASA	Norway	£3m	1 year
DBS Bank Ltd.	Singapore	£3m	1 year
Oversea-Chinese Banking Corp. Ltd.	Singapore	£3m	1 year
United Overseas Bank Ltd.	Singapore	£3m	1 year
Skandinaviska Enskilda Banken AB	Sweden	£3m	1 year
Svenska Handelsbanken AB	Sweden	£3m	1 year
Swedbank AB	Sweden	£3m	1 year
UBS AG	Switzerland	£3m	1 year
Bank of America N.A.	USA	£3m	1 year
Bank of New York Mellon, The	USA	£3m	2 years
Citibank N.A.	USA	£3m	1 year
JPMorgan Chase Bank N.A.	USA	£3m	2 year
Wells Fargo Bank, NA	USA	£3m	1 year
Building Societies			
Coventry Building Society	UK	£5m	100 days
Leeds Building Society	UK	£5m	100 days
Nationwide Building Society	UK	£5m	6 months
Skipton Building Society	UK	£5m	6 months
Yorkshire Building Society	UK	£5m	6 months
Other Institutions			
Local Authorities (per authority)		£5m	
Collateralised LA Deposit	UK	£5m	5 years
UK Debt Management Office (DMADF)	UK	unlimited	5 years
Multilateral Development Banks	UK	£5m	5 years
Supranationals	UK	£5m	5 years
UK Gilts	UK	£5m	5 years
Money Market Funds (per Fund) - Constant Net Asset Value (CNAV)	UK	£8m	Liquid
Money Market Funds (per Fund) - Low Volatility Net Asset Value (LVNAV)	UK	£8m	Liquid
Money Market Funds (per Fund) - Variable Net Asset Value (VNAV)	UK	£8m	Liquid
HSBC Call Account	UK	£8m	Liquid
Property Funds	UK	£3m	Minimum of 5 years

NB: Monetary limits apply to groups as well as individual counterparties.

RFB = Ring Fenced Bank

NRFB = Non Ring Fenced Bank

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Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Recommendations of the Cabinet Executive: Council Tax 2025/26
	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
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 The Council is required to set out the total amount that needs to be raised from the collection of Council Tax in the forthcoming year. This is known as the Council Tax Requirement for Blaby District Council and forms part of the funding towards the services provided by the Council. The report sets the amount of Council Tax charged to each household in the district.

2. Recommendation(s) to Council

- 2.1 The Council Tax Requirement for 2025/26 is set at £6,754,058.
- 2.2* The District Council Band D Council Tax is set at £194.79, reflecting an increase of 2.99% (£5.65), all other bands being determined in accordance with the relevant Sections of the Local Government Finance Act 1992, as amended.
- 2.3 The precepts and Band D Council Tax for Leicestershire County Council**, the Office of the Police and Crime Commissioner (OPCC), the Combined Fire Authority, and the various Parish Councils within the District, be determined as set out in the following report, with all other bands being determined in accordance with the relevant Sections of the Local Government Finance Act 1992, as amended.

*Recommendation 2.2 is subject to consideration of feedback following the end of the public consultation period at 11.45pm on Sunday 23rd February 2025.

**Subject to the meeting of Leicestershire County Council to be held on 19th February 2025.

3. Reason for Decisions Recommended

- 3.1 The Council is statutorily required to determine its own Council Tax Requirement and to determine the Council Tax for the 2025/26 financial year, after considering precepts set by the other preceptors.

4. Matters to consider

4.1 Background

Setting the level of Council Tax to be charged and calculating the total amount of Council Tax to be drawn from the Collection Fund, is the final stage of the budget process. The amount of funding the Council may raise in Council Tax is limited by:

- The number and size of properties in the district on which a charge for Council Tax can be applied (referred to as the Council Tax Base), and
- The maximum increase that may be applied to the current Council Tax level (without a referendum being triggered).

Blaby's Council Tax Base for 2025/26 is 34,672.75 and this was approved at a meeting of the Cabinet Executive on 13th January 2025.

Each year the government sets out the principles that determine whether a local authority's proposed council tax increase is excessive. For 2025/26, the basic amount of council tax for a shire district council is considered excessive if:

- It is 3%, or more than 3%, greater than the basic amount of council tax in 2024/25; **and**
- It is more than £5 greater than the basic amount of council tax in 2024/25.

This means that Blaby can increase its Band D council tax by the greater of 2.99% or £5 in 2025/26 without triggering a referendum. If a referendum were to be triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

The table below illustrates the impact on each council tax band if the council tax is increased by 2.99%:

A	B	C	D	E	F	G	H
£3.77	£4.40	£5.03	£5.66	£6.91	£8.17	£9.43	£11.31

4.2 Proposal(s)

The OPCC set its budget and Council Tax on 5th February 2025, which resulted in the Police and Crime Panel approving a 4.89% increase for a Band D property. The Combined Fire Authority approved an increase of 6.12% to its Band D Council Tax at a meeting on 5th February 2025. Finally, Leicestershire County Council set its Council Tax requirement on 19th February 2025, approving an overall increase of 4.99. All of these represent the maximum increase permissible under the Council Tax Referendum Principles.

The Council Tax Requirement for Blaby has been determined to be £6,754,058 and is calculated as follows:

	2024/25 £	2025/26 £
General Fund Budget Requirement	15,393,779	15,406,931
<u>Financed by:</u>		
National Non-Domestic Rates	(3,489,076)	(3,861,306)
New Homes Bonus Grant	(14,280)	(426,048)
Section 31 Grant – NNDR Compensation	(3,110,924)	(2,738,694)
Funding Guarantee	(2,245,863)	0
Funding Floor	0	(1,573,114)
Services Grant	(15,571)	0
Revenue Support Grant	(79,550)	(95,767)
Council Tax (Surplus)/Deficit	87,887	42,056
Council Tax Requirement	6,526,402	6,754,058

The Council Tax Requirement, including all preceptors, is shown in the table below. The percentage increase takes account of both the increase in the Council Tax Base, and the increase in Band D Council Tax.

	2024/25 £	2025/26 £	Change £
Leicestershire County Council	55,263,868	58,302,212	3,038,344
Leicestershire, Leicestershire & Rutland Combined Fire Authority	2,817,498	3,004,491	186,993
Office of the Police & Crime Commissioner for Leicestershire	9,876,611	10,409,807	533,196
Blaby District Council	6,526,402	6,754,058	227,656
Parish Councils (Aggregate)	4,620,807	4,978,992	358,185
Total	79,105,186	83,449,560	4,344,374

The Average Council Tax for each household is calculated by taking the precept requirement and dividing it by the Council Tax Base. This average is always shown as a Band D equivalent.

The table below shows the resulting Band D Council Tax amount for each of the preceptors that comprise the Council Tax bill. The Parish element is not shown in this table but is added on depending on the Parish in which the household is situated. Appendix A provides details of all individual Parish precepts.

	2024/25 £	2025/26 £	Change
Leicestershire County Council	1601.58	1681.50	4.99%
Leicestershire, Leicestershire & Rutland Combined Fire Authority	81.65	86.65	6.12%
Office of the Police & Crime Commissioner for Leicestershire	286.23	300.23	4.89%
Blaby District Council	189.14	194.79	2.99%
Total	2,158.60	2,263.17	4.84%

* In accordance with Government guidance each percentage is calculated as an increase to the 2024/25 total of £1,601.58.

All other bands are calculated by applying a ratio to the Band D Council Tax.

The average parish Council Tax is £143.60 which, when added to the figures in the table above, gives an overall Band D average charge of £2,406.77. By way of comparison, the current year Band D average charge is £2,292.51. The relevant Council Tax for each of the bands, including the average Parish charge, is:

A	B	C	D	E	F	G	H
£1,604.51	£1,871.94	£2,139.35	£2,406.77	£2,941.62	£3,476.46	£4,011.29	£4,813.54

In accordance with Section 30-36 of the Local Government and Finance Act, 1992, the Council Tax payable for each band of property has been determined taking into account the individual precept requirement for each Parish Council. This information is set out in Appendix B.

4.3 Relevant Consultations

Major preceptors and all Parishes have been consulted to obtain their precept requirements for 2025/26.

As part of the annual budget consultation exercise, a sample selection of residents has been asked for their views on increasing the Council Tax for 2025/26. The consultation had not closed at the point of publication of this report and a verbal update will be given when the report is presented at the Cabinet Meeting.

4.4 Significant Issues

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

5. Environmental impact

5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

- 6.1 The financial implications of this report are dealt with in the report General Fund Budget Proposals 2025/26 also included on this agenda.

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

7.1

Current Risk	Actions to reduce the risks
Not performing the calculations correctly and therefore issuing Council Tax demands to residents incorrectly	All precept amounts are formally notified to the Council by each authority or Parish. Meticulous calculations and independent checks are made to ensure accuracy

8. Other options considered

- 8.1 None – the setting of the Council Tax Requirement is a statutory requirement, and changes to Council Tax Support and discretionary liability must be approved by Full Council.

9. Appendix

- 9.1 Appendix A – Comparison of Band D Tax by Parish
- 9.2 Appendix B – Total Council Tax Amounts by Band 2025/26
- 9.3 Appendix C – Draft Resolution

10. Background paper(s)

- 10.1 General Fund Budget Proposals 2025/26
Council Tax Setting 2025/26 files held by Finance Services

11. Report author's contact details

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Katie.Hollis@blaby.gov.uk	0116 272 7739

Comparison of Band D Tax by Parish:						APPENDIX A			
		Total Tax		Increase		Parish Components		Increase/(Decrease)	
		2025/26	2024/25	£	%	2025/26	2024/25	£	%
Aston Flamville		2,263.17	2,158.60	104.57	4.84	0.00	0.00	0.00	0.00
Blaby		2,470.88	2,345.00	125.88	5.37	207.71	186.40	21.31	11.43
Braunstone Town		2,493.49	2,358.91	134.58	5.71	230.32	200.31	30.01	14.98
Cosby		2,412.49	2,289.96	122.53	5.35	149.32	131.36	17.96	13.67
Countesthorpe		2,438.85	2,323.16	115.69	4.98	175.68	164.56	11.12	6.76
Croft		2,454.30	2,333.61	120.69	5.17	191.13	175.01	16.12	9.21
Elmesthorpe		2,305.57	2,198.82	106.75	4.85	42.40	40.22	2.18	5.42
Enderby		2,403.67	2,294.38	109.29	4.76	140.50	135.78	4.72	3.48
Glenfield		2,373.17	2,267.45	105.72	4.66	110.00	108.85	1.15	1.06
Glen Parva		2,416.29	2,308.58	107.71	4.67	153.12	149.98	3.14	2.09
Huncote		2,409.59	2,298.05	111.54	4.85	146.42	139.45	6.97	5.00
Kilby		2,340.47	2,238.50	101.97	4.56	77.30	79.90	(2.60)	(3.25)
Kirby Muxloe		2,375.51	2,267.68	107.83	4.76	112.34	109.08	3.26	2.99
Leicester Forest East		2,340.73	2,234.99	105.74	4.73	77.56	76.39	1.17	1.53
Leicester Forest West		2,263.17	2,158.60	104.57	4.84	0.00	0.00	0.00	0.00
Lubbesthorpe		2,319.27	2,213.64	105.63	4.77	56.10	55.04	1.06	1.93
Narborough		2,405.82	2,296.08	109.74	4.78	142.65	137.48	5.17	3.76
Potters Marston		2,263.17	2,158.60	104.57	4.84	0.00	0.00	0.00	0.00
Sapcote		2,389.15	2,270.04	119.11	5.25	125.98	111.44	14.54	13.05
Sharnford		2,364.76	2,245.94	118.82	5.29	101.59	87.34	14.25	16.32
Stoney Stanton		2,359.82	2,253.05	106.77	4.74	96.65	94.45	2.20	2.33
Thurlaston		2,378.56	2,261.72	116.84	5.17	115.39	103.12	12.27	11.90
Whetstone		2,376.61	2,268.82	107.79	4.75	113.44	110.22	3.22	2.92
Wigston Parva		2,263.17	2,158.60	104.57	4.84	0.00	0.00	0.00	0.00
Parish Average		2,406.77	2,292.51	114.26	4.98	143.60	133.91	9.69	7.24
Blaby District Council						194.79	189.14	5.65	2.99
the Office of the Police & Crime Commissioner (OPCC) for Leicestershire						300.23	286.23	14.00	4.89
Leicester, Leicestershire & Rutland Combined Fire Authority						86.65	81.65	5.00	6.12
Leicestershire County Council - includes an element for Adult Social Care Services						1,681.50	1,601.58	79.92	4.99

Appendix B									
APPENDIX B									
Total Council Tax Amounts By Band 2025/26									
Parish	Precept	A	B	C	D	E	F	G	H
Aston Flamville	0	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
Blaby	456,881	1,647.25	1,921.80	2,196.34	2,470.88	3,019.98	3,569.06	4,118.14	4,941.76
Braunstone Town	1,128,399	1,662.33	1,939.39	2,216.44	2,493.49	3,047.62	3,601.73	4,155.83	4,986.98
Cosby	176,764	1,608.33	1,876.39	2,144.44	2,412.49	2,948.61	3,484.73	4,020.83	4,824.98
Countesthorpe	454,328	1,625.90	1,896.89	2,167.87	2,438.85	2,980.83	3,522.80	4,064.76	4,877.70
Croft	107,300	1,636.20	1,908.91	2,181.60	2,454.30	2,999.71	3,545.12	4,090.51	4,908.60
Elmesthorpe	12,994	1,537.05	1,793.23	2,049.40	2,305.57	2,817.93	3,330.28	3,842.62	4,611.14
Enderby	274,985	1,602.44	1,869.52	2,136.60	2,403.67	2,937.83	3,471.98	4,006.12	4,807.34
Glenfield	419,008	1,582.11	1,845.80	2,109.49	2,373.17	2,900.55	3,427.92	3,955.29	4,746.34
Glen Parva	288,161	1,610.86	1,879.34	2,147.82	2,416.29	2,953.26	3,490.21	4,027.16	4,832.58
Huncote	93,909	1,606.40	1,874.14	2,141.86	2,409.59	2,945.07	3,480.54	4,016.00	4,819.18
Kilby	9,955	1,560.31	1,820.37	2,080.42	2,340.47	2,860.59	3,380.70	3,900.80	4,680.94
Kirby Muxloe	231,276	1,583.67	1,847.63	2,111.57	2,375.51	2,903.42	3,431.31	3,959.19	4,751.02
Leicester Forest East	191,983	1,560.48	1,820.57	2,080.65	2,340.73	2,860.90	3,381.07	3,901.22	4,681.46
Leicester Forest West	0	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
Lubbesthorpe	55,112	1,546.18	1,803.89	2,061.58	2,319.27	2,834.68	3,350.08	3,865.47	4,638.54
Narborough	430,000	1,603.88	1,871.20	2,138.51	2,405.82	2,940.45	3,475.08	4,009.70	4,811.64
Potters Marston	0	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
Sapcote	157,985	1,592.77	1,858.24	2,123.69	2,389.15	2,920.09	3,451.01	3,981.93	4,778.30
Sharnford	40,000	1,576.51	1,839.27	2,102.01	2,364.76	2,890.28	3,415.78	3,941.28	4,729.52
Stoney Stanton	142,219	1,573.21	1,835.42	2,097.62	2,359.82	2,884.24	3,408.65	3,933.05	4,719.64
Thurlaston	33,097	1,585.71	1,850.00	2,114.28	2,378.56	2,907.14	3,435.71	3,964.27	4,757.12
Whetstone	274,636	1,584.40	1,848.48	2,112.54	2,376.61	2,904.75	3,432.89	3,961.02	4,753.22
Wigston Parva	0	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
	4,978,992								

DRAFT RESOLUTION**COUNCIL TAX 2025/26**

The Council is recommended to resolve as follows:

1. That it be noted that on 13th January 2025 the Council calculated the Council Tax Base for 2025/26
 - (a) for the whole district as 34,672.75 [Item T in the formula in Section 31B of the Local Government Finance Act 1992 (the Act), as amended by the Localism Act 2011; and
 - (b) for dwellings in those parts of its district to which a Parish precept relates as listed below:

Parish of:	Band D Equivalent Properties
Aston Flamville	111.28
Blaby	2,199.62
Braunstone Town	4,899.20
Cosby	1,183.79
Countesthorpe	2,586.08
Croft	561.40
Elmesthorpe	306.48
Enderby	1,957.24
Glenfield	3,809.26
Glen Parva	1,881.92
Huncote	641.35
Kilby	128.78
Kirby Muxloe	2,058.70
Leicester Forest East	2,475.41
Leicester Forest West	17.14
Lubbesthorpe	982.32
Narborough	3,014.46
Potters Marston	12.41
Sapcote	1,254.04
Sharnford	393.73
Stoney Stanton	1,471.47
Thurlaston	286.83
Whetstone	2,421.08
Wigston Parva	18.76

2. Calculate that the Council Tax Requirement for the Council's own purposes for 2025/26 (excluding Parish precepts) is £6,754,058.
3. That the following amounts be calculated by the Council for the year 2025/26 in accordance with new Sections 31 to 36 of the Act:
 - (a) £43,268,180 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils **(i.e., gross expenditure including parish precepts)**.
 - (b) £31,535,130 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act **(i.e., gross income including government grants)**.
 - (c) £11,733,050 being the amount by which the aggregate at 3(a) above exceeds the aggregate of 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year (Item R in the formula in Section 31B of the Act) **(i.e., Council Tax Requirement including parish precepts)**.
 - (d) £338.3940 being the amount at 3(c) above (Item R) divided by the amount at 1(a) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year **(i.e., average Band D Council Tax including parish precepts)**.
 - (e) £4,978,992 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act **(i.e., Parish Council precepts)**.
 - (f) £194.7944 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its areas to which no special item relates **(i.e., District Council Band D Council Tax)**.

(g) Basic Amount of Council Tax by Parish 2025/26 (£)

Aston Flamville	194.7944
Blaby	402.5035
Braunstone Town	425.1175
Cosby	344.1148
Countesthorpe	370.4765
Croft	385.9237
Elmesthorpe	237.1919
Enderby	335.2907
Glenfield	304.7916
Glen Parva	347.9151
Huncote	341.2183
Kilby	272.0968
Kirby Muxloe	307.1352
Leicester Forest East	272.3504
Leicester Forest West	194.7944
Lubbesthorpe	250.8983
Narborough	337.4402
Potters Marston	194.7944
Sapcote	320.7752
Sharnford	296.3869
Stoney Stanton	291.4454
Thurlaston	310.1833
Whetstone	308.2297
Wigston Parva	194.7944

being the amounts given by adding to the amount at 2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) Calculation of Basic Amounts of Council Tax by parish for Different Valuation Bands

The amounts shown in Table A attached being the amounts given by multiplying the amounts at 2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted for the year 2024/25 the major precepting authorities have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below: -

<u>Precepting Authority</u>	<u>Valuation Bands (£)</u>			
Leicestershire County Council	A	1,120.9997	E	2,055.1661
	B	1,307.8329	F	2,428.8326
	C	1,494.6662	G	2,802.4992
	D	1,681.4995	H	3,362.9990
Office of the Police & Crime Commissioner for Leicestershire	A	200.1535	E	366.9480
	B	233.5124	F	433.6658
	C	266.8713	G	500.3837
	D	300.2302	H	600.4604
Leicester, Leicestershire & Rutland Combined Fire Authority	A	57.7685	E	105.9090
	B	67.3966	F	125.1652
	C	77.0247	G	144.4213
	D	86.6528	H	173.3056

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2024/25 for each part of its area and for each of the categories of dwelling shown in Table B attached.
6. Determines that the Council's basic amount of Council Tax for 2024/25 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

Table A								Appendix C - Table A	
	District Council Tax Amounts By Band 2025/26								
		A	B	C	D	E	F	G	H
	Aston Flamville	129.8629	151.5068	173.1506	194.7944	238.0820	281.3697	324.6573	389.5888
	Blaby	268.3356	313.0583	357.7809	402.5035	491.9487	581.3940	670.8391	805.0070
	Braunstone Town	283.4116	330.6470	377.8822	425.1175	519.5880	614.0586	708.5291	850.2350
	Cosby	229.4098	267.6449	305.8798	344.1148	420.5847	497.0547	573.5246	688.2296
	Countesthorpe	246.9843	288.1484	329.3125	370.4765	452.8046	535.1327	617.4608	740.9530
	Croft	257.2824	300.1629	343.0433	385.9237	471.6845	557.4454	643.2061	771.8474
	Elmesthorpe	158.1279	184.4826	210.8373	237.1919	289.9012	342.6105	395.3198	474.3838
	Enderby	223.5271	260.7817	298.0362	335.2907	409.7997	484.3088	558.8178	670.5814
	Glenfield	203.1944	237.0602	270.9259	304.7916	372.5230	440.2545	507.9860	609.5832
	Glen Parva	231.9434	270.6007	309.2579	347.9151	425.2295	502.5440	579.8585	695.8302
	Huncote	227.4788	265.3921	303.3052	341.2183	417.0445	492.8709	568.6971	682.4366
	Kilby	181.3978	211.6309	241.8638	272.0968	332.5627	393.0287	453.4946	544.1936
	Kirby Muxloe	204.7568	238.8830	273.0091	307.1352	375.3874	443.6397	511.8920	614.2704
	Leicester Forest East	181.5669	211.8281	242.0893	272.3504	332.8727	393.3950	453.9173	544.7008
	Leicester Forest West	129.8629	151.5068	173.1506	194.7944	238.0820	281.3697	324.6573	389.5888
	Lubbesthorpe	167.2655	195.1432	223.0207	250.8983	306.6534	362.4087	418.1638	501.7966
	Narborough	224.9601	262.4535	299.9469	337.4402	412.4269	487.4136	562.4003	674.8804
	Potters Marston	129.8629	151.5068	173.1506	194.7944	238.0820	281.3697	324.6573	389.5888
	Sapcote	213.8501	249.4919	285.1335	320.7752	392.0585	463.3420	534.6253	641.5504
	Sharnford	197.5912	230.5232	263.4550	296.3869	362.2506	428.1144	493.9781	592.7738
	Stoney Stanton	194.2969	226.6798	259.0626	291.4454	356.2110	420.9767	485.7423	582.8908
	Thurlaston	206.7888	241.2537	275.7185	310.1833	379.1129	448.0426	516.9721	620.3666
	Whetstone	205.4864	239.7343	273.9820	308.2297	376.7251	445.2207	513.7161	616.4594
	Wigston Parva	129.8629	151.5068	173.1506	194.7944	238.0820	281.3697	324.6573	389.5888

Table B								Appendix C - Table B	
	Total Council Tax Amounts By Band 2025/26								
		A	B	C	D	E	F	G	H
	Aston Flamville	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
	Blaby	1,647.25	1,921.80	2,196.34	2,470.88	3,019.98	3,569.06	4,118.14	4,941.76
	Braunstone Town	1,662.33	1,939.39	2,216.44	2,493.49	3,047.62	3,601.73	4,155.83	4,986.98
	Cosby	1,608.33	1,876.39	2,144.44	2,412.49	2,948.61	3,484.73	4,020.83	4,824.98
	Countesthorpe	1,625.90	1,896.89	2,167.87	2,438.85	2,980.83	3,522.80	4,064.76	4,877.70
	Croft	1,636.20	1,908.91	2,181.60	2,454.30	2,999.71	3,545.12	4,090.51	4,908.60
	Elmesthorpe	1,537.05	1,793.23	2,049.40	2,305.57	2,817.93	3,330.28	3,842.62	4,611.14
	Enderby	1,602.44	1,869.52	2,136.60	2,403.67	2,937.83	3,471.98	4,006.12	4,807.34
	Glenfield	1,582.11	1,845.80	2,109.49	2,373.17	2,900.55	3,427.92	3,955.29	4,746.34
	Glen Parva	1,610.86	1,879.34	2,147.82	2,416.29	2,953.26	3,490.21	4,027.16	4,832.58
	Huncote	1,606.40	1,874.14	2,141.86	2,409.59	2,945.07	3,480.54	4,016.00	4,819.18
	Kilby	1,560.31	1,820.37	2,080.42	2,340.47	2,860.59	3,380.70	3,900.80	4,680.94
	Kirby Muxloe	1,583.67	1,847.63	2,111.57	2,375.51	2,903.42	3,431.31	3,959.19	4,751.02
	Leicester Forest East	1,560.48	1,820.57	2,080.65	2,340.73	2,860.90	3,381.07	3,901.22	4,681.46
	Leicester Forest West	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
	Lubbesthorpe	1,546.18	1,803.89	2,061.58	2,319.27	2,834.68	3,350.08	3,865.47	4,638.54
	Narborough	1,603.88	1,871.20	2,138.51	2,405.82	2,940.45	3,475.08	4,009.70	4,811.64
	Potters Marston	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34
	Sapcote	1,592.77	1,858.24	2,123.69	2,389.15	2,920.09	3,451.01	3,981.93	4,778.30
	Sharnford	1,576.51	1,839.27	2,102.01	2,364.76	2,890.28	3,415.78	3,941.28	4,729.52
	Stoney Stanton	1,573.21	1,835.42	2,097.62	2,359.82	2,884.24	3,408.65	3,933.05	4,719.64
	Thurlaston	1,585.71	1,850.00	2,114.28	2,378.56	2,907.14	3,435.71	3,964.27	4,757.12
	Whetstone	1,584.40	1,848.48	2,112.54	2,376.61	2,904.75	3,432.89	3,961.02	4,753.22
	Wigston Parva	1,508.78	1,760.25	2,011.71	2,263.17	2,766.11	3,269.04	3,771.96	4,526.34

Blaby District Council Council

Date of Meeting	25 February 2025
Title of Report	Recommendations of the Cabinet Executive: General Fund Budget Proposals 2025/26 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	Executive Director (Section 151 Officer)
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 The report sets out the Council's General Fund budget proposals for the forthcoming financial year. This includes details of the financial settlement that will support service delivery, and a high-level summary of planned expenditure by portfolio. The Council holds a number of reserves that it can draw upon to fund future expenditure. The level of reserves is noted within this report, along with an update of the Medium-Term Financial Strategy (MTFS) and comments of the Executive Director (S151 Officer) for the purposes of the requirements of Section 25 and 26 of the Local Government Act 2003.

2. Recommendation(s) to Council

- 2.1 To have regard to the comments of the Executive Director (Section 151 Officer) in paragraph 4.7 in respect of the requirements of the Local Government Finance Act 2003.
- 2.2 To approve the 2025/26 General Fund Revenue Account net expenditure budget of **£15.407m**.
- 2.3 That Council approve the increase of the General Fund Reserve level held to 45% of the net budgeted revenue expenditure.
- 2.4 That delegated authority is given to the S151 Officer in consultation with the Portfolio Holder to make minor amendments to the Budget should it be necessary.

3. Reason for Decisions Recommended

- 3.1 It is a requirement for the Cabinet Executive and Council to take into account the requirements of the Local Government Finance Act 2003 in relation to the robustness of the budget and the adequacy of reserves.
- 3.2 Cabinet and Council are required to consider and approve the General Fund Revenue Account budget proposals in order to set the budget and Council Tax for the forthcoming financial year.
- 3.3 It is appropriate to review the General Fund Balance upper limit parameters given the financial uncertainty and the Council's reserve levels.
- 3.4 Minor amendments to the budget may become necessary prior to the commencement of the year in April, it is therefore appropriate to give delegated authority to allow these to be reflected in the budget.

4. Matters to consider

4.1 Background

The Council formulates an annual budget based on our best estimates of income and expenditure for the forthcoming financial year. Officers monitor actual income and expenditure against the budget during the year, and quarterly progress reports are presented to Cabinet Executive, highlighting any significant variances against the budget.

Alongside the annual budget, the Medium-Term Financial Strategy (MTFS) provides a forecast of the Council's revenue position up to a period of five years into the future.

Perhaps the most significant strand to the budget setting process is the Local Government Finance Settlement, which sets out the amount of Government funding that will be made available to support the Council's budget for the forthcoming year, and the amount by which we are permitted to raise council tax.

Members will be aware that the settlement funding assessment for 2025/26 was announced on 18th December 2024. As has been the case in recent years, only a single year settlement was released.

The Final Local Government Settlement was received on 3rd February 2025. No further funding was provided to Blaby District Council within the Final Settlement however certainty was provided on the National Insurance Compensation figure which was £104k rather than the £117k allowed for initially in the budget.

A single year settlement makes it difficult to gauge the level of funding in future financial years, given the forthcoming Local Authority Funding Reforms and also the impact that the White Paper in Devolution and Local Government Reform may have.

There remains a great deal of uncertainty over how changes to Business Rates Retention and the Funding and Local Government Reform will impact on our financial position. The Funding Reforms are now expected to be implemented in 2026/27. The updated MTFS, at Appendix C, therefore, assumes that the Business Rates Baseline will be re-based from 1st April 2026, and this is expected to lead to the loss of any growth in business rates that have accumulated since 2013/14.

It is too early in the process to understand the impact the Local Government Reforms (LGR) will have on the financial position of the Council and therefore the proposed budget for 2025/26 and the MTFS has not modelled any of this impact.

It is however expected that the Council will incur additional costs relating to the development of LGR proposals and costs associated with delivering Local Government Reform. These points should be taken into consideration when setting Council Tax and reviewing reserve levels.

4.2 Proposed Budget

The General Fund Revenue Account net expenditure budget of **£15.407m** has been prepared by:

- Including an estimate of the costs associated with the annual pay settlement which is yet to be agreed by the National Joint Council for Local Government.
- Incorporating increases in employer's pension in line with the triannual review.
- Including changes in external funding.
- Updating both income and expenditure forecasts to reflect inflationary pressures and any review of charges, particularly in respect of some of our key income streams.
- Utilising earmarked reserves where applicable to do so to support services to continue to be delivered.
- Estimating the amount of business rates receivable based on properties on the rating list, entitlement to various reliefs, expected growth, and the likelihood of appeals.

Contingent events such as planning appeals are not included within the budget requirement, but expenditure will be funded from balances if it is necessary.

Funding the Budget Requirement

Service expenditure is presented net of fees and charges, and other specific grant income, to arrive at the net budget requirement of £15.407m.

The net budget requirement is met through a combination of council tax, business rates, and government grants.

Council Tax – proposals for Council Tax are included in a separate report on this agenda. The budget proposals include an assumption that the Band D Council Tax is increased by 2.99%; an increase of £5.66 per annum in 2025/26. Applying this to the Council Tax Base of 34,672.75 Band D equivalents, generates estimated Council Tax income of £6,754,058 in 2025/26.

Business Rates – during the pandemic income from Business Rates was significantly impacted, mainly due to the expanded retail relief introduced by the Government to support businesses that were affected by the lockdown, but also in terms of an increase in empty properties, reduced growth, and an increase in the number of appeals against rating assessments. However, this position was mitigated by the receipt of Section 31 Grant paid by the Government in compensation for expanded retail relief losses and other similar measures.

Whilst the impact of the pandemic has reduced now, there are still several measures in place to support businesses, including small business rate relief, retail and hospitality relief, and the freezing of the rate multiplier for small businesses. All these factors combine to reduce the amount of business rates collectable, although Section 31 compensation is still in place to mitigate the impact.

Appeals submitted by businesses seeking a reduction in their rateable value, still represents a risk to the business rates base. A provision is in place against which successful appeals can be offset, and this has been factored into the forecast of business rates receivable in 2025/26 and beyond.

At the time when Scrutiny was presented with the draft budget proposals, Members were advised that income from Business Rates had increased, with the Valuation Office rating one particular property in the district higher than expected. This has resulted in extending the Business Rate income but the backdated element being of a one-off nature. Further work has been undertaken to refine the budget estimates in line with completion of the statutory NNDR1 return, and this has enabled us to retain the estimated business rates receivable at £6.6m with a contribution of £1.6m made to the NNDR Income Reserve.

New Homes Bonus Grant – New Homes Bonus Grant has again been extended for a further year with £426k to be received in 2025/26. As the New Homes Grant has increased in 2025/26 so other grants have reduced. The future of New Homes Bonus continues to be uncertain, and no provision has been built into the MTFS from 2026/27 onwards.

Funding Floor Grant – This replaces the Funding Guarantee Grant. Blaby has been allocated £1.573M, a decrease from the £2.246M Funding Guarantee Grant of 2024/25. The reduced amount is reflective of both the

increase in New Homes Bonus received in 2025/26 and the fact that Blaby is able to raise an additional £190k if choosing to raise Council Tax by the maximum 2.99%.

Defra Funding: Extended Producer Responsibility for Packaging

It should be noted that funding of £913k will be received in 2025/26 from Defra relating to the Extended Producer Responsibility for Packaging. This is based on the Council's recycling collections and tonnages and passes the cost of collection onto those who produce the packaging. This funding has therefore considerably reduced the cost to the Council of providing the recycling collection to residents and contributes to the reduction in the expected Net Budget Requirement for 2025/26. The Government have excluded the Defra Funding from the calculation of Core Spending Power in 2025/26.

Balances and Reserves

The adequacy of the Councils balances and reserves are essential factors to be taken into consideration when preparing the annual budgets. The Council maintains a General Fund working balance and a number of specific earmarked reserves and provisions to meet liabilities.

In 2025/26 it is proposed that the Council makes a contribution of £531,470 **from** earmarked reserves to support the budget as follows:

- £54,500 from the Blaby District Plan reserve to support the Capital Grant Scheme.
- £63,750 from the Contractual Losses Support Fund to support the income from leisure contracts.
- £413,220 released from the Business Rate Pool Reserve to support the expenditure incurred to support Economic Development of the District.

It should also be noted that additional contributions **to** earmarked reserves are be made as follows:

- £45,000 is to be made to the Property Fund Reserve. This reflects income that is expected to be received from the investment in the property fund.
- £1,649,329 is to be made to the NNDR Income Reserve to support the budget of 2026/27 onwards when the Business Rate Baseline is expected to be reset.

In 2025/26 it is proposed that the Council also makes a contribution to the General Fund Balance of £111,639.

Information relating to specific Balances and Reserves are set out below:

General Fund Balance

The Council's General Fund balance plays an important part in maintaining the financial stability of the authority primarily by:-

- Meeting unforeseen additional expenditure and reductions in income during the course of the financial year.
- Meeting the cost of one-off items of expenditure.
- Supporting the stability of the Council's finances by providing a source of funding in times of uncertainty.

In 2025/26 an amount of **£112k** is proposed to be contributed to the General Fund after contributions have been made from earmarked reserves to support the budget. This is on the basis that Cabinet Executive and Council approve the Council Tax increase that is the subject of the following report.

It should be noted that no allowance has been made for the costs of LGR in the 2025/26 proposed budget. Additional costs are expected to be forthcoming as officers become involved in the proposal development and progress towards the new authority arrangements. For this reason, it is expected that there will be a requirement to draw on reserves during the forthcoming year over above the position reported in the appendices.

The estimated balance of the General Fund at 31st March 2026 would, therefore, be **£6.733m** representing **43.7%** of the proposed net revenue budget for 2025/26. This is above the current limit within the Council's policy to hold no higher than 35% of the proposed relevant annual net revenue budget and as indicated to Cabinet in the Financial Performance Report 2023/24, considered on 24th June 2024, it is necessary to review this upper limit. It is therefore proposed that the Council's policy with regard to the upper limit held in the General Fund be increased to 45%. Whilst the reserves have increased in recent years, Blaby's usable reserve levels sit within the third quartile when compared with other districts. This, along with the forecast budget gaps illustrated in the MTFs suggest increasing reserve levels at this time is an advantage if able to do so.

NNDR Income Reserve

Since 2015/16 the Council has recognised and released income generated from the growth in Business Rates to support the budget.

Officers monitor Business Rates throughout the year and although appeals and unpredictability of growth rates and empty properties make it difficult to forecast the outturn position, the Council has continued to benefit from seeing growth within the District. It is anticipated that the NNDR income reserve will have a balance of **£1.794m** by 31st March 2025 increasing to £3.443m by 31st March 2026.

Other Earmarked Reserves

Appendix B gives details of the expected movement on earmarked reserves in 2024/25 and 2025/26. If any planned expenditure for 2024/25, backed by contributions from earmarked reserves, does not take place before 31st March 2025, consideration will be given to carrying the budget forward to 2025/26. In such cases the funding will remain in the earmarked reserve until required.

Medium Term Financial Strategy

The MTFS financial assumptions have been updated to reflect the recent Settlement and to take account of the anticipated reduction in future funding and the consequential risks that the Council faces in future financial years. A summary of the MTFS appears at Appendix C. The MTFS gives an indication of our future financial position based on the limited information we currently have regarding the changes to Business Rates and the introduction of Local Authority Funding Reforms, both of which are expected to be implemented for the 2026/27 financial year.

The main assumption contained within the MTFS is that rebasing will take place from 2026/27 based upon the level of collectable Business Rates in 2025/26. This will effectively remove any growth attained between 2013/14 and 2025/26 by increasing the tariff payable to Government out of Blaby's share of the collectable rates.

This is expected to lead to a budget deficit of around £1.1M in 2026/27 after damping. Once again, there is no certainty that the Government will introduce any form of damping, but it is thought likely that they will, in order to smooth the impact of the loss in funding across more than one financial year. The MTFS at Appendix C builds in an assumption that the loss in funding will be limited to 5% of the funding level for 2026/27. However, this is just one possibility and is by no means guaranteed.

The future of New Homes Bonus is very uncertain, and we await to hear if there will be a continuation of New Homes Bonus Grant in the future or if anything will replace it. For the purposes of the MTFS no New Homes Grant Funding has been assumed for 2026/27 onwards.

Funding of £913k has been included in 2025/26 budget figures from Defra relating to the Extended Producer Responsibility for Packaging. Whilst this funding is expected to be ongoing, it is uncertain as to whether it will be taken into consideration when the Fair Funding Review is completed.

The future funding envelope beyond 2025/26 remains more uncertain than in previous years with changes being brought in at pace by the government. In addition to the Local Authority Finance Reforms, already mentioned, the White Paper on Devolution and Local Government Reform recently published brings further changes, the financial impacts of which we are unable to forecast at this time. As a consequence the MTFS Summary at Appendix C takes no account of these potential changes.

4.3 Relevant Consultations

Cabinet Executive Members, Senior Leadership Team and the Service Managers have all been consulted in the preparation of budget proposals for

the forthcoming year. The Scrutiny Commission has also had opportunity to challenge and understand the budget process and outcome.

4.4 Significant Issues

Local Government Act 2003 – Budget Calculations and Revenue Reserves

The Council's Section 151 Officer is required to report to Members about the robustness of the budget proposals and to comment on the adequacy of the reserves.

This provision is designed to strengthen the financial reporting requirements of local government and to reduce the risk of authorities getting themselves into financial difficulty. The reason for this is that there is no prospect, under normal circumstances, of levying a supplementary Council Tax once a Council sets its level of tax for the forthcoming year.

Robustness of Budget Proposals

The preparation of the 2025/26 budget has been undertaken in accordance with best practice, including individually costing each establishment post and examining each cost centre budget line against current year and prior year performance. This has produced a tight, tailored budget which will require careful monitoring throughout the forthcoming financial year. Capital charges have been calculated in accordance with the Accounting Code of Practice and the Council's policies in relation to depreciation and the Minimum Revenue Provision.

Those specific grants known of at the time of preparation are included in the budget and the declared level, where Ministers have already confirmed the arrangements for 2025/26. Where this is not the case a similar level to that received in 2024/25 has been used for ongoing grants. Where there is uncertainty, no provision has been assumed.

No specific provision has been incorporated into the proposed revenue budgets for 2025/26 for future potential redundancy or employment tribunal costs. It is proposed that any such costs be met from the Council's balances as and when required.

Adequacy of Major Reserves and Balances

Appendix B of this report sets out in detail the Council's overall position in relation to its reserves and balances.

The Council's proposals to utilise some of these reserves throughout the year illustrate how a structured approach is being taken to balance sustainable service delivery with financial prudence.

For the purposes of the requirements of Section 25 and 26 of the Local Government Act 2003, the Executive Director (S151) considers that the estimates for 2025/26 are robust and the proposed levels of balances and

reserve are adequate. This has been considered giving regard to CIPFA's Resilience Index and also taking advice utilising external expertise analysing the Council's reserve levels and trends in utilisation of reserves.

Given the uncertainty that the Local Authority Funding Review and particularly the Business Rate Reform presents in future years there is a question as to whether the reserves are sufficient to underpin future financial pressures. This will be something that will be monitored by the Executive Director (S151) and brought to Council's attention as soon as information allows. As a matter of course, the reserves position is reported to Cabinet Executive on a quarterly basis. For the 2025/26 financial year the proposed level of balances and reserves are considered to be robust and adequate.

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

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report, although officers are required to consider environmental impacts of initiatives throughout their operations and carry out a NZCIA. Should further funding be required for environmental initiatives, these will be brought for consideration within independent reports and the financial implications considered at the time of bringing these reports before Cabinet and Council.

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

- 6.1 The financial implications are included in the main body of the report, appendices and also documented in the papers provided to the Scrutiny Commission during January 2025.

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

- 7.1 The risks to the Council in 2025/26 and future years are detailed in the Medium Term Financial Narrative document at Appendix C.

8. Other options considered

- 8.1 No other options have been considered – The Council is required to set its budgetary requirement and for the Council to consider the opinion of the Executive Director (S151 Officer) as to the robustness of the proposed budget and the levels of reserves and balances being adequate.

9. Appendix

- 9.1 Appendix A – Summary of Net Expenditure and Budget Requirement
- 9.2 Appendix B – Analysis of Reserves

- 9.3 Appendix C – Medium Term Financial Strategy (MTFS) including Plan to Close Future financial Gaps

10. Background paper(s)

- 10.1 Establishment 2024/25 and 2025/26 Report to Cabinet Executive - 13th January 2025.
Detailed budget working papers held by Financial Services.
Reports provided to the Scrutiny Commission Meetings of 15th and 22nd January 2025.

11. Report author's contact details

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SUMMARY OF NET EXPENDITURE & BUDGET REQUIREMENT

APPENDIX A

	2024/25 Approved Budget £	2024/25 Revised Estimate £	2025/26 Proposed Budget £
Net Direct Expenditure			
Finance, People & Performance	3,504,581	3,502,596	3,743,825
Housing, Community Safety & Environmental Services	2,286,511	2,739,260	2,362,982
Health, Leisure, Climate and Economic Development	(62,982)	804,807	35,208
Leader	2,410,477	2,759,849	2,640,151
Neighbourhood Services & Assets	3,672,637	4,070,737	3,213,411
Planning, Transformation and ICT	3,047,156	3,094,656	2,575,055
Net Direct Expenditure	14,858,380	16,971,904	14,570,633
Revenue Contributions towards Capital Expenditure	94,315	254,126	54,500
Minimum Revenue Provision	748,865	610,820	1,000,318
Voluntary Revenue Provision	300,000	300,000	250,000
Other Appropriations & Accounting Adjustments	205,390	(801,291)	(93,689)
Net Total Expenditure	16,206,950	17,335,559	15,781,762
Contribution to/(from) Earmarked Reserves	(349,315)	(1,973,462)	(486,470)
Contribution to/(from) General Fund Balances	(463,856)	31,682	111,639
Net Budget Requirement	15,393,779	15,393,779	15,406,931
Income from Business Rates	(3,387,423)	(3,627,597)	(5,510,635)
Contributions (from)/ To Business Rates Reserves	(290,204)	138,521	1,649,329
S31 Grant - Business Rates Compensation	(2,922,373)	(3,110,924)	(2,738,694)
Revenue Support Grant	(79,550)	(79,550)	(95,767)
New Homes Bonus Grant	(14,280)	(14,280)	(426,048)
Funding Guarantee	(2,245,863)	(2,245,863)	0
Funding Floor	0	0	(1,573,114)
Services Grant	(15,571)	(15,571)	0
Council Tax (Surplus)/Deficit	87,887	87,887	42,056
Council Tax Demand on Collection Fund	(6,526,402)	(6,526,402)	(6,754,058)
Funding Envelope	(15,393,779)	(15,393,779)	(15,406,931)

To note - The revised estimate includes unspent budget carried forward from 2023/24 for one off projects. Within the Housing, Community Safety & Environmental Services portfolio this includes £309,000 relating to the Hospital Enabler Team funded services, £158,000 Lightbulb services funding held, £115,000 contain funding and £135,000 Ukrainian funding. The expenditure is recognised in the portfolio but the funding brought forward is recognised in the release of earmarked reserves so giving the impression that the portfolio expenditure is inflated considerably in 2024/25.

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ANALYSIS OF RESERVES - REVISED BUDGET 2024/25 & BASE BUDGET 2025/26

APPENDIX B

	GL Code	Actual 31/03/24 £	Movement in 2024/25 £	Balance at 31/03/25 £	Movement in 2025/26 £	Estimated 31/03/26 £
Leisure Centre Renewals Fund	9999/VBA	(73,607)	0	(73,607)		(73,607)
Computer Room Environment	9999/VBB	(135,820)	20,000	(115,820)		(115,820)
Licensing Reserve	9999/VBC	(27,868)	0	(27,868)		(27,868)
Insurance Reserve Fund	9999/VBD	(100,000)	0	(100,000)		(100,000)
Blaby Plan Priorities Reserve	9999/VBJ	(365,453)	85,500	(279,953)	54,500	(225,453)
General Reserve Fund	9999/VBK	(1,612,310)	0	(1,612,310)		(1,612,310)
Ongoing Projects Reserve	9999/VBM	(2,289,974)	2,289,974	(0)		(0)
Elections Reserve	9999/VBQ	(87,358)	0	(87,358)		(87,358)
Homelessness Grant Reserve	9999/VBR	(104,952)	40,000	(64,952)		(64,952)
New Homes Bonus Reserve	9999/VBT	0	0	0		0
Contractual Losses Support Reserve	9999/VBU	(255,000)	0	(255,000)	63,750	(191,250)
Economic Development Initiatives	9999/VBX	(50,000)	0	(50,000)		(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(9,147)	0	(9,147)		(9,147)
Community Rights Reserve	9999/VCB	(48,724)	0	(48,724)		(48,724)
Hardship Reserve	9999/VCD	(325,000)	0	(325,000)		(325,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	(881)		(881)
NNDR Income Reserve	9999/VCF	(1,655,218)	(138,521)	(1,793,739)	(1,649,329)	(3,443,068)
Flexible Working Reserve	9999/VCG	(161,792)	0	(161,792)		(161,792)
Local Plan Reserve	9999/V CJ	(414,576)	48,821	(365,755)		(365,755)
Lottery Reserve	9999/VCK	(27,365)	6,233	(21,132)		(21,132)
IT System Replacement Reserve	9999/VCL	(39,815)	39,815	0		0
Property Fund Reserve	9999/VCM	(167,573)	(45,000)	(212,573)	(45,000)	(257,573)
Huncote Major Incident Reserve	9999/VCP	(642,526)	0	(642,526)		(642,526)
Court Fees Income Reserve	9999/V CQ	(31,813)	0	(31,813)		(31,813)
Business Rates Pool Reserve	9999/VBV	(1,065,210)	(511,881)	(1,577,091)	413,220	(1,163,871)
		(9,691,982)	1,834,941	(7,857,041)	(1,162,859)	(9,019,900)
General Fund Balance	9999/ZZA	(6,589,776)	(31,682)	(6,621,457)	(111,639)	(6,733,097)

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Blaby District Council **Strategy**

Medium Term Financial Strategy

Original Publish Date	TBC	Review Frequency	Annual	Current Version Publish Date	28/02/2024
Approved By*	Council	Approval Date*		Version Number	001
Author Job Title	Sarah Pennelli, Executive Director (S151 Officer)	Service Area	Financial Services	Document Register Reference	A917

*Approved by and 'approval date' are in relation to the most recent version.

Review History			
Version*	Reviewed By (Job Title)	Review Completion Date	Brief Description of Changes (add 'no changes required' if applicable)

*Version number remains the same if no significant changes are made upon review.

Document Definition / Approval & Review

Defining the document type and how it is approved and reviewed

The MTFS is reviewed and updated annually by Cabinet and Council as part of the Council's budget setting process.

Scope

To what and to whom this strategy applies

This Strategy provides a financial forecast of the Council's financial position for the years up to and including 2029/30. It includes revenues and costs associated with all services and provides an illustration of the Council's financial wellbeing and is applicable to all those customers, businesses and partners within the District.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning document.

The MTFS supports the '**Blaby District Plan**' which is our most important document clearly setting out our vision, values and strategic themes for the next four years. The current MTFS document contains a financial forecast which is updated each year to reflect the changes to funding. This update has been extended to include the years up to 2029/30 to ensure the Council continues to consider the financial picture with a longer-term strategic view and understand the financial resources available.

The future funding envelope beyond 2025/26 remains more uncertain than in previous years with changes being brought in at pace by the government and potential changes with the Fair Funding Review; the reset of the Business Rates baseline, both of which are now expected to take effect from 2026/27, and the White Paper on Devolution and Local Government Reform recently published. As a consequence there is a high degree of risk and uncertainty around the future funding estimates within the MTFS which have been put together. The estimates take into account any information that can be gained from the national picture and documents within the public domain on this subject.

Whilst the future funding levels are uncertain it is not unrealistic to assume there will continue to be funding reductions or higher demand placed upon the Council. It is important that the Council understands the potential future funding gaps and the estimates included attempt to illustrate possible financial impacts of the changes.

For this latest update of the MTFS, the provisional budget for 2025/26 has been used as the baseline for projecting the future budget requirement. However, priorities and services may have to be revised to ensure the Council remains financially sustainable. The updated MTFS Summary will form part of the General Fund Budget Proposal report to be considered at Council in February 2025. Alongside this will be a high level outline plan to illustrate how the future budget gaps may be met should they arise.

The MTFS Summary takes no account of the changes that may take place as a consequence of the White Paper on Devolution and Local Government Reform recently published.

Section 2 – Financial Summary

Financial Summary

Forecast Net Revenue Expenditure						
	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Portfolio:						
Finance, People & Performance	3,502,596	3,743,825	3,873,278	4,065,340	4,260,910	4,471,793
Housing, Community Safety & Environmental Services	2,739,260	2,362,982	2,449,990	2,539,565	2,631,778	2,726,719
Health, Leisure, Climate and Economic Development Leader	804,807	35,208	69,422	104,745	141,209	178,853
Neighbourhood Services & Assets	2,759,849	2,640,151	2,715,298	2,792,641	2,872,245	2,954,189
Planning, Transformation and ICT	4,070,737	3,213,411	3,369,546	3,530,633	3,696,818	3,868,278
	3,094,656	2,575,055	2,651,112	2,729,444	2,810,125	2,893,231
Net Direct Expenditure - Portfolio	16,971,904	14,570,633	15,128,646	15,762,368	16,413,085	17,093,063
RCCO	254,126	54,500	54,500	54,500	54,500	54,500
Minimum Revenue Provision	610,820	1,000,318	1,118,940	1,150,531	1,603,849	1,698,144
Voluntary Revenue Provision	300,000	250,000	0	0	0	200,000
Appropriations & Accounting Adjustments	(801,291)	(93,689)	10,590	10,590	10,590	10,590
Contribution to/(from) Earmarked Reserves	(1,973,462)	(486,470)	(543,867)	(652,379)	(561,062)	(506,168)
Net Revenue Expenditure	15,362,097	15,295,292	15,768,809	16,325,610	17,520,962	18,550,129
Funding Envelope						
	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Income from Business Rates	(3,627,597)	(5,510,635)	(1,587,154)	(1,653,104)	(1,724,891)	(1,798,124)
Contribution from Business Rates Reserves	138,521	1,649,329	(860,000)	(860,000)	(860,000)	(860,000)
S31 Grant - Business Rates Compensation	(3,110,924)	(2,738,694)	(1,323,579)	(1,363,696)	(1,399,022)	(1,444,161)
Revenue Support Grant	(79,550)	(95,767)	(95,767)	(95,767)	(95,767)	(95,767)
Funding Guarantee	(2,245,863)	0	0	0	0	0
Funding Floor	0	(1,573,114)	(1,573,114)	(1,573,114)	(1,573,114)	(1,573,114)
Services Grant	(15,571)	0	0	0	0	0
New Homes Bonus Grant	(14,280)	(426,048)	0	0	0	0
	(8,955,264)	(8,694,929)	(5,439,614)	(5,545,681)	(5,652,794)	(5,771,166)
Council Tax Deficit	87,887	42,056	0	0	0	0
Council Tax	(6,526,402)	(6,754,058)	(6,996,129)	(7,267,299)	(7,548,431)	(7,839,877)
Funding Envelope	(15,393,779)	(15,406,931)	(12,435,743)	(12,812,980)	(13,201,225)	(13,611,043)
Funding Gap/(Surplus)	(31,682)	(111,639)	3,333,066	3,512,630	4,319,737	4,939,086
Damping			(2,200,841)	(1,091,775)	(8,292)	0
Adjusted Funding Gap/(Surplus)	(31,682)	(111,639)	1,132,225	2,420,855	4,311,445	4,939,086

Forecast Assumptions

Set out below is a commentary relating to the key assumptions that have been made in drafting the future financial forecast.

Net Direct Expenditure

Net Direct Expenditure budgets have been compiled by rolling forward the 2025/26 draft budget numbers and applying inflationary factors where appropriate to the elements. Key areas of note are:

- Establishment – assumes a 3% increase to cover the annual pay award, increments and increases in national insurance and pension contributions.
- Other costs – increases in line with contractual arrangements or by reference to appropriate inflationary factors, dependent upon the nature of the expenditure.
- Fees and charges – non-statutory income budgets have been increased by inflation and with a view to achieving full cost recovery.

RCCO

Revenue Contributions towards Capital Outlay – this is where revenue expenditure (including earmarked reserves) is used to finance capital expenditure.

Minimum Revenue Provision (MRP)

MRP is a proxy for depreciation used in local government finance. It is charged on any capital expenditure funded through borrowing, over a period commensurate with the estimated life of the asset. Much of the current MRP relates to the purchase of fleet vehicles, investment in our leisure facilities, and historic disabled facilities grants. The increase in MRP from 2025/26 reflects the impact of new expected borrowing to fund our 5-year Capital Programme.

Voluntary Revenue Provision (VRP)

VRP is in addition to MRP and is applied to smooth the impact of introducing the Council's new MRP policy.

Contributions to/(from) Earmarked Reserves

This represents the release of reserves to support one-off expenditure items, brought forward budget or spend to save initiatives.

Net Revenue Expenditure

The Council's forecast net expenditure position prior to the application of balances, government grants and council tax.

Income from Business Rates

The Council retains 40% of the net rates collectable from businesses. However, it is also required to pay a tariff to government from its share, as well as a levy payment to the Leicestershire Business Rates Pool based on any growth above the baseline. Blaby has benefitted from considerable growth since the current Business Rates

Retention Scheme was introduced in April 2013. The MTFS anticipates a reset of the business rates baseline in 2026/27 and this is likely to have a major impact on the amount of business rates that Blaby will have to support its budget. There remains a great deal of uncertainty over the precise impact, given we are unclear at what level the base-line will be set. The impact will be considerable and the likelihood of the reset actually taking place in 2026/27 seems more certain.

S31 Grant – Business Rates Compensation

The amount of business rates collectable is reduced by various reliefs that have been introduced by the government, for example, to freeze the business rate multiplier. This results in a loss of income to the Council, which is usually compensated by the government through Section 31 grant.

Funding Guarantee

The 3% Funding Guarantee was introduced in 2023/24 and ensured that no authority had a Core Spending Power increase of no less than 3%. This has been replaced in 2025/26 with the Funding Floor grant but the same principles of the 3% do not apply.

Services Grant

Discontinued in 2025/26.

New Homes Bonus

New Homes Bonus has again been extended by a further year based on the existing distribution mechanism. Blaby's settlement is based on housing growth up to October 2024.

Council Tax Deficit

The amount by which council tax due in the previous year, falls short of the expected sum collectable.

Council Tax

The expected amount of revenue receivable from Council Taxpayers, assuming an increase of 2.99% on Band D council tax each year and an assumed increase in the tax base to reflect new build.

Damping

An assumption has been built into the MTFS in anticipation that the government will introduce some form of damping mechanism to smooth the impact of the expected reduction in funding. Until the Fair Funding review is complete and the government has made a decision in relation to the business rate baseline reset, the full extent of this impact poses a significant risk.

Release of Reserves

A programmed utilisation of reserves has been included within the MTFs Summary as detailed in the table below.

	2025/26	2026/27	2027/28	2028/29	2029/30
NNDR Income Reserve	1,649,329	(860,000)	(860,000)	(860,000)	(860,000)
Contractual Losses Support Reserve	(63,750)	(63,750)	(63,750)	(63,750)	0
Business Rate Pool Reserve	(413,220)	(425,617)	(434,129)	(442,812)	(451,668)
Blaby Plan Priorities Reserve	(54,500)	(54,500)	(54,500)	(54,500)	(54,500)
Property Fund Reserve	45,000	0	0	0	0
District Election			(100,000)		
Total	1,162,859	(1,403,867)	(1,512,379)	(1,421,062)	(1,366,168)

General Fund Balance Upper and Lower Limits

The Council's General Fund balance plays an important part in maintaining the financial stability of the authority primarily by:-

- Meeting unforeseen additional expenditure and reductions in income during the course of the financial year.
- Meeting the cost of one-off items of expenditure.
- Supporting the stability of the Council's finances by providing a source of funding in times of uncertainty.

The Council's policy is to keep the General Fund Balance between the range of 10% and 45% of the net budgeted revenue expenditure.

Financial Risks

- **New Homes Bonus (NHB)** When the New Homes Bonus commenced it was a non-ring fenced grant introduced to encourage the building of new housing. This, in effect, was top sliced from the existing funding streams for local government and therefore has provided an alternative source of funding as the core grant has been reduced. In the early years Blaby was in the position to support local housing schemes with some of the New Homes Bonus. However, in recent years it has been necessary to include the NHB as a source of funding to underpin the budget requirement.

NHB is expected to be removed from the settlement from 2026/27 onwards and it is uncertain as to whether it will be replaced with any other form of grant to encourage house building.

- **Business Rates Retention Reform**

The latest information suggests that this will take effect in the year 2026/27 at the same time as the result of the Fair Funding Review is expected to be implemented.

A full reset of the Business Rates Baseline will cause the Council to lose the benefit of any significant growth that has been generated in recent years. This element of the changes to Business Rates provides a substantial risk to the Council which results in growth being lost. The financial impact of this is illustrated by the considerable financial gap from 2026/27 onwards.

Blaby will benefit from any future growth in Business Rates, however quantifying the benefit is not yet possible.

- **Fair Funding Review**

It is expected that this will take effect in the year 2026/27. Whilst the historic consultation detailed considerations that may be being taken into account it is not possible to assess how Blaby District will be impacted by this change. How future changes are softened through a 'damping process' will be key as to how Blaby's financial position may change.

- **County Council Funding Reductions.** The County Council has openly illustrated the level of funding cuts that they will be required to make over the coming years. Whilst we can plan to mitigate any obvious impacts of this, some are more subtle and the increased demand that results from this is difficult to quantify financially. This is a considerable risk to which we will put financial values to as and when we are in a position to do so.
- **New Demands from Residents.** Blaby has an ageing population which brings with it challenges such as dealing with dementia and issues such as loneliness. We have also seen considerable increase in homelessness costs and the cost of living crisis may also drive further demands. What role Blaby will play in our community to combat these challenges and what different demand this drives for services that are needed have not yet been identified. However, we have taken

opportunity to reduce such costs by taking advantage of funding initiatives to support such demand e.g. the investment in properties to utilise for temporary homelessness using the Local Authority Housing Fund.

- **Funding Associated with Food Waste Implementation.** The Council is required to implement the collection of food waste by April 2026. Revenue funding is expected to be provided to compensate the Council for the additional costs arising. Whilst the Council have modelled the costs to date no confirmation has been received regarding the revenue funding that will be provided to support this. If the funding is insufficient to meet the costs additional costs the Council will be required to find additional funds to deliver the service.
- **Defra Funding :Extended Producer Responsibility for Packaging.** Funding of £913k has been included in 2025/26 budget figures from Defra relating to the Extended Producer Responsibility for Packaging. This is based on the Council's recycling collections and tonnages and passes the cost of collection onto those who produce the packaging. Whilst this funding is expected to be ongoing, it is uncertain as to whether it will be taken into consideration when the Fair Funding Review is completed. At the moment this falls outside of the Core Spending Power calculation. The amount received may also be impacted in future years as schemes for consumers to deposit items of recycling in return for cash are introduced. If this reduces the tonnage collected by Blaby DC the Defra funding will reduce and the operation will be required to downscale accordingly, otherwise this provides a further financial risk to the Council.

Section 5 – Plan to Close Future Financial Gaps

Plan to Close Future Financial Gaps

The MTFS provides an estimate of the future expenditure of the Council and also the funding envelope in which the Council will be required to operate to produce a balanced budget. Given that the 'Settlement' provides funding for one year only there is little certainty as to whether the MTFS reflects a true picture of the Council's financial position but is the best estimate that can currently be made with available information utilising advice from the Council's advisors and the current expenditure levels of the Council extrapolated into the future.

The MTFS suggests that there will be a budget gap of £1.1m in 2026/27 which rises to £4.9m in 2029/30; three years after the Business Rate baseline reset and after damping has been much reduced.

The Council has for some years operated an ongoing initiative to close the financial gaps that have been predicted within the MTFS and continues to do so. Investment has been made in resource to drive the transformation agenda and the adopted Transformation Strategy 'Transforming Blaby Together' includes the Council's commitment to embrace new technology, deliver affordable and efficient services in

addition to embracing business-like thinking to seek new and innovative ways of maximising income. It is through these initiatives and investment in ICT that plans have been made to close the future gaps as illustrated in the table below.

FINANCIAL PLAN TO ADDRESS BUDGET GAP

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Budget Gap before damping	(31,682)	(111,639)	3,333,066	3,512,630	4,319,737	4,939,086
Damping	0	0	(2,200,841)	(1,091,775)	(8,292)	0
Budget Gap after damping	(31,682)	(111,639)	1,132,225	2,420,855	4,311,445	4,939,086
<u>Measures to close funding gap:</u>						
Transformational Savings			(334,840)	(344,885)	(355,232)	(365,889)
Closing the Gap Initiatives			(263,000)	(345,290)	(355,049)	(365,100)
Prioritisation and Rationalisation				(1,395,000)	(1,436,000)	(1,471,000)
Residual Budget Gap	(31,682)	(111,639)	534,385	335,680	2,165,165	2,737,097

The Council recognises that, should the introduction of the Business Rate Baseline and Fair Funding generate the budget gaps as predicted, then significant prioritisation and rationalisation will be required in order to meet the significant budget gaps. The lack of certainty of these budget gaps materialising and the potential for a change of approach does however, suggest that activating such plans might be premature. The Council will therefore not implement such plans until more certainty is gained but will continue to consider future options to close the gaps and monitor the funding situation on an ongoing basis.

Section 6 – Carbon Neutral / Net Zero Benefits – Demonstrate how your strategy will contribute to the councils objective to be carbon neutral by 2030.

This strategy itself has no environmental impact, although officers are required to consider environmental impacts of initiatives throughout their operations and costs included in the financial section will include those contributing to the Council's carbon neutral objectives. Should further funding be required for environmental initiatives, these will be brought for consideration within independent reports to Cabinet and Council and the financial implications updated in future reiterations of the MTFS.