Blaby District Council
the heart of Leicestershire

Date:	14 February 2025
My ref:	Cabinet Executive
Your ref:	
Contact:	Democratic Services
Tel no:	0116 272 7638
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To Members of the Cabinet Executive

Councillor Terry Richardson (Leader)	-	Leader of the Council
Councillor Maggie Wright (Deputy Leader)	-	Finance, People & Performance Portfolio Holder
Councillor Cheryl Cashmore	-	Health, Leisure, Climate and Economic Development Portfolio Holder
Councillor Nigel Grundy	-	Neighbourhood Services & Assets Portfolio Holder
Councillor Les Phillimore	-	Housing, Community Safety and Environmental Services Portfolio Holder
Councillor Ben Taylor	-	Planning, Transformation and ICT Portfolio Holder

Dear Councillor,

A meeting of the **CABINET EXECUTIVE** will be held in the Council Chamber on **MONDAY, 24 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

AGENDA

1. Apologies for Absence

2. Disclosure of Interests from Members

   To receive disclosures of interests from Members (i.e. the existence and the nature of those interests in respect of items on this agenda).

3. Minutes (Pages 3 - 10)

   To approve and sign the minutes of the meeting held on 13 January 2025 (enclosed).

4. Public Speaking Protocol

   Requests received by the Protocol deadline to be reported by the Senior Democratic Services Officer with details of the Agenda Item to which they relate. (Such persons entitled to use the Protocol attend for the purpose of making representations, answering questions or giving evidence relating to the business of the meeting and the time allocated to each person is a maximum of three minutes unless extended at the discretion of the Chairman).

5. Blaby District Tourism Growth Plan 2025-2030 (Pages 11 - 42)

   To consider the report of the Health, Leisure and Tourism Service Manager (enclosed).

6. Scrutiny Commission response to the Administrations 2025/26 Draft Budget Proposals (Pages 43 - 50)

   To consider the report of the Scrutiny Commission (enclosed).

7. Quarter 3 Budget Review 2024/25 (Pages 51 - 62)

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

8. Quarter 3 Capital Programme Review 2024/25 (Pages 63 - 72)

   To consider the report of the Finance Group Manager (enclosed).

9. Quarter 3 Treasury Management Update 2024/25 (Pages 73 - 92)

   To consider the report of the Finance Group Manager (enclosed).

10. 5 Year Capital Programme 2025/26 to 2029/30 (Pages 93 - 124)

    To consider the report of the Finance Group Manager (enclosed).

11. Prudential Indicator & Treasury Management Strategy 2025/26 (Pages 125 - 176)

    To consider the report of the Finance Group Manager (enclosed).

12. Council Tax 2025/26 (Pages 177 - 188)

    To consider the report of the Finance Group Manager (enclosed).

13. General Fund Budget Proposals 2025/26 (Pages 189 - 212)

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

CABINET EXECUTIVE

Minutes of a meeting held in the Council Chamber, Council Offices, Narborough

MONDAY, 13 JANUARY 2025

Present:

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

Cllr. Cheryl Cashmore	-	Health, Leisure, Climate and Economic Development Portfolio Holder
Cllr. Nigel Grundy	-	Neighbourhood Services & Assets Portfolio Holder
Cllr. Les Phillimore	-	Housing, Community Safety and Environmental Services Portfolio Holder
Cllr. Ben Taylor	-	Planning, Transformation and ICT Portfolio Holder

Also in attendance as Observers:
Cllr. Nick Brown - Scrutiny Commission Chairman
Cllr. Neil Wright – Scrutiny Commission Vice-Chairman

Officers present:-

Julia Smith	-	Chief Executive
Marc Greenwood	-	Executive Director - Place
Louisa Horton	-	Executive Director - Communities
Sarah Pennelli	-	Executive Director - S.151 Officer
Gemma Dennis	-	Corporate Services Group Manager
Katie Brooman	-	Elections and Governance Manager
Joanne Davis	-	Accountancy Services Manager
Sarabjit Khangura	-	Council Tax Income and Debt Manager
Nicole Cramp	-	Democratic & Scrutiny Services Officer

164. DISCLOSURE OF INTERESTS FROM MEMBERS

No disclosures were received.

165. MINUTES

The minutes of the meeting held on 27 November 2024, as circulated, were approved and signed as a correct record.

166. PUBLIC SPEAKING PROTOCOL

No requests were received.

167. MINUTES SILENCE IN REMEMBRANCE OF MAL LEITCH

The Chairman, Cllr. Terry Richardson invited Members and Officers to join him for a minutes silence in remembrance of Mal Leitch who had sadly passed away on Monday 6 January 2025.

Mal Leitch was a long serving colleague and a much-loved member of the District Cleansing team. Our deepest condolences and thoughts are with his family, friends and colleagues at the depot.

168. COUNCIL TAX - SECOND HOME PREMIUM AND EMPTY PROPERTY PREMIUM AMENDMENTS

Considered – Report of the Environmental Services Manager.

Other Options Considered:

The alternative considered was to keep the empty home premium at its current level and not to introduce the second home premium but given the priority to increase the availability of affordable housing in the district this would not help to utilise this measure to encourage owners to bring properties back into occupation.

DECISIONS

1. To increase Council Tax for all properties which are occupied periodically by 100% from 1 April 2026 subject to any exemptions set out the Local Government Finance Act 1992.

2. To increase the Council Tax empty homes premium to 100% for properties empty for between one and five years (currently over 2 years) from 1 April 2026 subject to any exemptions set out in the Local Government Finance Act 1992 and guidance.

3. To increase the Council Tax empty homes premium to 200% for properties empty for between five years and ten years from 1 April 2026 subject to any exemptions set out in the Local Government Finance Act 1992 and guidance.

4. To increase the Council Tax empty homes premium to 300% for properties empty over ten years from 1 April 2026 subject to any exemptions set out in Local Government Finance Act 1992 and guidance.

*All recommendations are subject to feedback following the end of the consultation period at 11.59pm on Monday 6th January.

Reasons:

1. The purpose of changing the Empty Homes Premium for long-term empty properties is to provide owners with a further incentive to bring empty homes back into use, thus supporting the aims of the Council’s Empty Homes Enforcement Strategy as well as generating additional Council Tax income. The current Empty Homes Premium that is applied by the Council is 100% for properties that have been empty for 2 years and over.

2. The purpose of the Second Home Premium is to close the loophole where furnishing an empty property negates the Empty Home Premium charge as well as generating additional Council Tax income.

169. ESTABLISHMENT 2024/25 AND 2025/26

Considered – Report of the Environmental Services Manager.

Cllr. Les Phillimore arrived at the meeting during consideration of this item.

Other Options Considered:

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

DECISIONS

1. That the latest forecast in respect of the 2024/25 establishment be accepted.
2. That the proposed establishment budget for 2025/26 be approved.
3. That additional resource requirement for 2025/26 as set out in paragraph 4.4 of the report, be approved.

Reason:

The cost of the establishment is a significant part of the council's overall budget and members are asked to consider and approve the budget for the next financial year. The final establishment costs will be incorporated into the General Fund budget for consideration in February 2025.

170. COUNCIL TAX BASE 2025/26

Considered – Report of the Environmental Services Manager.

Other Options Considered:

None – the setting of the Council Tax Base is a statutory requirement.

DECISIONS

1. That the Council Tax Base for the Year 2025/26 be set at £34,672.75.

2. The amount calculated by Blaby District Council as the Council Tax Base for each of the Districts Parishes for the year 2025/26 is shown at Appendix C of the report.

3. That the Tax Base be prepared without taking into account special expenses under Section 34a and 35 of the Local Government Finance Act 1992.

Reasons:

1. That the Council is statutorily required to set its base each year by 31st January before the subject year.

2. To enable the Tax Base to be prepared without taking into account special expenses as explained within the report.

171. **NATIONAL NON-DOMESTIC RATES BASE 2025/26**

Considered – Report of the Environmental Services Manager.

Other Options Considered:

None. The setting of the NNDR Base is a statutory requirement.

DECISIONS

1. That the amount calculated by Blaby District Council as its National Non Domestic Rate Base for the financial year 2025/26 shall be £54,000,207.

2. That delegated authority be given to the Executive Director (Section 151) in consultation with the Portfolio Holder to make amendments, if required, to the draft National Non-Domestic Rate Base prior to submission of the NNDR1 return by 31st January 2025.

Reasons:

1. The Council has a statutory obligation to set its National Non-Domestic Rate (NNDR) Base for 2025/26 by 31st January 2025.

2. It is appropriate for the Executive Director (Section 151) to have authority to amend the National Non-Domestic Rate Base in line with the finalised NNDR1 submission, to ensure that all known factors are considered.

172. LOCAL GOVERNMENT REORGANISATION AND DEVOLUTION

Considered – Report of the Chief Executive.

Other Options Considered: Not seeking Delegated Authority is not considered appropriate to ensure openness and transparency.

DECISIONS

1. That the content of the English Devolution White Paper and the Government's intention to create unitary authorities as well as the current position in Leicestershire, Leicester and Rutland be noted.

2. That the creation of a Mayoral Strategic Authority for Leicester, Leicestershire and Rutland where there is a satisfactory outcome for local government organisation under the new Strategic Authority (SA) be supported.

3. That delegated authority be given to the Leader of the Council and the Chief Executive to engage with other local authorities, the government and relevant partners to develop the proposal to create a Mayoral Strategic Authority and develop options relating to local government re-organisation to ensure that Blaby District Council and its residents are represented as far as possible in ongoing discussions with the Government.

4. That an initial £50,000 be released from reserves to support work arising from the White Paper.

5. That that further reports be brought to Cabinet and Council to consider the implications for the Council and our communities as a result of proposals.

Reasons:

1. The position of Leicester, Leicestershire and Rutland in relation to Local Government Reorganisation and Devolution is changing rapidly, the current position is noted.

2. To enable a dynamic approach to the changing environment it is necessary for delegated Authority to be given to ensure Blaby District residents are engaged and represented.

3. Further reports will be presented to members for debate, consideration and transparency.

4. To enable expenditure to ensure we are responsive to key issues and able to contribute to work on behalf of all Districts in Leicestershire.

5. To ensure members are engaged and informed.

THE MEETING CONCLUDED AT 6.19 P.M.

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Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**Blaby District Tourism Growth Plan**
	This is a Key Decision and is on the Forward Plan.
Lead Member	**Cllr. Cheryl Cashmore - Health, Leisure, Climate and Economic Development**
Report Author	Health, Leisure & Tourism Service Manager
Strategic Themes	Growing and supporting our economy

1. What is this report about?

1.1 To update Members on the work undertaken by the Tourism and Heritage Team, and the Blaby District Tourism Partnership, to develop a new Tourism Growth Plan for 2025-2030. The work with partners has included the production of an Action Plan that outlines how the priorities within the Growth Plan will be delivered throughout the District.

2. Recommendation(s) to Cabinet Executive

2.1 To acknowledge the achievements of the previous Tourism Growth Plan.

2.2 To approve the Tourism Growth Plan 2025-2030 and associated Action Plan.

3. Reason for Decisions Recommended

3.1 To maximise the local growth opportunity for Tourism and to support economic growth in this area.

3.2 To provide the appropriate level of resources to deliver the Tourism Growth Plan & Action Plan.

4. Matters to consider

4.1 Background

Tourism plays a vital role in Blaby District, driving economic growth, supporting local businesses and jobs, and enriching community life for both residents and visitors. It represents one of Blaby District's major opportunities to enhance its profile and reputation as an attractive place to live, work, visit and invest in.

Since the existing Tourism Growth Plan for 2020-2025 was commissioned in 2019, there have been considerable achievements and development of the Blaby District visitor economy, despite the backdrop of the Covid pandemic.

The latest available figures show that in 2023 tourism contributed £216.84m annually to the District's economy and supported over 2,000 local jobs.

A summary of achievements from the previous plan include:

- Visit Blaby District branding, website and social media channels – at the end of 2024 there were over 53K website views, and almost 5,000 followers collectively on the social media channels.

- Tourism Information Wall at Fosse Park - highlighting attractions on the mural and displaying promotional material on a TV screen.

- Working in partnership with Visit Leicester – the Blaby District Tourism Growth Plan has led to successful collaborations in several of Visit Leicester’s regional campaigns which include: Uncover the Story, Fitcation and Taste the Place.

- Bouskell Park Ice House Restoration and Tours – The 'Buried Bouskell' project restored the Ice House and helped preserve its structure and heritage for the future. A children's trail has also launched, expanding the District’s visitor demographic.

- Fosse Foxes trail – promoting popular visitor attractions across the District and tied in with the foxes at Fosse Park.

- Blaby District map and guide featuring attractions, accommodation and places to eat.

- 12 Blaby District Heritage Walking Trails created to discover more about the history of the area and tying in local attractions.

- Blaby District Tourism Partnership - a driving force in delivering and supporting the Growth Plan. The Partnership currently has over 70 members and includes a diverse cross section of businesses.

Developing the new Tourism Growth Plan has been one of the priorities of the Tourism Partnership and Tourism and Heritage Team for the last few months. The production of the new Growth Plan has been supported by Business Tourism Solutions (BTS), an independent, sector expert. During this time the new Government have implemented a series of policy changes which will influence the Tourism Growth Plan. These include increases to National Insurance contributions for businesses and the proposals regarding local government reorganisation. These national policy changes have been considered and reflected within the way the new plan will be delivered.

The new growth plan has been developed with input from partners, stakeholders, and local businesses. This has involved extensive consultation via desktop research and analysis, workshops, online surveys and 1-2-1 interviews. Elected Members have also contributed to the plans content through engagement with a Scrutiny Task and Finish Group.

The Growth Plan aligns with and supports the Blaby District Plan 2024 – 2028 and the Economic Development Framework to help achieve the vision that Blaby District is a great place to visit. It is key to 'growing and supporting our economy' through increasing visitor numbers and their spending power in the District. It also plays a pivotal role in the Active Travel Strategy, and Community, Health and Wellbeing Plan, making the District a welcoming and sustainable destination for residents and visitors.

The Blaby District Tourism Partnership will fulfil a key role in implementing and driving forward the new Growth Plan. The Partnership will oversee delivery of the Action Plan and provide resources to enable delivery of our district priorities over the life span of the new growth plan.

The success of the plan will be measured with a series of outcomes. The Tourism team will oversee monitoring of these outcomes and will provide regular briefings to Members and the Tourism Partnership. These measures can be seen in Appendix C.

The new Tourism Growth Plan sets out the following ambition:

"Blaby District will be a welcoming and sustainable destination, showcasing its heritage, natural beauty and local character. By creating memorable experiences and supporting local businesses, we will build a thriving tourism economy that benefits visitors, residents and future generations."

To achieve the ambition, efforts must concentrate on creating and nurturing conditions that enable the visitor economy to thrive.

The following strategic priorities will guide these efforts:

Priority 1 - Inspire Visitors to Come, Stay Longer, and Explore Further
Priority 2 - Support Local Businesses to Succeed
Priority 3 - Champion Regenerative and Sustainable Tourism Practices
Priority 4 - Grow and Enhance Our Partnerships to Deliver Growth Through Collaboration
Priority 5 - Explore Infrastructure and Accessibility to Create an Inclusive Environment

These five strategic priorities provide the framework for the Tourism Growth Action Plan 2025-2030. The Action Plan includes a wide range initiatives that will help us achieve our priorities. These include:
- A social media strategy.
- Creative marketing campaigns and toolkit.

- Collaboration with schools to explore student placements/internships.
- Developing and expanding new or existing walking and cycling routes.
- Growing the Tourism Partnership and facilitate collaborations.
- Exploring tourism opportunities within green spaces and on waterways.
- Supporting tourism businesses with recruitment and skills challenges including the impact of national living wage increase.

Benefits from the proposed approach will include:

- Providing a clear direction for local tourism.
- Uniting the local tourism sector.
- Raising the profile of the Blaby District.
- Delivering significant economic growth.
- Providing greater opportunity to secure external funding.
- Supporting the successful delivery of the Blaby Plan and Economic Development Framework.
- Supporting the Active Travel Strategy, and Community, Health and Wellbeing Plan.
- Aligning with the Leicestershire Local Visitor Economy Partnership Growth Plan, which is currently in development.

A copy of the Blaby District Tourism Growth Plan 2025-2030, and the supporting Action Plan, are available in the appendices

4.2 Proposal(s)

Building upon the success of the last Tourism Growth Plan, and the strength of the Blaby Tourism Partnership, Cabinet are asked to approve the new Tourism Growth Plan 2025-2030. The new plan will provide clear direction for tourism growth across the district.

4.3 Relevant Consultations

There has been extensive engagement with stakeholders to ensure buy in to the proposed plan. This has included:

- 1-2-1 meetings with key Tourism businesses and stakeholders.
- Tourism Growth Plan workshops.
- Leicester City Council & Leicestershire County Council Strategic Tourism Manager.
- Online surveys with local businesses and partners.
- Scrutiny Task and Finish Group (15 October 2024).

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 In continuation of the previous Tourism Growth Plan, £28,000 per year is allocated within the budget to deliver the 2025-2030 Tourism Growth Action Plan. This amount has been included within the Cabinet budget paper for approval. The funding will ensure that the Council can provide the necessary resources to drive forward the Plan's initiatives and maintain momentum from the preceding strategy.

Additionally, members of the Blaby Tourism Partnership will provide support to deliver the Plan. The Council's Tourism and heritage team will also seek funding opportunities throughout the period pf the plan to secure investment and resources to contribute towards delivery of the plans priorities.

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

7.1 The following risks have been identified:

Current Risk	**Actions to reduce the risks**
Continued support of local tourism businesses and partners	The Tourism and Heritage Officer will provide capacity to build strong relationships with and between partners. The Action Plan includes work to strengthen the partnership and support local tourism businesses.
Failure to deliver the Action Plan	The Tourism and Heritage Officer will be supported by the Tourism Partnership and will be managed by the Health, Leisure and Tourism Services Manager who will ensure progress is being made.
Devolution and Local Government Reorganisation	Ongoing consultation with Visit Leicester/Local Visitor Economy Partnership (LVEP) to ensure alignment with the wider region. Participation in cross-boundary working groups will also build resilience into the Plan so it can adapt to changing structures.
National Insurance and Living Wage increases	Tourism team and Business, Work and Skills team to provide guidance and signposting for support local tourism businesses. We will also support best-practice workshops or seminars on managing wage impacts and productivity.

Competition from neighbouring or national destinations	Differentiate Blaby's unique selling points (e.g. heritage sites, green spaces, local character). Maintain regular marketing campaigns. Partner with broader tourism networks to cross-promote.
Fluctuations in consumer trends and external economic factors (e.g. inflation, fuel costs)	Adopt agile marketing strategies focusing on value experiences. Use real-time visitor data to adapt offers quickly. Diversify tourism products (e.g. cultural events, conferences, day trips)
Insufficient internal capacity or expertise	Ensure robust staff training and professional development. Promote volunteer or internship programmes (in collaboration with schools or colleges). Use external consultants on specialist projects where needed

8. Other options considered

8.1 Another option has been considered in developing this work area:

Not to develop a Blaby District Tourism Growth Plan – this option is rejected as it would not develop our local Tourism sector or maximise the growth opportunity

9. Appendix

9.1 Appendix A – Blaby District Tourism Growth Plan

9.2 Appendix B – Blaby District Tourism Action Plan

9.3 Appendix C – Tourism Growth Plan Measures – additional information

10. Background paper(s)

10.1 Tourism Growth Plan 2025-2030

10.2 Tourism Action Plan

11. Report author's contact details

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Blaby District Council

Tourism Growth Plan

2025 - 2030

BTS January 2025

Contents

1. Setting the scene

Tourism plays a vital role in Blaby District, driving economic growth, supporting local businesses and jobs, and enriching community life. It strengthens the District's image as an attractive place to live, work, visit and invest. Tourism also fosters pride among residents through vibrant visitor engagement with local shops, restaurants, and events.

The Tourism Growth Plan 2025-2030 builds on past successes, presenting a strategic framework for sustainable growth. This plan is designed to maximise the economic, social, and cultural benefits of tourism within the District, whilst encouraging innovation across the visitor economy, particularly for businesses offering products, services, and experiences, as well as those integral to the supply chain.

The plan, developed with input from partners, stakeholders, and local businesses, adopts an evidence-based, market-focused approach to growth opportunities and market trends. It addresses current economic challenges and aligns with local, regional and national strategies to ensure a cohesive direction for Blaby District's tourism sector.

The Blaby District Tourism Partnership will play a key role in implementing this plan, which includes an actionable implementation plan with specific steps for the coming years.

Joint working will be crucial for delivering targets, tracking progress and maintaining the flexibility needed to adapt to evolving trends, policies, economic pressures and other challenges as the sector continues to evolve and grow.

2. Blaby District tourism (visitor) economy

Considerable achievements and development of the Blaby District visitor economy have been achieved since the last Tourism Growth Plan was commissioned in 2019. These achievements were made against the backdrop of the Covid pandemic.

A summary of achievements from the previous plan include:

- The development of Visit Blaby District branding, the website and social media channels – at the end of 2024 there were over 53,000 website views, and almost 5,000 followers collectively on the social media channels
- Tourism information wall at Fosse Park – highlighting attractions on the mural and displaying promotional material on a TV screen
- Working in partnership with Visit Leicester – the Blaby District Tourism plan has led to successful collaborations in several of Visit Leicester's regional campaigns, including: Uncover the Story, Fitcation and Taste the Place
- Bouskell Park Ice House restoration and tours – The 'Buried Bouskell' project restored the Ice House and helped preserve its structure and heritage for the future. A children's trail has also been launched, expanding the District's visitor demographic
- Fosse Foxes trail – promoting popular visitor attractions in the District and tied in with the foxes at Fosse Park with the launch of the new extension and food central area
- Blaby District map and guide featuring attractions, accommodation and places to eat
- 12 Blaby District Heritage Walking Trails were created to discover more about the history of the area and tie in in local attractions
- Blaby District Tourism Partnership – a driving force in delivering and supporting the Growth Plan, currently has over 70 members and includes a diverse cross section of businesses

2.1 Our visitors

Blaby District's tourism largely originates from the domestic English staycation market, the wider Midlands region day visitor market and local residents. Market-share of wider international, higher-spending visitors to the District is currently low. However, the close proximity to Birmingham International and East Midlands International Airports provides access to near-European markets and a potential for growth.

Visit England uses a variety of methods to segment the market for tourism. Visit England identified five Visitor Segments. Three of these segments offer the most relevant descriptions for visitors to Blaby District. They are:

1. **Country-Loving Traditionalists:** empty nesters with traditional values, they are likely to have recently taken a countryside break in England. Good quality, secure accommodation is a priority when booking a holiday.
2. **Aspirational Family Fun:** typically, information-hungry, London-based high earners with children at home, they regularly take city breaks where they can indulge in active, family-friendly pursuits, such as sporting events and cultural visits.
3. **Free and Easy Mini-Breakers:** more likely than other segments to be 'young, free and single'. Demographically close to 'the average Joe', but they really stand out in their holiday behaviour.

Individual tourism businesses may choose to focus on one, some or all these segments, while others may focus on particular niche markets depending on their particular service, product and experience.

2.2 Visitors, value and volume

Blaby District is starting from a strong foundation. The table below provides a snapshot of the data and clearly demonstrates how important tourism is to Blaby District. The key indicators of visits, value and tourism jobs are showing increases providing a strong base for continued growth.

Tourism Stats Blaby District 2019 - 2023[1]					
	2019	2020[2]	2021	2022	2023
Visitor Numbers Day (million)	3.07	1.17	2.59	2.67	2.7
Visitor Numbers Staying (000s)	335.34	117.31	213.66	337.39	344.65
Visitor Numbers Total (million)	3.41	1.28	2.81	3.01	3.04
Total Economic Impact (£m)	£178.39	£68.60	£150.68	£190.31	£216.84
Employment (FTE)	2047	812	1606	1908	2058

2.3 Benefits of Blaby District investment in tourism

The latest available figures show that in 2023 tourism contributed £216.84 million annually to the District's economy and supported over 2,000 local jobs. It is acknowledged as a key driver of economic growth and represents one of Blaby District's major opportunities to enhance its profile and reputation as a place to live, visit and invest in.

[1] Source – Blaby District Steam Reports 2019 – 2023

[2] COVID Impact on tourism

There is also recognition that a thriving tourism industry can generate important social benefits which include increased civic pride, a sense of belonging, as well as wellness and self-belief for local people and visitors.

The benefits of Blaby District Council investing in tourism are:

- **Economic and social impact**: strengthens a vibrant visitor economy that benefits the community
- **Job support**: helps sustain over 2,000 hospitality and tourism jobs within the District
- **Innovation and investment**: encourages continuous innovation and attracts new investments
- **Multiplier effect**: boosts other industries by supporting the local supply chain
- **Increased awareness**: raises Blaby District's profile among residents and a broader audience
- **Health, wellbeing and community engagement:** enhances quality of life and fosters community involvement
- **Positive ROI**: generates a strong return on investment through economic and social gains

2.4 Strategic context

This plan aligns with other key plans and strategies in Blaby District, supporting wider growth ambitions that share many aims and objectives in common.

The Tourism Growth Plan is in keeping with a commitment to partnership and collaboration, this is embedded in its wider strategic context. It is informed by, dovetails with, and will contribute to the delivery of existing and emerging national and local strategies. Examples of which are highlighted below.

Local

Blaby District Council

- Blaby District Plan 2024-2028
- Economic Development Framework
- Active Travel Strategy
- Blaby District Local Cycling and Walking Infrastructure Plan
- Community, Health and Well-Being Plan
- Commercial Strategy

Regional

- The Business and Skills Partnership Economic Growth Strategy for 2021-2030
- Leicestershire Local Visitor Economy Partnership Growth Plan (in development)

National

- Visit England's Regenerative Tourism Strategy (in development)

3. The ambition for 2030

The ambition is clear and builds on the original Growth Plan:

"Blaby District will be a welcoming and sustainable destination, showcasing its heritage, natural beauty and local character. By creating memorable experiences and supporting local businesses, we will build a thriving tourism economy that benefits visitors, residents and future generations."

This vision reflects Blaby District Council's commitment to creating an outstanding visitor experience that balances growth with sustainability. The focus is on welcoming all visitors, showcasing Blaby District's unique offerings, and building a thriving tourism environment that benefits both visitors and the local community.

To achieve this ambition, efforts must concentrate on creating and nurturing conditions that enable the visitor economy to thrive.

The following strategic priorities will guide these efforts:

Priority 1 - Inspire visitors to come, stay longer, and explore further

Priority 2 - Support local businesses to succeed

Priority 3 - Champion regenerative and sustainable tourism practices

Priority 4 - Grow and enhance our partnerships to deliver growth through collaboration

Priority 5 - Explore infrastructure and accessibility to create an inclusive environment

The approach to deliver these is outlined in the next section.

4. Our Tourism Growth Plan priorities

4.1 Priority 1 - Inspire visitors to come, stay longer, and explore further

A destination's appeal lies in its unique identity, sense of place, and memorable experiences. Since its launch, the Visit Blaby District brand has made significant progress in raising the District's profile and increasing awareness through a dedicated website, social media channels, and targeted campaigns. These efforts have generated significant online traffic and reach, drawing attention to Blaby District's offerings. However, there remains a need to further enhance the District's visibility and attract both new and returning visitors within a competitive tourism market.

4.1.1 Develop the destination position and profile

Positioning of the District must captivate and engage visitors, encouraging them not only to come but to fully experience the District's offerings. By inspiring longer stays and more extensive exploration, Blaby District can deepen visitor engagement, boost the local economy, and enhance the District's reputation. This priority focuses on actions that highlight Blaby District's appeal, showcase its visitor offer, and create a memorable visitor experience. There is alignment with Blaby District's wider place making and narrative development, anchoring the tourism plan with community ambitions.

The destination branding and marketing needs to take into consideration the following:

- **Develop a destination storyline**: create a cohesive narrative that weaves Blaby District's history, heritage, people, landscapes, and modern attractions into a compelling story. This storyline should inform everything from digital content to brochures and can be reflected in campaigns across various platforms.
- **Marketing:** create consistent campaigns that are engaging and directed at our target markets. Build awareness of Blaby District as a visitor destination and ensure that visitors have all the information they need to inspire them, both prior to arrival, and whilst they are here.
- **Create a compelling narrative**: develop storytelling campaigns that bring Blaby District's history, landscapes, and local traditions to life. This can include spotlights on local personalities, traditions, and the unique "sense of place" that defines Blaby District.

- **Pride in place:** develop a collective marketing approach with key target markets and segments to attract spending visitors who stay longer. With clear and consistent messaging by all partners, Blaby District can increase its profile as a destination with plenty to do and see.
- **Digital:** the core destination marketing role will be via the Visit Blaby website and the social media channels, providing the platform to build Blaby District's reputation and for individual operators to use. This should include:
    - I**nteractive events calendar**: create an interactive events calendar where visitors can easily see upcoming events, view details, and mark their calendars. Highlight seasonal and signature events that are key draws to Blaby District and emphasise community festivals and cultural activities.
    - **Experience listings**: ensure all visitor experiences are well-documented with detailed descriptions, photos, visitor reviews, and essential information such as hours of operation, accessibility features, and location maps. Highlight experiences unique to Blaby District, appealing to visitors looking for authentic and memorable activities that are bookable.
    - **Enhanced visual and multimedia content**: incorporate videos, photo galleries, and other rich media to capture the energy and atmosphere of Blaby District's events. Dynamic content can help visitors visualise themselves at the event, making them more likely to attend.
    - **Generate user-generated content**: showcase authentic experiences by inviting visitors and locals to share their own experiences through photo contests, hashtags, and testimonials, building a community-driven "Sense of Place" online. This creates a powerful, organic promotion that resonates with prospective visitors.
    - **Partner with influencers and content creators**: engage regional influencers, bloggers, and photographers who align with Blaby District's brand to share their experiences and reach new audiences, especially those interested in travel, culture, and outdoor adventures.
    - **Destination toolkit:** develop a toolkit for local tourism businesses with narrative and visualisation, how to use them, video and images, copy examples etc as a resource for tourism businesses and operators to use.

4.1.2 Develop the visitor offer and experience

Visitors today seek destinations that celebrate their distinct identity and sense of place. A key aim of the growth plan is to support, develop and promote authentic local experiences that connect visitors to its history, people, and culture while supporting the local hospitality and tourism businesses that bring these experiences to life.

Visitor offer and experience development focus

Blaby District's visitor offer will focus on areas where it already has a strong foundation. These include walking, cycling, water-based activities, culture and heritage, food and drink, and events. By building on these established strengths, Blaby District can ensure a cohesive and appealing tourism offering.

The Tourism Growth Plan propositions

The Tourism Growth Plan will focus on five propositions to enhance the Blaby District offer. These are:

a. Experiences
b. Events / festivals
c. Regional food and drink

d. Blue and green spaces
e. History and heritage

a. Experiences

Memorable experiences are created when visitors engage meaningfully with a destination’s heritage, culture and tourism offer.

The focus should be on supporting tourism businesses and providing opportunities to collaborate and create inspirational itineraries. This will help form a diverse and appealing portfolio of experiences that tell the District’s story.

The experience proposition for the District might include:

- **Cultural and historical tours:** Guided experiences that explore Blaby District’s heritage sites, local stories, and historical landmarks, allowing visitors to connect with the area’s past and its cultural roots.
- **Food and drink trails:** curated culinary experiences featuring local restaurants, cafes, breweries, and farm shops. These trails would highlight Blaby District’s regional flavours and promote local producers, giving visitors a true taste of the area.
- **Outdoor activities:** nature-based experiences such as guided walks, cycling tours, and canal boat rides that showcase Blaby District’s blue and green spaces. These activities invite visitors to enjoy the area’s scenic landscapes and natural beauty in an immersive way.
- **Hands-on workshops and artisan experiences:** interactive workshops, such as crafts, food preparation, and agricultural experiences, which allow visitors to learn from local artisans and experience the area’s traditional practices firsthand.
- **Story-driven tours:** themed tours that tell the unique stories of Blaby District through various lenses, whether it’s historical, ecological, or culinary. These storytelling experiences connect visitors to the soul of the District in a way that is both informative and entertaining.
- **Family friendly:** family-friendly experiences that cater to visitors of all ages, making it an ideal destination for families looking to explore, learn, and enjoy quality time together.

b. Events and festivals

Events are recognised as a driver of tourism in Blaby District, serving as a compelling draw for visitors and enriching their experience by providing connections to the local culture. For residents, these events and festivals offer a unique opportunity to celebrate their heritage and foster a sense of community.

Events and festivals contribute positively in three main ways:

- **Attracting visitors**: high-profile and community-based events bring tourists into the region, boosting visitor numbers and local spending
- **Enhancing the District's image**: events help shape a vibrant, dynamic image of Blaby District as an engaging destination, appealing to both new and returning visitors
- **Supporting community cohesion**: festivals and events foster a sense of pride and connection within local communities, celebrating shared values and traditions

Blaby District has a varied event calendar, featuring large-scale attractions like Cosby Yarn Bomb, the Victory Show, Glastonblaby, and Lubbfest, alongside smaller arts, cultural, and community events. This mix of large and smaller gatherings provides options for a wide audience, enhancing the area’s reputation as a lively destination with something for everyone.

With a proactive approach, Blaby District's event sector can expand its reach and impact, making events a cornerstone of the District's tourism offer and enhancing the overall appeal and sustainability of Blaby District as a destination.

Strengthening the local events sector

A priority of the Tourism Growth Plan is to support and develop a vibrant local events sector. The plan aims to facilitate and build the capacity of event organisers, helping them to create high-quality, sustainable events that draw visitors and add value to the local economy.

c. Regional food and drink

Blaby District's reputation for food and drink has flourished in recent years, offering an increasingly variety of opportunities for visitors to taste, experience, and connect with the region's larder. Building on Leicestershire's “Taste the Place” campaign, the aim is to further elevate and promote the food and drink offerings.

While food and drink may not be the primary reason for visiting Blaby District, it significantly enriches every visitor's experience, whether they're here for a day trip or an extended stay. Exceptional food and drink experiences contribute to visitors' satisfaction and lasting impressions, as food is one shared experience that appeals to all.

Growing Blaby District's food and drink tourism

The Tourism Growth Plan emphasises the importance of supporting the local tourism industry to source and showcase local produce. Key priorities include:

- **Promoting authentic flavours**: encouraging businesses to use local ingredients in their offerings, creating a true taste of Blaby District for visitors
- **Developing unique food experiences**: explore pop-ups, street food events, and culinary festivals to animate urban spaces and attract both locals and tourists
- **Creating connections across the region**: using food and drink as a vehicle to link Blaby District's diverse landscapes and communities, creating / supporting food trails or events that showcases the area's larder and cultural heritage

d. Blue and green spaces aligning with regenerative tourism

Enhancing Blaby District's walking and cycling paths aligns strongly with regenerative tourism principles. Regenerative tourism goes beyond simply minimising environmental impact; it actively contributes to improving and restoring the destination's natural and cultural assets. By expanding and promoting green routes and canal towpaths, the District supports eco-friendly, low-impact travel that encourages visitors to engage with local landscapes and communities.

Encouraging walking and cycling instead of car travel reduces carbon emissions, improves air quality, and preserves the tranquillity of natural areas. Additionally, creating well-connected trails can drive economic benefits by increasing foot traffic to local businesses and attractions while fostering health and well-being for both residents and visitors.

This approach enriches the visitor experience by providing immersive ways to explore Blaby District's cultural and natural heritage, fostering a sense of stewardship and connection to the landscape. It also supports community well-being through improved accessibility and recreational options, ensuring the District's blue and green spaces continue to thrive for future generations.

Priorities include:

- **Community engagement**: involve residents in trail upkeep, conservation projects, and educational programs

- **Sustainability efforts**: promote "leave no trace" principles and support eco-friendly rentals like e-bikes
- **Inclusive access**: ensure trails accommodate all visitors with accessible paths, parking, and rest areas
- **Monitor and improve**: collect visitor feedback and data to refine and assess trail usage and benefits

e. History and heritage

Blaby District is rich in history and cultural heritage and offers unique tourism experiences. Visitors can enjoy heritage sites like the Ice House, Everards Brewery, and the Grand Union Canal, which showcase the District's cultural and economic legacy. The District's parks, historic churches, and conservation areas provide scenic backdrops for immersive experiences such as heritage walks, guided tours, and cultural events. Ongoing conservation efforts celebrate and protect the District's historical identity, creating engaging attractions for both residents and tourists.

Priorities include:

- **Restoration of sites**: support restoration and maintenance of key sites and explore digitisation of local records for public access
- **Enhance storytelling**: create heritage trails, interactive tours, and thematic events to share local history
- **Community engagement**: explore workshops, volunteer programs, and heritage ambassador initiatives
- **Heritage-tourism integration**: collaborate with businesses to develop history-themed experiences and regional heritage trails
- **Promotion and outreach**: share high-quality content and partner with influencers to showcase the District's heritage

4.2 Priority 2 - Supporting local businesses to succeed

Continued support to operators in building the essential business and people skills needed for a competitive and innovative edge in the marketplace is needed to strengthen Blaby District's tourism sector. Recruiting and retaining skilled and motivated individuals remains a challenge, so positioning tourism as a desirable career choice is vital. Improving employment conditions and career advancement opportunities, we aim to make tourism a fair, inclusive, and attractive sector, especially for young people.

Key priorities include:

- **Capitalising on government and local initiatives**: working with partners such as the Business and Skills Partnership leveraging available funding, training, and support opportunities
- **Educational partnerships**: building connections with educational institutions to foster awareness and skills for tourism careers at all levels
- **Supporting apprenticeships**: working with partners to encourage local tourism businesses to offer hands-on learning and career pathways within the sector
- **Peer learning and mentoring**: encouraging knowledge-sharing and mentoring to build industry resilience and expertise
- **Business development initiatives**: working with partners develop a needs-driven program of business support ensuring tourism businesses know the resources available and can easily access relevant support

4.3 Priority 3 - Champion regenerative and sustainable tourism practices

Blaby District Council's aim is to make the District a sustainable and responsible destination for visitors. To achieve this the focus will be on regenerative tourism[3] practices, ensuring that tourism actively contributes to the health of the District's natural and cultural resources. This approach will support biodiversity, encourage conservation efforts, and contribute to the long-term resilience of area's landscapes and communities.

Regenerative tourism goes beyond sustainability, aiming to restore, enhance, and give back to the places and people involved, creating a tourism experience that benefits both visitors and residents alike.

4.3.1 Regenerative tourism

Regenerative tourism focuses on practices that leave the District better than before, encouraging visitors and businesses to actively participate in preserving natural resources, cultural heritage, and community well-being. This approach supports a tourism economy that strengthens the environment, local culture, and quality of life for residents.

Priorities include:

- **Sustainable tourism practices**: focusing on protecting green spaces, waterways, and heritage sites
- **Eco-friendly travel**: promoting options such as cycling and walking routes, minimising environmental impact, and encouraging responsible visitor behaviour
- **Enhancing blue and green spaces**: exploring trails, waterways, and green spaces to support biodiversity, reduce pollution, and improve access
- **Supporting local businesses and artisans**: encouraging tourists to engage with local businesses, such as family-owned shops, farms, and artisans
- **Community-led experiences**: work with residents to create community-led experiences that allow visitors to connect authentically with Blaby District's culture

4.3.2 Blue and green spaces

The District's rural landscape, waterways, and canals offer ideal settings for outdoor activities. The network of walking and cycling paths is a key asset of the District's tourism infrastructure, benefiting both visitors and residents. There is significant potential for these paths and trails to generate a wide range of economic, social, health, and environmental benefits.

Connecting the area's towns, villages, and attractions with walking and cycling routes encourages travel that respects the environment while enriching the visitor experience. By promoting these trails, Blaby District can encourage longer visits and deeper exploration.

The strategic priority will be:

- A focus on the development and expansion of new or existing walking and cycling routes, including canal towpaths, to connect key attractions and encourage exploration of Blaby District's natural and cultural sites

[3] A priority identified in the emerging VisitEngland Regenerative Tourism Strategy

4.4 Priority 4 - Grow and enhance our partnerships to deliver growth through collaboration

Partnerships and collaboration are essential to building a sustainable tourism sector that benefits both visitors and the local community. Working together with businesses, community organisations, and regional tourism bodies, will amplify the tourism offer, strengthen the local economy, and create memorable, authentic experiences. By fostering partnerships, the District can maximise resources, align goals, and build a cohesive destination that appeals to a wide range of visitors.

Collaborative tourism efforts allow Blaby District to unite its diverse offerings, ranging from scenic blue and green spaces to vibrant cultural events, under a single, strong identity. Through partnerships, the District can reach broader audiences, support local businesses, and provide unique, high-quality experiences that encourage repeat visits. Additionally, collaboration enables Blaby District Council to prioritise sustainable practices that protect natural and cultural assets, ensuring tourism growth benefits the community long-term.

4.4.1 Collaborative partnerships:

Key areas of focus for partnerships and collaboration in Blaby District:

- **The Blaby District Tourism Partnership:** an extremely effective collaborative network of local tourism businesses, community groups, Blaby District Council and Visit Leicester. The partnership can maximise resources, align goals, and build a cohesive destination that appeals to a wide range of visitors and enable Blaby District to compete more effectively as a unique and attractive destination within the wider Leicestershire region.
- **Local Visitor Economy Partnership (LVEP):** Blaby District Council is a partner in the Leicester and Leicestershire LVEP. Visit England is creating a portfolio of nationally supported, strategic Local Visitor Economy Partnerships (LVEPs). The new LVEPs aim to work in collaboration on shared priorities and targets. Blaby District Council's role is to support and grow the visitor economy through robust destination management, strong stakeholder relationships and clear planning.
- **Visit Leicester/neighbouring districts:** working with Visit Leicester and neighbouring districts to create cross-boundary experiences. This could include heritage trails, food and drink trails, or outdoor activity routes, encouraging tourists to explore more of the Leicestershire region.
- **Joint promotional efforts**: align with broader regional campaigns to highlight Blaby District as a key destination within Leicestershire. Participating in initiatives like "Taste the Place" or county-wide events broaden Blaby District's reach and enhances its visibility within the regional tourism network.
- **Community engagement projects**: engage residents and volunteers in tourism initiatives, such as nature conservation efforts, cultural workshops, and guided tours. Community participation ensures tourism development aligns with local values and enhances resident pride.

4.5 Priority 5 - Explore infrastructure and accessibility to create an inclusive environment

Blaby District is strategically positioned as a gateway to Leicester and the broader Leicestershire region, with excellent connectivity by road, rail, and proximity to Birmingham International and East Midlands Airports.

While local improvements can be developed decisions around service expansion and major transportation initiatives are beyond the scope of this plan. Tourism priorities to be considered are for improvements to key areas of connectivity, signage, trails, accommodation, and accessibility:

4.5.1 Infrastructure

- **Improve local connectivity**: while most visitors will likely continue to arrive by car, exploring options for improving linkages to have better connectivity with road, rail, and the park and ride would reduce environmental impact, and create a more enjoyable and accessible experience for all visitors. As would alternatives like rental bikes, electronic charging points, local small-scale tours, shuttle buses and other imaginative solutions that can lead to longer stays and more enjoyable experiences. These actives will be taken forward in partnership with local businesses, community groups and statutory agencies.
- **Signage:** explore signage across the District and identify opportunities for improvement where possible.
- **Public realm:** support the enhancement of public spaces across Blaby District which will create a welcoming, vibrant environment for visitors and also create the right environment for potential private sector investment. For example, accommodation, local facilities, and public art and interactive installations.
- **Accommodation:** a diverse range of quality accommodations is essential to attract target markets and increase overnight stays in Blaby District. As identified in the 2023 Visitor Accommodation Study, currently there is a very limited supply of hotel and visitor accommodation (including self-catering, camping, glamping pods, motorhome aires[4]). The review of Blaby District Local Plan provides the opportunity for a strategic approach to consider the accommodation development for which potential has been identified, and if not to amend these or introduce new policies that can help realise these developments.

4.5.2 Accessibility

- The ‘purple pound[5]’ estimated spend is £15.3 billion annually within the UK visitor economy by disabled individuals and represents a substantial market opportunity. There is an opportunity to position Blaby District as an accessible destination for all, catering to visible and non-visible disabilities and capitalising on the “purple pound” market opportunity. This will require developing an Accessibility Plan that provides a roadmap for improving both business-level and destination-wide accessibility.

This could include:

  - **Destination-wide accessibility improvements**: explore accessibility enhancements at key attractions, trails, and public spaces, such as ramps, tactile signs, and accessible parking
  - **Training and support for local businesses**: signpost resources and training to help businesses understand and implement accessible practices, such as sensory-friendly accommodations and services
  - **Digital accessibility**: ensure the Visit Blaby District website and digital resources are fully accessible to users with disabilities, with features such as screen reader compatibility and clear navigation

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[4] Motorhome aires are designated parking areas, where motorhomes can stay overnight, typically for a small fee or free of charge.

[5] The "purple pound" represents the spending power of disabled people and their families.

5. Monitoring performance and implementation

5.1 Monitoring the tourism performance

Monitoring tourism performance is critical to assessing the success of initiatives and ensuring sustainable growth. To achieve this, Blaby District Council will use the STEAM (Scarborough Tourism Economic Activity Monitor) to monitor the insights into the District's tourism performance.

5.2 Measuring success

The Growth Plan will be measured against the performance of Blaby District as a visitor destination. Blaby District Council subscribes to STEAM[6] tourism data a model that measures the economic impact of tourism on a local area. The model uses data from local sources, such as hotels, attractions etc to estimate the number of visitors, revenue[7], and jobs supported by tourism. From this, success can be measured by an increase in the following metrics.

Target Measure	Target Increase	How Measured	Baseline*	By 2030
Total economic impact (£m)	10%	STEAM DATA	£216.84	£238.52
Visitor numbers total (million)	10%	STEAM DATA	3.04	3.34

Supplementary Measure	Measure	How Measured
Visitor numbers day (million)	Monitor annually	STEAM DATA
Visitor numbers staying (000s)	Monitor annually	STEAM DATA
Employment (FTE)	Monitor annually	STEAM DATA
Sector growth (% increase in visitor spend in Blaby District compared to Leicestershire)	Monitor annually	STEAM DATA

The target aimed for is a 10% increase in economic impact and a 10% increase in visitor numbers over the duration of the plan. However, these will be monitored annually. We will have the end target measure for 2030 in place and can then track progress each year. Our benchmark figure is based on the last set of STEAM data from 2023.

[6] Scarborough Tourism Economic Activity Monitor.

*All figures based on 2023 (not including inflation).

Working closely with partners the ambition is to achieve a steady increase in the number of people employed in the sector, encouraging new entrants to the workforce and upskilling within businesses.

5.3 Implementation

The delivery of the Growth Plan will be led by Blaby District Council in collaboration with key strategic partners, including the Blaby District Tourism Partnership, Visit Leicester/LVEP, and the Business and Skills Partnership. This collaborative approach ensures coordinated efforts across various sectors to enhance the destination experience and improve marketing strategies.

Successful implementation of the Growth Plan relies on the following resources:

- **Tourism budget**: as detailed in the action plan, funding will be allocated to support key initiatives
- **Tourism and Heritage officer**: this role will provide essential support to drive implementation and ensure the plan's objectives are met

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APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

PRIORITY	OBJECTIVE	KPIs	Baseline data	Column1
INSPIRE VISITORS TO COME, STAY LONGER, AND EXPLORE FURTHER	Increase visitation by showcasing Blaby District's unique attractions and experiences, encouraging longer stays and deeper exploration of the District, leading to higher tourism spending and increased visitor numbers.	Monitor economic impact and visitor numbers, including a breakdown of day visits and overnight stays		
SUPPORT LOCAL BUSINESSES TO SUCCEED	Support local tourism businesses to gain essential skills, tools, and resources to enhance service quality, foster innovation, and capitalise on new opportunities for growth and sustainability in the tourism sector.	Monitor employment figures in sector Monitor impact on businesses - number of skills sessions delivered Monitor funding and successful applications		
CHAMPION REGENERATIVE AND SUSTAINABLE TOURISM PRACTICES	Promote regenerative tourism practices that minimise environmental impact, but actively contribute to preserving and enhancing Blaby District's natural and cultural assets for future generations.	Monitor data analytics for impact measurements Monitor practices that foster and promote a positive and lasting legacy Monitor projects and case studies that showcase successful implementation		
GROW AND ENHANCE OUR PARTNERSHIPS TO DELIVER GROWTH THROUGH COLLABORATION	Strengthen collaboration across local, regional, and national stakeholders to foster synergies, align efforts, and collectively drive sustainable tourism growth across Blaby District.	Number of collaborations, partnership meetings and summit		
EXPLORE INFRASTRUCTURE AND ACCESSIBILITY TO CREATE AN INCLUSIVE ENVIRONMENT	Explore public spaces, transportation, and accessibility improvements to create a welcoming, inclusive environment for all visitors, ensuring ease of access and a seamless visitor experience throughout Blaby District.	Monitor improvements and number of inclusive experiences for visitors Monitor projects and case studies that showcase successful implementation		

APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Short Term	Develop a social media strategy to target key markets, highlighting the District's key visitor offering e.g. attractions and events.	Development and implementation of a strategy	Partnership working with Communications and Tourism Team	Mar-26	Project
Short Term	Develop a downloadable Blaby District "telling our story" toolkit for local tourism operators to use in marketing and promotional activity.	Creation of one toolkit that would serve the length of the Growth Plan Number of tourism partners that utilise toolkit Tourism partner case study to showcase the impact of the project	Tourism Team	Mar-26	Project
Short Term	Develop the image and video bank for the District ensuring there are professional photography and videos capturing the District's highlights, and using these across all marketing platforms.	Number of new images and videos created	Tourism Team	Mar-27	Project
Short term	Collaborate with media, travel bloggers, photographers, and social media influencers to promote the District. Invite on familiarisation visits.	Number of collaborations/familiarisation visits Measure engagement with analytics	Tourism Team	Mar-28	Project
Short Term	Develop ready-made itineraries showcasing the District's culture, heritage, retail and attractions.	Number of itineraries created Take-up through website analytics	Tourism Team	Mar-28	Project
Short Term	Implement the STEAM (Scarborough Tourism Economic Activity Monitor) model to analyse tourism's economic impact and monitor visitor numbers. Collect and review data to identify growth opportunities and refine strategies.	Visitor spend, numbers and employment in the sector	Tourism Team	For the life of the plan	BAU
Long Term	Update and expand social media strategy and content plan for postings on various Visit Blaby District platforms. Showcasing local attractions, history, culture and insider tips for visitors.	Number of followers on each platform Number of social media posts - at least one a week	Tourism Team	For the life of the plan	BAU
Long Term	Create campaigns around personal stories, local traditions, and unique features of Blaby District to connect with potential visitors.	One campaign per year Measure engagement with analytics	Tourism Team	For the life of the plan	Project
Long Term	Review requirements for marketing materials including banners, brochures, flyers, maps and heritage trails, for distribution at tourist hubs in the District.	Number of materials created and distributed	Tourism Team	For the life of the plan	BAU

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Long Term	Promote events through social media channels, and expand events listings on the website to attract both local and further afield visitors.	Number of visits to Events Section of website	Tourism Team	For the life of the plan	BAU
Long Term	Facilitate and signpost to networking events or forums to connect local food and drink businesses, enabling them to co-develop packages or joint offerings (e.g. food and heritage tours, craft and nature experiences).	Number of events, packages or offerings Case study examples to showcase the impact of this	Tourism Team	For the life of the plan	BAU
Long Term	Expand and develop food and drink database including local artisan producers to assist tourism businesses sourcing.	Number listed on food and drink section of website Number listed on local artisan producers database	Tourism Team	For the life of the plan	BAU
Long term	Work with local accommodation providers to support development of food-themed visitor packages, including meals at local restaurants, farm tours, or cooking classes.	Number of accommodation providers engaged	Tourism Team	Mar-30	Project
Long term	Update and expand food and drink themed trails linking local farms, markets, breweries, and restaurants to encourage exploration of the District's landscapes.	Number of updated and new trails created	Tourism Team	Mar-30	Project
Long term	Review website and identify areas for further development, including SEO optimisation to ensure higher search rankings, interactive event pages, and inspirational itineraries.	Number of website visits SEO analytics	Tourism Team	Mar-30	Project
Long Term	Explore opportunities for pop events including food and drink focused	Number of opportunities identified	Tourism Team	Mar-29	Project

APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Short Term	Collaborate with schools and explore student placements or internships within the sector to introduce students to careers in tourism and hospitality.	Number of businesses/schools partipcated	Partnership working with CBWS and Tourism Team	Mar-27	Project
Long Term	Support tourism businesses with recruitment challenges in finding skilled employees and to participate in local job fairs.	Number of businesses participated in job fair	Partnership working with CBWS and Tourism Team	For the life of the plan	BAU
Long Term	Provide support to local tourism businesses to apply for regional and national awards.	Number of businesses nominated for awards	Tourism Team	For the life of the plan	BAU
Long term	Recognise and celebrate local tourism achievements, participate in award ceremonies and celebrate award successes to promote Blaby District as a destination for award-winning tourism experiences.	Number of award finalists Number of awards received Measure engagement with analytics	Tourism Team	For the life of the plan	BAU
Long term	Signpost and promote relevant workshops, grants, training programs, funding opportunities, and business support services.	Number of businesses participated	Partnership working with CBWS and Tourism Team	For the life of the plan	BAU

APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Short Term	Develop and expand new or existing walking and cycling routes, including canal towpaths, to connect key attractions and encourage exploration of Blaby District's natural and cultural sites.	Number of routes available	Partnership working with Active Travel and Tourism Team, linking in with Active Travel Strategy and LCWIP	Mar-29	Project
Short Term	Collaborate with local historical societies to identify key heritage sites to educate visitors about the District's cultural and historical significance.	Number of heritage sites identified	Tourism Team	Mar-28	Project
Long Term	Develop and expand the Ice House tours to attract a wider audience, and promote as a unique cultural attraction.	Number of tours and attendees Ice House Tour revenue	Tourism Team	For the life of the plan	BAU
Long Term	Signpost and promote resources and workshops that highlight eco-friendly tourism options, activities, and sustainable practices.	Number of businesses participated	Tourism Team	For the life of the plan	BAU

APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Short Term	Organise and facilitate Tourism Partnership meetings and Annual Tourism Summit to review progress, share best practices, and plan collaborative projects. Include workshops, panel discussions, and networking sessions to encourage active participation.	Attendance figures for meetings Number of tourism partners engaging with us and activities	Tourism Team	Ongoing for the life of the Plan	BAU
Short Term	Use LVEP resources to access funding opportunities, training programs and market insights.	Number of opportunities accessed	Tourism Team	Ongoing for the life of the Plan	BAU
Mid Term	Continue to expand the Blaby District Tourism Partnership	Number of members in the Tourism Partnership	Tourism Team	Ongoing for the life of the Plan	BAU
Long Term	Work actively and collaboratively with the Local Visitor Economy Partnership/Visit Leicester to align Blaby District's tourism goals with broader regional strategies, and include in the wider tourism narrative.	Number of collaborative projects	Tourism Team	Ongoing for the life of the Plan	BAU and Projects
Long Term	Partner with and encourage community and heritage groups to grow and support tourism initiatives, such as local history walks, cultural festivals, or conservation projects.	Number of contacts made Case study examples to showcase impact of this	Tourism Team	Ongoing for the life of the Plan	BAU

APPENDIX B - BLABY DISTRICT TOURISM GROWTH PLAN - ACTIONS

Time Frame	Action Description	Measures	Owner	Completion Date	Project or BAU?
Short Term	Explore road, rail, Park-and-Ride, and active travel routes for improved connections between key tourism hubs.	Opportunities identified	Tourism Team	Ongoing for the life of the Plan	BAU
Short Term	Explore opportunities within green spaces to create vibrant, visitor-friendly environments and promoting Blaby District's culture and heritage.	Opportunities identified	Tourism Team	Ongoing for the life of the Plan	BAU
Mid Term	To enhance the potential of Blaby District's waterways as a key tourism asset, utilising the findings of the 2021 Waterways Study, including opportunities to connect waterways to walking and cycling trails and encourage water-based activities.	Next Steps study complete	Tourism Team	Mar-29	Project
Mid Term	Encourage and support tourism businesses to identify areas for accessibility improvement. As a Tourism Partnership engage with disability advocacy groups, local community members, and accessibility experts to gather insights and recommendations.	Number of businesses engaged Case study examples to showcase impact of this	Tourism Team	Ongoing for the life of the Plan	BAU
Long Term	Use findings from 2023 Visitor Accommodation Study and the Blaby District Local Plan to encourage accommodation development and initiate phase 2 of the project.	Next Steps study complete	Tourism Team	Mar-30	Project
Long Term	Explore signage in the District and opportunities for improvement	Number of opportunities identified	Tourism Team	Mar-30	Project

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Monitoring Performance

- Blaby District Council subscribes to STEAM tourism data, a recognised model that measures the economic impact of tourism on a local area. The model uses data from local sources to estimate the number of visitors, revenue, and jobs supported by tourism.

- STEAM quantifies the local economic impact of tourism, from both staying and day visitors, through analysis and use of a variety of inputs including visitor attraction numbers, tourist accommodation bedstock, events attendance, occupancy levels, accommodation tariffs, macroeconomic factors, visitor expenditure levels, transport use levels and tourism-specific economic multipliers.

- We propose two target measures – total economic impact and visitor numbers total. We would also annually monitor four additional measures to supplement that information (see below).

- We propose a target increase of 10% for the two key measures during the lifespan of the Growth Plan. However, these will be monitored annually, and we will have the end target measure for 2030 in place so can track the progress each year. Our benchmark figure is based on the latest set of STEAM data from 2023.

- The Growth Plan, as per the previous plan, will use non-inflationary figures. We do however have access to inflationary figures through the STEAM data if needed. This is a recognised approach undertaken by Visit Leicester.

Target Measure	Target Increase over 5 years
Total Economic Impact- non-inflationary (£m)	10%
Visitor Numbers Total (million)	10%
Supplementary Data	
Employment (FTE)	Monitor annually
Visitor Numbers Day (million)	Monitor annually
Visitor Numbers Staying (000s)	Monitor annually
Sector Growth (% increase in visitor spend in Blaby District compared to Leicestershire)	Monitor annually

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Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**Scrutiny Commission response to the Administrations 2025/26 Draft Budget Proposals** This is not a Key Decision and is on the Forward Plan
Lead Member	**Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)**
Report Author	Senior Democratic Services & Scrutiny Officer
Strategic Theme	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 findings and conclusions following scrutiny examination of the Administration's 2025/26 draft budget proposals.

2. Recommendation(s) to Cabinet Executive

2.1 That Cabinet Executive considers the comments and recommendations of Scrutiny Commission in respect of the draft 2025/26 budget proposals before making final recommendations to Council.

3. Reason for Decisions Recommended

3.1 Scrutiny Commission has a mandate to examine the Administration's draft budget proposals and submit comments to Cabinet Executive which it is then obliged to consider before making its own final recommendations to Council on Budget proposals. All non-executive members may be involved in this process.

4. Matters to consider

4.1 Background

The Administration's 2025/26 draft Budget proposals have been fully considered by the Scrutiny Commission and non-executive members.

Cabinet Portfolio Holders and Senior Officers attended Scrutiny budget meetings to answer questions relating to the draft budget proposals as follows:-

15 January 2025 - Budget Context and Overview

22 January 2025 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Performance
- Health, Leisure, Climate and Economic Development
- Neighbourhood Services & Assets
- Housing, Community Safety & Environmental Services
- Planning, Transformation and ICT

All figures are as presented at the time scrutiny meetings took place, and do not take account any minor adjustments that may have been made to the budget after those dates.

<u>Budget Gap</u>

The budget gap arising for the 2025/26 Financial Year is £610k. Scrutiny noted the measures proposed to reduce/close the gap:

	£
Budget Gap	**609,923**
Contribution to Property Fund Reserve	45,000
Contribution from Leisure Man't Contractual Lossess Support Reserve	(63,750)
Contribution from Business Rate Pool for ED function	(413,220)
Contribution from Blaby Priorities Reserve for Capital Grants Programme	(54,500)
Council Tax Increase	(196,085)
(Surplus)/Deficit	**(72,632)**

Scrutiny would like to thank Portfolio Holders for the comprehensive overview of budget priorities and challenges and commend officers for their work on the budget planning process.

4.2 Proposal(s)

Statement on the Administrations 2025-26 Draft Budget

<u>Council Tax</u>

Members had a robust debate on the options available, with concerns being raised about the extra pressure an increase in Council tax would have on residents. Members also considered the impact of not raising Council Tax by the full percentage, however this was disregarded due to future challenges that local government reorganisation, devolution and uncertainty around future funding may bring and the importance of maintaining a quality service for residents.

Members also noted future local government financial reform could potentially pose a risk to the Council, where Council's will be expected to raise Council tax.

Members fully considered the options provided to increase Council tax by either 2.99%, which would generate £196k, or £5 which would generate £173k.

Recommendation 1 – Scrutiny would be supportive of a 2.99% increase given the current financial uncertainty that local authorities face.

<u>Local Government Reorganisation</u>

Following the white paper being published late last year, Scrutiny questioned all Cabinet Executive Members on how they intend to reprioritise their work, and implications on the current Corporate Plan. Cabinet Executive responded that it would consider projects and initiatives individually to determine whether there is the requirement to continue or resources available to continue the work.

Scrutiny noted Cabinet's response that it was too early to provide a definitive list of any projects, and that cost savings and resources will be rediverted to feed into reorganisation. It also noted that an update would be provided to Members as and when the new Corporate Plan is published.

Scrutiny plays a crucial role in shaping the Council's Corporate Plan by providing oversight, assessing performance data, and ensuring it meets local needs. During this period of unprecedented change for the Council it may not be feasible to provide the latest updates and amendments on the work of Cabinet Executive to Scrutiny on local government reorganisation and devolution.

Scrutiny considers that iPlan is a suitable platform for the Cabinet Executive to issue latest updates to the Corporate Action Plan, projects and initiatives that may have been reprioritised because of local government reorganisation. The well-established iPlan Scrutiny Working Group which examines corporate measures, is best placed to receive these updates.

Recommendation 2 - Scrutiny would welcome the opportunity to be consulted on any detailed local government reorganisation proposals as they emerge, including any requirement to increase resource to support the new Council.

Recommendation 3 - That Scrutiny be consulted on any amendments to the prioritisation of key projects resulting from local government reorganisation and the Corporate Plan and associated Action Plan.

Recommendation 4 - That Cabinet Executive uses iPlan as a platform to communicate the latest amendments to the Corporate Action Plan and reprioritisation of key projects arising as a result of local government reorganisation.

External Funding – Health, Leisure and Tourism

Scrutiny learned that many health, leisure and economic development initiatives rely on grants or external commissions, that may be less secure in future.

Scrutiny noted that if external funding is reallocated or reduced there may be significant changes to consider on service delivery plans, which would have considerable impact on service users and staff.

Recommendation 5 - Scrutiny would welcome an update on external funding shortfalls as early as possible.

Temporary Accommodation and Housing

Members noted the demand for this statutory service which the Council is obliged to provide. The Council so far has made excellent progress in supporting residents in urgent need of housing, but the need for emergency housing keeps on rising. Against this backdrop, the Council has made great strides in purchasing properties to support our most vulnerable residents and Scrutiny is supportive of Cabinet’s view that the Council should continue to do this.

Continuing investment in housing ensures sufficient appropriate accommodation is available and reduces reliance on costly temporary accommodation.

Members reflected on the lack of suitable, affordable housing in the District which the Council could purchase. Scrutiny considered whether the Cabinet would consider viewing suitable properties outside of the District which may alleviate the pressures on the team and vulnerable residents.

Scrutiny noted that the Council was expecting news of a significant grant application and would welcome an update on this if successful.

Recommendation 6 - That Cabinet considers looking at investing in suitable, affordable properties outside of the District to continue to support the housing team and vulnerable residents.

Recommendation 7 – That Scrutiny be notified should demand on the service increase resulting in the Housing Team requiring additional resource.

Car Parks

Scrutiny was concerned to learn that car parking income had been revised, noting a deficit of £87,000. Scrutiny noted that one of the aims of the Car

Park Strategy (2022-2027) is to be cost neutral, however it continues to operate at a loss, Scrutiny recommends that steps be taken to address this. Members discussed varying solutions such as season tickets, permits or diversifying the use of car parks.

The Portfolio Holder responded that some figures given to Scrutiny needed to be revisited, and a further update would be provided. Scrutiny would welcome this update as soon as possible.

Recommendation 8 – In order to address the shortfall in fees, that Cabinet considers solutions to diversify the use of car parks, including offering season tickets and permits.

Recommendation 9 – That Cabinet reconsider its aim of breaking even and set a realistic target that it could achieve.

<u>Data Intelligence: iPlan and Power BI</u>

<u>Power BI:</u>

Scrutiny Members noted how data intelligence has been driven at Blaby by expanding the use of Microsoft Power BI (Business Intelligence). The system automatically connects to databases to provide valuable management information and insight via live and intuitive dashboards, improving evidence-based decision making.

Recommendation 10 - As Power BI is established across services, Scrutiny is keen to understand its impact and where it has improved decision-making and requests that further reports be provided, clearly evidencing expected efficiencies/savings and improvements to service delivery.

<u>iPlan:</u>

Scrutiny is supportive of using data intelligence tools which will design services into the future, but Cabinet needs to be minded in ensuring that Officers are regularly updating the system to ensure it is fit for purpose and that resulting decisions are being made appropriately. The data currently in the system is relatively immature and needs developing further, only then will the Council reap the benefits it expects.

Members of the iPlan Scrutiny Working Group expressed their concerns that data, including sufficient commentary was not being updated in a timely manner. Inadequate reporting of measures can lead to significant risks, including poor decision-making, reduced accountability and inefficient use of resources.

Recommendation 11 – That consistent updates, including sufficient commentary are made to iPlan.

The iPlan Scrutiny Working Group would like to take this opportunity to acknowledge and express its thanks to the Business Systems, Performance & Information Manager for his continued support to Members.

Key Observations/Comments:

Medium Term Financial Strategy

Scrutiny noted that due to the short-term nature of the funding streams issued in the Settlement Statement for 2025/26, it is difficult to plan ahead with one year funding.

Continued rigorous management and monitoring by the Senior Leadership Team, Cabinet Executive and Scrutiny will ensure the Council continues to be well prepared to respond to challenges as a result of the Fair Funding Review and Business Rates Retention.

Lightbulb

Scrutiny would welcome an update on the delivery of Lightbulb and how Lightbulb pilots are progressing.

Building Control

Scrutiny noted the impact of changes to Building Control regulations resulting in a significant reduction of fees and charges. The changes have also resulted in losing experienced members of staff as the new regulations place new burdens on the team.

Scrutiny would welcome Officers and the Portfolio Holder to a future meeting to discuss the Partnership and its priorities for the future in light of reduction of fees and the new regulations.

I.T Service

Scrutiny noted the work undertaken to date on the migration of the I.T service back to Blaby District Council. There is uncertainty around how the local government reorganisation plans could affect the work undertaken so far, it is too early to predict what this could look like.

Scrutiny considers that the Council could be at the forefront of this, leading on best practice as we head into local government reorganisation.

Transformation

Scrutiny noted the positive work that has been undertaken by the Transformation team, including £108,000 worth of cashable savings, 430 hours working hours saved and over £23,000 of income generated.

Scrutiny would welcome a further update on their work.

4.3 Relevant Consultations

Non-Executive Members, Portfolio Holders, Senior Officers.

4.4 Significant Issues

None, as they relate to Cabinet Executive as the decision maker.

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 cost implications as a result of this report.

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

7.1 There are no risks associated with this report.

8. Other options considered

8.1 No other options were considered. Budget scrutiny is a constitutional requirement.

9. Appendix

9.1 None

10. Background paper(s)

10.1 Meeting of the 'Scrutiny of the Administration's Budget Proposals' 15th January 2025

Meeting of the 'Scrutiny of the Administration's Budget Proposals' 22 January 2025

11. Report author's contact details

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Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**Quarter 3 Budget Review 2024/25**
	This is a Key Decision and is on the Forward Plan.
Lead Member	**Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)**
Report Author	Accountancy Services Manager
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 gives Members an overview of the financial performance against the budget for the third quarter of 2024/25.

2. Recommendation(s) to Cabinet Executive

2.1 That the financial performance against the budget for the quarter ending 31st December 2024 is accepted.

2.2 That Cabinet Executive approved the forecast contribution as set out in paragraph 4.7 of £31,682 to General Fund balances.

2.3 That additional resource requirement for 2024/25 as set out in paragraph 4.5, is approved.

3. Reason for Decisions Recommended

3.1 It is good practice that Members have oversight of the Council's financial performance at regular points during the financial year.

3.2 To recognise movements in the call on reserves and balances to date, along with potential variances in establishment costs and key income streams that may arise between now and the end of the financial year.

4. Matters to consider

4.1 Background

The Council's original budget was approved on 26th February 2024. The approved budget before contributions from reserves and government grants was £16,206,950. It was agreed that the budget would be supported by a contribution of £463,856 from the General Fund Balance and a contribution of £349,315 from earmarked reserves, resulting in a net expenditure budget of £15,393,779.

The last quarterly report presented to Cabinet in November noted that the forecasted budget gap at that point was £499,486.

Since the last report, a review of all budgets has been carried out by the Finance Team in conjunction with Budget Managers based on expenditure to date and forecast expenditure and income to the end of the financial year. Additional budget of £89,461 has been added from General Fund balances for the legal costs the Council incurred following the outcome of the Enderby Hub Planning Appeal. The call on balances has now reverted to a contribution to General Fund balances of £31,682 along with a contribution of £761,439k from earmarked reserves.

Appendix A shows the net service expenditure to date compared with the profiled budget. Although a positive variance is shown, this does not reflect a likely outturn position due to the impact of profiling assumptions, and the fact that it is shown on a cash basis rather than an accruals basis.

4.2 Establishment

At the end of quarter 3, at an portfolio level, establishment costs amounted to £12,475,177 against a profiled budget of £12,833,635, i.e., under profile by £376,338. An estimate of 3% was built into the budget across services for the potential pay award, with a further 1% held centrally. This additional 1% budgeted has now been allocated to the individual services.

The pay award for the Chief Executive and Chief Officers (Directors and Group Managers) was agreed at 2.5%.

The offer made and agreed to officers on grade 1 to 9 was a flat rate of £1,290 per annum across all scale points.

The following table shows cumulative variances to 31st December 2024:

Portfolio	(Under)/Over £	Note
Leader	(49,266)	1
Finance, People & Performance	66,376	2

Neighbourhood Services & Assets	19,259	3
Health, Leisure, Climate & Economic Development	(227,069)	4
Housing, Community Safety & Environmental Services	(171,563)	5
Planning Delivery and Enforcement and Corporate Transformation	(14,075)	6
Variance on portfolio's	**(376,338)**	
Central Provisions	110,733	7
Total Establishment Variance	**(265,605)**	

Reasons for Variances

1. Vacant post within Legal Services. Profiled budgeted 1% pay award provision of £13,000 allocated here.
2. Additional agency costs incurred in Benefits, Recovery, HR and Finance to fill vacant positions. Interim Finance Group Manager joined the Council in May 2024, prior to the Finance Group Manager leaving during June 2024 to allow for some handover. Interim Accountancy Services Manager joined the Council in October 2024 for three months, the post has now been recruited to on a permanent basis. Profiled pay award provision of £22,000 allocated here.
3. Additional costs incurred in Refuse and Recycling in relation to bank holiday overtime and required agency to ensure compliance with health and safety requirements. Profiled pay award provision of £36,000 allocated here.
4. Profiled pay award provision of £17,000 allocated here. Vacancies within Community Development, work and skills due to internal secondments, vacancies within Building Control, Active Blaby and Lightbulb. Work is being undertaken to review the Building Control service, given the current climate and recruitment challenges.
5. Vacancies in Environmental Protection and Environmental Health teams. Profiled pay award provision of £18,000 allocated here.
6. Mainly due to Establishment costs to be funded from UKSPF, budget to be allocated accordingly. Profiled pay award provision of £16,000 allocated here.
7. The original full year budgeted vacancy savings provision of £250,000 remains here, £188,000 profiled to date, as a variance to actuals. Against this is £77,000 budgeted provision for statutory sick pay, statutory maternity pay and apprenticeship levy, actual costs of these are included in the portfolios.

Variances have occurred through vacancies throughout the year, and employees starting salaries differing to budgeted salaries, for example if the previous post holder had worked at the Council for a number of years and was on the top of their salary grade, and the new employee starts at the bottom of the salary grade, an underspend against the budget will be shown. A review has been undertaken to identify vacancy savings at the end of the third quarter. Savings within partnerships and externally funded positions have not been included in this exercise and will be separately reviewed at year end. The savings identified total £301,500.

4.3 Key Income

	Revised Working Budget £	Profiled Budget £	Actual to Date £	(Surplus)/ Shortfall £
Planning Fees	(925,000)	(693,750)	(885,102)	(191,352)
Building Control Fees	(900,000)	(843,209)	(626,040)	217,169
Building Control Partnership	(466,704)	(428,121)	(312,855)	115,266
Land Charges	(202,000)	(151,500)	(142,034)	9,466
Investment Interest	(1,300,000)	(975,000)	(1,176,557)	(201,557)
Refuse and Recycling	(1,777,800)	(1,691,010)	(1,710,729)	(19,719)
Car Parks	(244,000)	(199,500)	(202,864)	(3,364)
Leisure Income	(866,140)	(649,605)	(649,600)	5
Total	(6,681,644)	(5,631,695)	(5,705,781)	(74,086)

NB: brackets indicate excess income in the (surplus)/shortfall column).

Planning Fees
During the Budget Setting process, planning income was reviewed, and the budget increased by £325,000, Income has continued to increase substantially during the third quarter of the year, at the time of writing the report, planning income had surpassed £930,000.

Building Control
As reported in Quarter 2, the Building Control Fee income budget has been reduced by £200,000. The income had been below profile in the 1st half of the year, and the shortfall has grown in the last quarter, however this is partly due to timing of invoicing. The revised income target is expected to be achieved by year end. It should be noted that any shortfall in the overall Building Control Partnership budget at year end will be shared amongst partners in accordance with the agreement, so the current deficit is not borne solely by Blaby. The Council’s share is 22.5%.

Land Charges
The Land Charges budget was reduced from the original budget of £216,000. As can be seen in the table the income at the end of quarter 3 remains slightly below the profiled target.

Investment Interest

The income budget for Investment interest was increased by £300,000 following the performance seen in the 1st half of the financial year due to the continued high Bank of England Base Rate. Interest is expected to fall back over the last quarter of the financial year, due to the cash flow profile, although it looks likely that the budget will be exceeded.

Car Parking

The budget for car parking income was increased by £21,000 in line with current footfall and as can be seen in the table, at the end of the third quarter there is a small surplus compared to profile. Having reviewed how internal recharges are charged to car parks, we anticipate being close to a break-even position by the end of the financial year.

4.4 Earmarked Reserves

In addition to the General Fund balance the Council also maintains a number of Earmarked Reserves. Some of these are set aside for specific purposes whilst others have been created to mitigate the uncertainties that still surround local government funding. A detailed breakdown of the movement on Earmarked Reserves during the 3rd quarter of the financial year and the forecast to the end of the year appears at Appendix B.

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

4.5 Additional Resource

A specific role within the housing portfolio is due to be re banded. The review will also consider whether a back date on the re banding should be applied, therefore to be prudent additional budget of £4,331 has been built into the budget.

4.6 Forecast Outturn

The original approved budget allowed for a contribution of £463,856 to be taken from General Fund Balances. As shown in Appendix A, the current outturn position is a contribution to General Fund Balances of £31,682. Taking into account the vacancy savings identified, detailed in section 4.2 and the potential increase in Investment and Planning income, it is expected that the outturn position at year end will be a positive contribution to the General Fund Balance.

It should be noted that a planned contribution from Earmarked reserves of £761k will still be required.

	£
Approved contribution from General Fund Balances	**463,856**
Quarter 1 budget adjustments	53,122
Quarter 2 budget adjustments	(17,492)
Quarter 3 budget adjustments	(531,168)
Latest contribution from General Fund Balances	**(31,682)**

4.7 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 In preparing this report the author has considered the impact on the environment and there are no areas of concern.

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 Financial implications are included in the main body of this report.

Officers continue to seek savings and implement measures designed to reduce the budget gap that is forecast in the Medium-Term Financial Strategy.

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 shortfall in income or overspending	Ongoing budget monitoring to highlight variances.

8. Other options considered

8.1 None

9. Appendix

9.1 Appendix A – Budget Monitoring Statement to 31st December 2024.

9.2 Appendix B – Forecast Reserves Position to 31st March 2025.

10. Background paper(s)

10.1 None

11. Report author's contact details

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APPENDIX A

BLABY DISTRICT COUNCIL

GENERAL FUND REVENUE ACCOUNT

BUDGET MONITORING STATEMENT TO 31ST DECEMBER 2024

Portfolio	A **Approved Budget** **£**	B **Working Budget** **£**	C **Profiled Budget** **£**	D **Actual to P9** **£**	E **Variance to Profile** **£**	F **Forecast Outturn** **£**
Finance, People & Performance	3,504,581	3,502,596	3,099,994	3,264,706	164,713	3,472,596
Housing, Community Safety & Environmental Services	2,286,511	2,739,260	1,720,282	1,309,005	(411,277)	2,617,460
Health & Leisure, Climate and Economic Development	(62,982)	804,807	63,061	(265,834)	(328,895)	768,407
Leader	2,410,477	2,759,849	2,080,158	2,046,626	(33,533)	2,729,449
Neighbourhood Services & Assets	3,672,637	4,070,737	2,413,152	2,148,236	(264,916)	4,038,937
Planning, Transformation and ICT	3,047,156	3,094,656	1,842,053	1,544,222	(297,831)	3,043,556
Net Expenditure on Services	**14,858,380**	**16,971,904**	**11,218,700**	**10,046,960**	**(1,171,739)**	**16,670,404**
Revenue Contributions to Capital Outlay	94,315	254,126	190,615	35,893	(154,722)	254,126
Minimum Revenue Provision	748,865	610,820	423,604	0	(423,604)	610,820
Voluntary Revenue Provision	300,000	300,000	225,000	0	(225,000)	300,000
Appropriations & Accounting Adjustments	205,390	(801,291)	(680,939)	(802,481)	(121,543)	(499,791)
	16,206,950	**17,335,559**	**11,376,980**	**9,280,372**	**(2,096,608)**	**17,335,559**
Contributions to/(from) Earmarked Reserves	(349,315)	(1,781,099)	(1,482,684)	7,192	1,489,876	(1,973,462)
Contributions to/(from) General Fund Balances	(463,856)	6,138	(77,717)	0	77,717	31,682
Net Budget Requirement	**15,393,779**	**15,560,598**	**9,816,579**	**9,287,564**	**(529,014)**	**15,393,779**

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FORECAST RESERVES & BALANCES AS AT 31ST MARCH 2025

APPENDIX B

	GL Code	Balance at 31/03/24 £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/25 £
Leisure Centre Renewals Fund	9999/VBA	(73,607)	0	0	(73,607)
Computer Room Environment	9999/VBB	(135,820)	0	20,000	(115,820)
Licensing Reserve	9999/VBC	(27,868)	0	0	(27,868)
Insurance Reserve Fund	9999/VBD	(100,000)	0	0	(100,000)
Blaby Plan Priorities Reserve	9999/VBJ	(365,453)	0	85,500	(279,953)
General Reserve Fund	9999/VBK	(1,612,310)	0	0	(1,612,310)
Ongoing Projects Reserve	9999/VBM	(2,289,974)	0	2,289,974	(0)
Elections Reserve	9999/VBQ	(87,259)	0	0	(87,259)
Homelessness Grant Reserve	9999/VBR	(104,952)	0	40,000	(64,952)
New Homes Bonus Reserve	9999/VBT	0	0	0	0
Contractual Losses Support Reserve	9999/VBU	(255,000)	0	0	(255,000)
Economic Development Initiatives	9999/VBX	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(9,147)	0	0	(9,147)
Community Rights Reserve	9999/VCB	(48,724)	0	0	(48,724)
Hardship Reserve	9999/VCD	(325,000)	0	0	(325,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	0	(881)
NNDR Income Reserve	9999/VCF	(1,655,218)	(138,521)	0	(1,793,739)
Flexible Working Reserve	9999/VCG	(161,792)	0	0	(161,792)
Local Plan Reserve	9999/VCJ	(414,576)	(221,070)	269,891	(365,755)
Lottery Reserve	9999/VCK	(27,365)	0	6,233	(21,132)
IT System Replacement Reserve	9999/VCL	(39,815)	0	39,815	0
Property Fund Reserve	9999/VCM	(167,573)	(45,000)	0	(212,573)
Huncote Major Incident Reserve	9999/VCP	(642,526)	0	0	(642,526)
Court Fees Income Reserve	9999/VCQ	(31,813)	0	0	(31,813)
Business Rates Pool Reserve	9999/VBV	(1,065,210)	(811,881)	300,000	(1,577,091)
		(9,691,883)	(1,216,472)	3,051,413	(7,856,942)
Usable Earmarked Reserves		**(9,691,883)**			**(7,856,942)**
General Fund Balance		**(6,589,776)**	1,216,472	(31,682)	**(5,404,986)**
TOTAL RESERVES & BALANCES		**(16,281,658)**			**(13,261,927)**

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Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**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 Cabinet Executive and 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
New Additions	
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
Reductions	
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 Lubbesthorpe 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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CAPITAL PROGRAMME 2024/25 - QUARTER ENDED 31ST DECEMEBER 2024 **APPENDIX A**

	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 £
Invest to Save Schemes							
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
Essential/Contractual Schemes							
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
Desirable Schemes (subject to affordability)							
Resurfacing of Main & Overflow Car Parks, Fosse Meadows	130,000	-	-	-	130,000	-	130,000
	130,000	-	-	-	130,000	-	130,000
Externally Funded Schemes							
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**

FINANCED BY:	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 £
Internally Resources							
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
External Resources							
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

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**Quarter 3 Treasury Management Update 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	Finance Group Manager
Strategic Themes	Ambitious and well managed Council, valuing our people

1. What is this report about?

1.1 This report provides Members with an update on the Council's treasury activities for the quarter ended 31st December 2024, and the economic factors that have affected those activities. This is an additional report stemming from the 2023/24 Prudential Code, which requires that treasury management updates should be reported on a quarterly basis from 1st April 2023 onwards. The Code stipulates that the additional two quarterly reports (Quarters 1 and 3) need to be adequately scrutinised but do not need to be reported to full Council

1.2 The report also demonstrates compliance with the prudential indicators that were approved by Council on 27th February 2024.

2. Recommendation(s) to Cabinet Executive

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

3. Reason for Decisions Recommended

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

4. Matters to consider

4.1 Background

The Chartered Institute of Public Finance Accountancy (CIPFA) Code of Practice for Treasury Management 2021 recommends that Members are updated on treasury management activities at least quarterly. This report, therefore, ensures that the Council is following best practice in accordance with the Code. The financial year 2024/25 is the second year in which Cabinet will receive quarterly treasury updates.

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

4.2 Economic Update

The economic update for the third quarter of 2024/25, provided by MUFG Corporate Markets Treasury Limited (previously named Link Treasury Services Limited), the Council's treasury management advisors, is included at Appendix A.

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

On 7th November, the Monetary Policy Committee (MPC) voted in favour of a 0.25% decrease in Bank Rate, taking it down 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.

4.3 Interest Rate Forecasts

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

The latest forecast at Appendix B, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, a revision has been undertaken of the central forecasts for the first time since May. In summary, MUFG Corporate Markets Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst PWLB forecasts have been materially lifted to not only reflect their increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

MUFG 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.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect their Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years).

4.4 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 27th February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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

Investment rates have remained relatively elevated during the third quarter of 2024/25 but are expected to fall back in due course if inflation falls through 2025 and the MPC loosens monetary policy more substantially.

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

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

CDS prices
These have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

The funds available for investment purposes as at 31st December was £35.4m.
These were a mixture of temporary, cashflow funds where the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme, and longer-term core funds.

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

Financial year to quarter ended 31st December 2024

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.25	5.20	5.20	5.21	5.23	5.26	5.33
Low	4.75	4.70	4.70	5.71	4.83	4.97	5.09
Average	5.06	5.01	5.02	5.05	5.12	5.20	5.25
Spread	0.50	0.50	0.50	0.50	0.41	0.29	0.24

The Council’s revised budget for in-house investment income in 2024/25 profiled to Quarter three is £975,000 (£1.3m full year). On 31st December, the Council had already secured a return of £1,176,557.

The Council invested £1m in the Lothbury Property Trust in December 2019. On 30th June 2023 the Net Asset Value (NAV) of this investment was £0.739m.
Following the winding up of this fund on the 30th May 2024 Lothbury are in the process of disposing of all assets and making distributions to investors.

As noted in the Treasury Management Report to Council on 16th July 2024, the investment is being transferred as capital distributions to UBS (UBS

Triton property fund LP). 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.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st December 2024. A full list of investments held at the end of the quarter is shown at Appendix C.

4.5 Borrowing

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

In Quarter three of 2024/25 no new borrowing has been undertaken and there have been no scheduled loan repayments, meaning that the outstanding debt is £5,365,603 on 31st December 2024.

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

No rescheduling of borrowing was undertaken in the third quarter. Opportunities to do so are limited in the current economic climate because the difference between new borrowing rates and early redemption rates would lead to substantial exit costs (premiums) being incurred.

4.6 Compliance with Treasury and Prudential Limits

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

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31st December 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy.

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

4.7 Relevant Consultations

The Council's Treasury Management advisors MUFG Corporate Markets Treasury Limited (previously named Link Treasury Services Limited), have been consulted in the drafting of this report.

4.8 Significant Issues

None. 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 There is no direct environmental impact arising from this report. However, the Council continues to utilise sustainable investment opportunities in line with its approved investment criteria.

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

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, MUFG Corporate Markets Treasury Limited, who monitor movements in interest rates on our behalf. The aim is always to drawdown loans when interest rates are at their lowest point.
Credit risk – the risk that other parties might fail to pay amounts due, e.g., deposits with banks etc.	The Annual Investment Strategy sets the criteria through which the Council decides with whom it may invest. The lending list is updated regularly to reflect changes in credit ratings.

Liquidity risk – the Council might not have sufficient funds to meet its commitments	Daily monitoring of cash flow balances. Access to the money markets to cover any short-term cash shortfall.
Refinancing and maturity risk – the risk that the Council might need to renew a loan or investment at disadvantageous interest rates	Monitoring of the maturity profile of debt to make sure that loans do not all mature in the same period. Monitoring the maturity profile of investments to ensure there is sufficient liquidity to meet day to day cash flow needs.
Market risk – losses may arise because of changes in interest rates etc	Maximum limits are set for exposure to fixed and variable interest rates. The Finance team will monitor market rates and forecast interest rates to limit exposure
Loss on the Property Fund investment if property values continue to fall	The Property Fund should be seen as a longer-term investment where the value of the fund can fluctuate both upwards and downwards. Historically, property prices tend to rise over time. Due to concerns reported to Council last year and the winding up of the Lothbury Property Fund, the move to the UBS Triton Property Fund LP was instigated.

8. Other options considered

8.1 None, this report is a requirement of the 2024/25 Prudential Code.

9. Appendix

9.1 Appendix A – Economic Update

9.2 Appendix B – Interest Rate Forecast

9.3 Appendix C – Investments Held at 31st December 2024

9.4 Appendix D – Treasury and Prudential Indicators

10. Background paper(s)

10.1 None

11. Report author's contact details

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1. Economics update

- The third quarter of 2024/25 (October to December) saw:
- GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
- The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
- CPI inflation increase to 2.6% in November;
- Core CPI inflation increase from 3.3% in October to 3.5% in November;
- The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
- 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).
- The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)
- This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.
- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly

decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024

- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.
- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.
- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.
- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.

- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

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APPENDIX B

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 rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

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INVESTMENTS HELD ON 31ST DECEMBER 2024

Appendix C

Counterparty	Investment Type	Investment Date	Maturity Date	Interest Rate	Principal
Aberdeen Liquidity Fund	Money Market Fund	n/a	n/a	4.77%	£8,000,000
Federated Investors	Money Market Fund	n/a	n/a	4.69%	£8,000,000
Landesbank Hessen-Thueringen Girozentrale	Time Deposit	05/12/24	05/02/25	4.64%	£3,000,000
Landesbank Hessen-Thueringen Girozentrale	Time Deposit	15/11/24	15/01/25	4.62%	£2,000,000
SMBC Bank International PLC	Time Deposit	15/11/24	14/02/25	4.82%	£2,300,000
SMBC Bank International PLC	Time Deposit	29/11/24	29/01/25	4.82%	£3,000,000
Standard Chartered Bank	Sustainable Fixed Term Deposit	06/11/24	06/02/25	4.67%	£2,000,000
HSBC Bank PLC	31 Day Notice Account	n/a	n/a	5.35%	£2,000,000
Lloyds Treasury Call Account	Money Market call Account	n/a	n/a	5.14%	£911,200
HSBC Business Deposit Account	Money Market call Account	n/a	n/a	1.95%	£368,000
Lloyds Bank Corporate Markets	Time Deposit	03/10/24	03/01/25	4.62%	£2,000,000
National Bank of Canada	Time Deposit	15/11/24	15/01/25	4.65%	£1,800,000
					£35,379,200

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PRUDENTIAL INDICATORS

1. Capital Expenditure and Financing

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

	2024/25 Approved Budget £	Position as of 31st December 2024 £	2024/25 Revised Estimate £
Total Capital Programme	**3,826,900**	**1,861,068**	**9,898,960**
IFRS16 lease additions			402,334
Financed by:			
Capital receipts	574,000	337,524	1,494,710
Capital grants and contributions	1,492,647	1,075,644	4,790,657
Capital reserves	94,315	38,592	145,315
Revenue contributions	0	82	100,082
Total Financing	**2,160,962**	**1,451,842**	**6,530,764**
Borrowing Requirement	**1,665,938**	**409,226**	**3,770,531**

The Revised Capital Programme includes expenditure and resources brought forward from 2023/24 totalling £4,528,430.

2. Capital Financing Requirement

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

	2024/25 Approved Budget £	Position as of 31st December 2024 £	2024/25 Revised Estimate £
CFR as of 1st April 2024	19,907,475	17,365,910	17,365,910
Capital Expenditure in Year	3,826,900	1,861,068	9,898,960
IFRS16 lease additions	0	0	402,334
Financing in Year	(2,160,962)	(1,451,842)	(6,530,764)
Minimum Revenue Provision	(748,865)	0	(610,820)
Voluntary Revenue Provision	(300,000)	0	(300,000)
CFR as of 31st March 2025	**20,524,548**	**17,775,136**	**20,225,620**

3. The Portfolio Position

The table below compares the Council's actual external debt, including other long-term liabilities such as finance leases, with the CFR. This indicator also acts as a limit to borrowing activity. Gross external debt should not, except in the short term, exceed the total of CFR in the preceding year plus the estimated additional CFR for 2024/25 and the next two financial years. This allows some limited flexibility for borrowing in advance of need. No difficulties are envisaged in complying with this indicator for the current or future financial years.

	2024/25 Approved Budget £	Position as of 31st December 2024 £	2024/25 Revised Estimate £
External Debt			
Debt on 1st April 2024	9,413,439	5,713,439	5,713,439
Finance Leases at 1st April 2024	454,864	454,864	454,864
Estimated Borrowing 2024/25	3,300,000	0	3,700,000
Estimated Loan Repayments	(855,837)	(802,700)	(855,837)
Estimated Lease Repayments	(293)	0	(293)
Estimated Debt at 31st March 2025	**12,312,173**	**5,365,603**	**9,012,173**
CFR (as above)	**20,524,548**	**17,775,136**	**20,225,620**
Under/(Over) Borrowing	**8,212,375**	**12,409,533**	**11,213,447**

4. Operational Boundary for External Debt

This is the limit which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

	2024/25 Approved Budget £	Position as at 31st December 2024 £	2024/25 Revised Estimate £
Borrowing	18,200,000	4,910,739	18,200,000
Other Long-Term Liabilities	2,500,000	454,864	2,500,000
Total	**20,700,000**	**5,365,603**	**20,700,000**

5. Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This is the limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2024/25 Approved Budget £	Position as at 31st December 2024 £	2024/25 Revised Estimate £
Borrowing	20,222,200	4,910,739	20,222,200

Other Long-Term Liabilities	2,777,800	454,864	2,777,800
Total	**23,000,000**	**5,365,603**	**23,000,000**

6. Treasury Management Limits on Activity

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

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2024/25 Approved Budget £	**Position as at 31st December 2024 £**	**2024/25 Revised Estimate £**
Maturity structure of fixed interest rate borrowing:			
Under 12 months	100%	2.17%	100%
12 months to 2 years	100%	16.37%	100%
2 years to 5 years	100%	0%	100%
5 years to 10 years	100%	0.00%	100%
10 years and above	100%	81.45%	100%

7. Investments Greater Than 364 Days

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

The Council invested £1m in the Lothbury Property Trust in December 2019. On 30th June 2023 the Net Asset Value (NAV) of this investment was £0.739m. The investment is being transferred as capital distributions to UBS (UBS Triton property fund LP). The remaining Lothbury estimated valuation as at 31/12/24 was: £263,371 a further capital distribution on the 10th of January 2025 was made of £161,264.98.

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

The Bank hope to complete the Lothbury transfers by the end of February 2025.

	2024/25 Approved Budget £	**Position as of 31st December 2024 £**	**2024/25 Revised Estimate £**
Principal sums invested > 364 days	6,000,000	1,000,000	6,000,000

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Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**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 Cabinet Executive and 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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FIVE YEAR CAPITAL PROGRAMME 2025/26 - 2029/30

Appendix A

Project	Planned Capital Expenditure					
	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£	£	£	£	£	£
Invest to Save Schemes						
Revenues & Benefits - DMS & Citizens Access	0	0	150,000	0	0	150,000
	0	***0***	***150,000***	***0***	***0***	***150,000***
Essential/Contractual Schemes						
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**
Desirable Schemes (subject to affordability)						
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**
Externally Funded Schemes						
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
	£	£	£	£	£	£
Financed by:						
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**
	0	0	0	0	0	0

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Appendix B

Blaby District Council

the heart of Leicestershire

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 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
Sub-total Invest to Save Schemes	***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
Sub-total Essential & Contractual Schemes	728,792	479,500	3,247,500	338,500	4,155,500	8,949,792
Desirable Schemes	33,720	0	0	0	0	33,720
Externally Funded Schemes	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 indicator 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

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**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 Cabinet Executive and 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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APPENDIX A

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2025/26

INDEX

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.

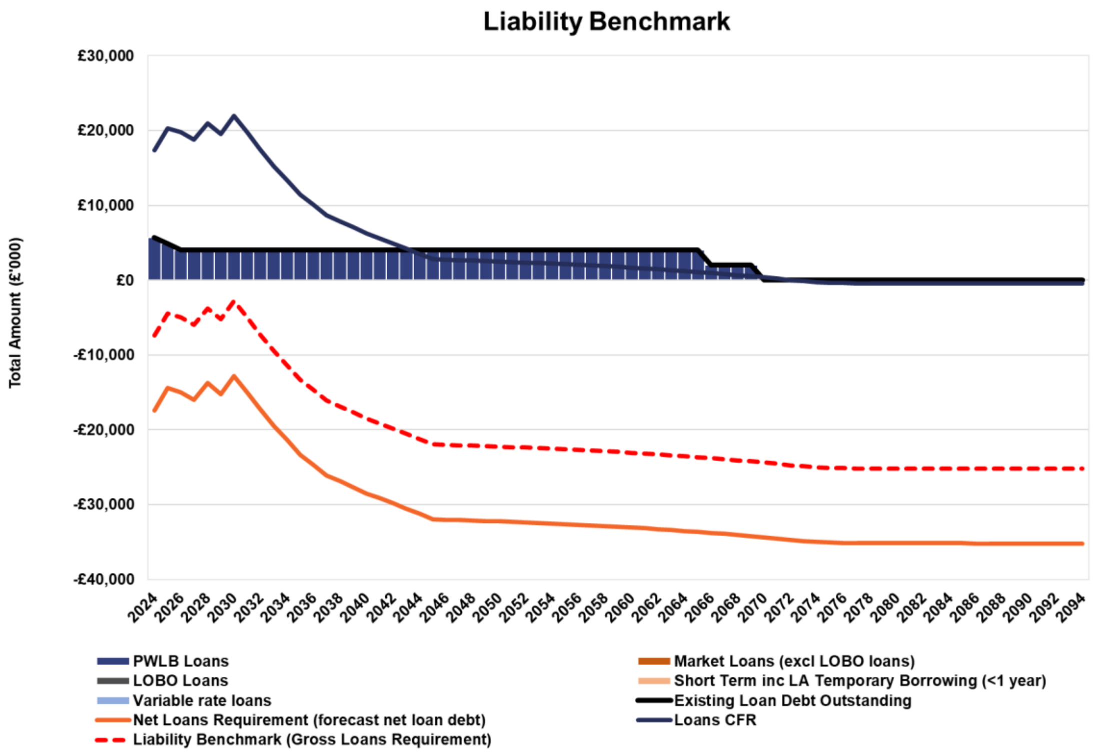
2.3 Liability Benchmark

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)**

*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

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 1st April	5,930	5,713	7,257	7,650	7,650	11,050	11,050
Leases at 1st 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 31st March	5,713	7,257	7,650	7,650	11,050	11,050	15,050
Leases at 31st 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%.

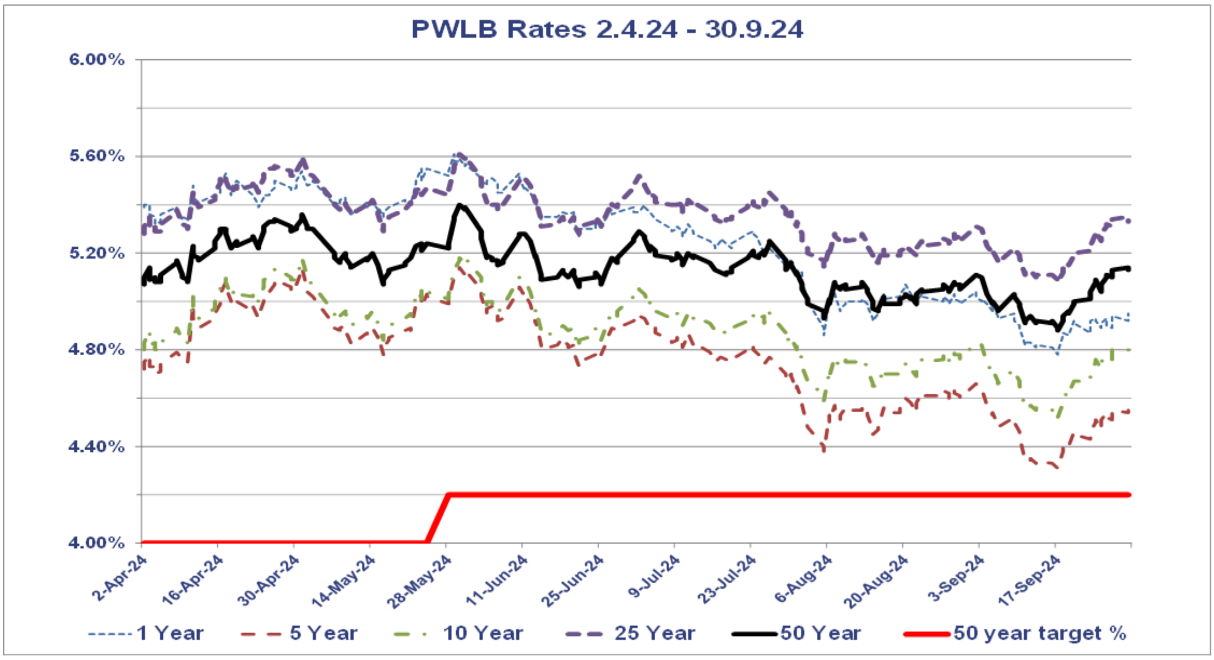
The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

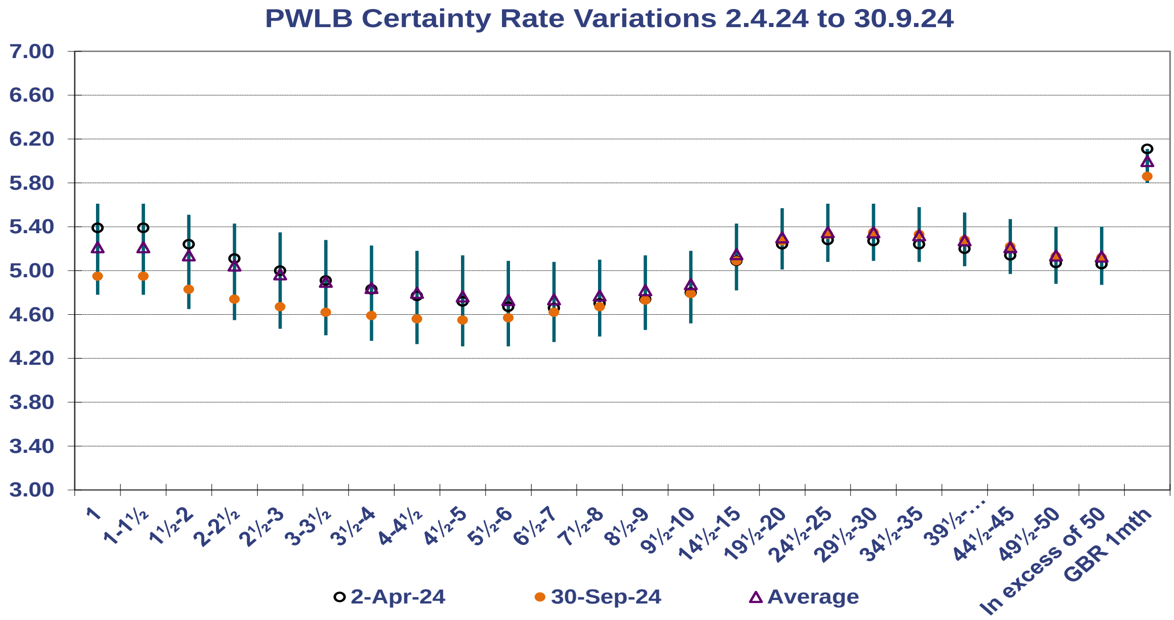
MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- 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

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
Cooperatieve 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

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**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 Cabinet Executive and 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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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								

APPENDIX C

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: -

Precepting Authority	Valuation Bands (£)			
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

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	**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 Cabinet Executive and 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.

<u>Balances and Reserves</u>

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:

<u>General Fund Balance</u>

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, is it 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.

<u>NNDR Income Reserve</u>

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.

<u>Other Earmarked Reserves</u>

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 Ukranian 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/VCJ	(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/VCQ	(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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Appendix C

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

Strategy Sections

Section 1 – Introduction to the Medium Term Financial Strategy

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	804,807	35,208	69,422	104,745	141,209	178,853
Leader	2,759,849	2,640,151	2,715,298	2,792,641	2,872,245	2,954,189
Neighbourhood Services & Assets	4,070,737	3,213,411	3,369,546	3,530,633	3,696,818	3,868,278
Planning, Transformation and ICT	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 haves 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 though 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
Measures to close funding gap:						
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.