

To Members of the Cabinet Executive

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| Councillor Ben Taylor (Leader) | - Leader |
| Councillor Cheryl Cashmore (Deputy Leader) | - Finance, People and Transformation (Deputy Leader) Portfolio Holder |
| Councillor Nick Chapman | - Health, Community and Economic Development Portfolio Holder |
| Councillor Nigel Grundy | - Neighbourhood Services and Assets Portfolio Holder |
| Councillor Les Phillimore | - Housing, Community Safety and Environmental Services Portfolio Holder |
| Councillor Mike Shirley | - Planning and Strategic Growth Portfolio Holder |

Dear Councillor,

A meeting of the **CABINET EXECUTIVE** will be held in the Council Chamber on **MONDAY, 23 FEBRUARY 2026** 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 5 - 8)
To approve and sign the minutes of the meeting held on 12 January 2026 (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. Housing Enablement Team Contract Extension (Pages 9 - 22)
To consider the report of the Housing Enablement Team Service Manager & Interim Lightbulb Service Manager (enclosed).
6. Lightbulb Partnership Extension (Pages 23 - 28)
To consider the report of the Housing Enablement Team Service Manager & Interim Lightbulb Service Manager (enclosed).
7. Blaby District Business Grant Scheme (Pages 29 - 38)
To consider the report of the Executive Director (Place) (enclosed).
8. Scrutiny Commission response to the Administrations 2026/27 Draft Budget Proposals (Pages 39 - 48)
To consider the report of the Senior Democratic Services & Scrutiny Officer (enclosed).
9. Quarter 3 Budget Review 2025/26 (Pages 49 - 60)
To consider the report of the Accountancy Services Manager (enclosed).
10. Quarter 3 Capital Programme Review 2025/26 (Pages 61 - 78)
To consider the report of the Accountancy Services Manager (enclosed).
11. Quarter 3 Treasury Management Update 2025/26 (Pages 79 - 96)
To consider the report of the Accountancy Services Manager (enclosed).
12. 5 Year Capital Programme 2026/27 to 2030/31 (Pages 97 - 128)
To consider the report of the Accountancy Services Manager (enclosed).
13. Prudential Indicator & Treasury Management Strategy 2026/27 (Pages 129 - 180)
To consider the report of the Finance Services Group Manager (enclosed).

14. Council Tax 2026/27 (Pages 181 - 194)

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

15. General Fund Budget Proposals 2026/27 (Pages 195 - 218)

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

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CABINET EXECUTIVE

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

MONDAY, 12 JANUARY 2026

Present:

Councillor Ben Taylor (Leader)
Councillor Cheryl Cashmore (Finance, People and Transformation Portfolio Holder)
(Deputy Leader)

Cllr. Nick Chapman	- Health, Community and Economic Development Portfolio Holder
Cllr. Nigel Grundy	- Neighbourhood Services and Assets Portfolio Holder
Cllr. Les Phillimore	- Housing, Community Safety and Environmental Services Portfolio Holder
Cllr. Mike Shirley	- Planning and Strategic Growth Portfolio Holder

Also in attendance:

Cllr. Nick Brown – Chairman of Scrutiny Commission
Cllr. Neil Wright – Vice-Chairman of Scrutiny Commission

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 Hollis	- Finance Group Manager
Joanne Davis	- Accountancy Services Manager
Sarabjit Khangura	- Council Tax Income and Debt Manager
Avisa Birchenough	- Democratic & Scrutiny Services Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer

1. DISCLOSURE OF INTERESTS FROM MEMBERS

No disclosures were received.

2. MINUTES

The minutes of the meeting held on 20 November 2025, as circulated, were approved and signed as a correct record.

3. **PUBLIC SPEAKING PROTOCOL**

No requests were received.

4. **COUNCIL TAX BASE 2026-27**

Considered – Report of the Council Tax Income & Debt Manager.

Other Options Considered:

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

DECISIONS

1. That the Tax Base for the year 2026/27 be set at 34,926.50
2. The amount calculated by Blaby District Council as the Council Tax Base for each of the District's Parishes for the year 2026/27 as detailed in 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. 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 below.

5. **NATIONAL NON-DOMESTIC RATES BASE 2026-27**

Considered – Report of the Finance Group 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 2026/27 is £53,963,339.
2. That delegated authority be given to the Executive Director (Section 151) in consultation with the Finance, People and Transformation 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 2026.

Reasons:

1. The Council has a statutory obligation to set its National Non-Domestic Rate (NNDR) Base for 2026/27 by 31st January 2026.
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.

6. ESTABLISHMENT 2025-26 AND 2026-27

Considered – Report of the Accountancy Services Manager.

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 2025/26 establishment be accepted.
2. That the proposed establishment budget for 2026/27 be approved.
3. That additional resource requirement for 2026/27 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 2026.

THE MEETING CONCLUDED AT 5.45 P.M.

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2025
Title of Report	Housing Enablement Team Contract Extension This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Les Phillimore - Housing, Community Safety and Environmental Services
Report Author	Lightbulb Service Manager
Strategic Themes	Enabling our communities and supporting our vulnerable residents

1. What is this report about?

- 1.1 To seek Cabinet approval for the proposed extension of the Housing Enablement Team (HET) agreement for a further 3-year period, from 1 April 2026 to 31 March 2029.
- 1.2 To seek Cabinet approval for Blaby District Council to continue to host the Housing Enablement Team on behalf of health and system partners for the duration of the proposed extension.

2. Recommendation(s) to Cabinet Executive

- 2.1 To approve a 3-year extension to the Housing Enablement Team (HET) agreement until 31 March 2029.
- 2.2 That Blaby District Council continues to act as the host authority for the Housing Enablement Team for the duration of the extension.
- 2.3 That delegated authority is given to the Environmental Health, Housing & Community Services Group Manager in consultation with the Portfolio Holder to monitor progress, review delivery methods and make any minor changes to ensure effective delivery.

3. Reason for Decisions Recommended

- 3.1 The Housing Enablement Team has become a core component of the Leicester, Leicestershire and Rutland health and care system, supporting safe and timely hospital discharge by resolving housing, tenancy and environmental barriers that would otherwise delay recovery and discharge.
- 3.2 A three-year extension provides sufficient time to manage increasing demand and complexity, embed and evaluate service developments and

pilots, and align future commissioning decisions with a wider system change, including devolution changes and the proposed local government reorganisation.

4. Matters to consider

4.1 Background

The Housing Enablement Team (HET) was established in 2014 in response to growing recognition that housing-related issues were a significant cause of delayed hospital discharge. Since then, the service has evolved from a small pilot into a fully embedded, system-wide function operating across acute hospitals, community hospitals and mental health settings.

HET provides specialist housing support within discharge pathways, addressing non-clinical barriers such as homelessness, unsafe or unsuitable accommodation, hoarding, safeguarding concerns, lack of essential furniture and tenancy issues. By embedding housing officers directly into hospital environments, the service releases clinical capacity, reduces delays and supports safer, more sustainable discharge outcomes.

The current funding agreement for HET runs until 31 March 2026. Given the scale of demand growth, the increasing complexity of cases and the strategic importance of the service to system flow and prevention, this represents an appropriate point to seek approval for a further three-year extension.

Over the last decade, referrals to HET have increased significantly, with over 2,000 patients supported in 2024/25 alone. Independent evaluation has consistently demonstrated strong performance, rapid response times and a positive return on investment for system partners.

The publication of the Government's Devolution White Paper and the emerging direction of Local Government Reorganisation (LGR) introduce potential future changes to governance and delivery structures. Partners therefore support a three-year extension to maintain continuity while allowing sufficient time to assess longer-term options and align future commissioning with system reform.

4.2 Proposal(s)

It is proposed that partners agree to extend the Housing Enablement Team agreement for a further 3-year period, up to 31 March 2029.

The proposed extension will:

- Maintain continuity of a proven, high-performing service.

- Ensure hospitals continue to meet statutory duties under the Homelessness Reduction Act (2017), including the Duty to Refer fulfilled by HET.
- Protect patient safety and dignity by preventing unsafe or delayed discharge linked to housing barriers.
- Provide sufficient time to embed and evaluate service developments and commissioned pilots.
- Allow a full review of the future service model, with recommendations brought forward prior to the end of the extension period.

It is also proposed that the Service Manager for the Housing Enablement Team (HET) holds joint responsibility for both Lightbulb and HET on a 50/50 funding basis providing integrated leadership across housing and health pathways.

To support this arrangement and respond to increased demand and complexity, the revised staffing model includes the introduction of additional frontline capacity, a dedicated triage function and streamlined team leadership, as set out in the Housing Enablement Team Business Case 2026–2029.

No other structural changes are proposed beyond these agreed adjustments and standard annual pay and inflationary uplifts.

An Annual Review will be undertaken with regard to Partner funding to ensure sustainability of the service.

4.3 Relevant Consultations

Extensive consultation has been undertaken with system partners, including NHS organisations, commissioners and internal stakeholders. The development of the proposed extension has been informed by operational performance data, independent evaluation, and feedback from discharge teams and partner organisations.

The Housing Enablement Team Business Case 2026–2029 (Appendix A) has been shared with partners and provides the strategic and financial evidence underpinning this proposal.

4.4 Significant Issues

The primary issues associated with the service relate to rising demand, increasing case complexity and workforce resilience. These are addressed through the proposed extension by maintaining staffing stability.

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 and the service provides real benefits and support to those most vulnerable in our communities.

5. Environmental impact

- 5.1 Any key decisions will continue to be made with the climate change agenda in mind such as procurement processes and future service design.

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

- 6.1 The Housing Enablement Team operates as a jointly funded partnership between NHS and system partners, with contributions reflecting referral volumes and system benefit.

The total annual cost of delivering the Housing Enablement Team service from 2026/27 is £889,000 per year.

This represents a 13.5% increase on the previous funding cycle, despite a 38% increase in referrals over the same period, demonstrating a strong value-for-money approach.

Independent evaluation confirms that the service delivers a return on investment of approximately £1.90 for every £1 invested, through avoided bed days, reduced length of stay and the release of clinical time back into frontline care.

The cost of hosting the service is fully recovered through agreed partner contributions, and no additional overhead costs fall to Blaby District Council as a result of hosting the Housing Enablement Team.

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

- 7.1

Current Risk	Actions to reduce the risks
Failure to extend the service leads to unsafe/delayed discharges and non compliance with Duty to Refer, reflecting poorly on BDC and NHS partners	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.
Annual funding uncertainty creates instability in joint plans and may disrupt service continuity.	Annual Review of funding
Loss of specialist housing support increases delayed transfers of care (DTOCs), impeding patient flow and bed capacity	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.

Without housing enablement, clinical teams shoulder non-clinical tasks, reducing clinical capacity and affecting patient outcomes.	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.
Service gap risks breaches of statutory obligations and associated scrutiny.	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.
Funding uncertainty drives attrition and potential redundancies, eroding capacity and expertise.	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.
Departure of experienced staff reduces pathway effectiveness and partner confidence.	These risks are mitigated through approval of a three-year extension, providing stability for partners, protecting patient flow and safeguarding workforce capacity.

8. Other options considered

- 8.1 Alternative options include decommissioning or significantly reducing the Housing Enablement Team service. These options were not recommended, as they would result in increased delayed discharges, greater pressure on clinical teams, reduced compliance with statutory duties and poorer outcomes for vulnerable residents.

9. Appendix

- 9.1 Appendix A - Housing Enablement Team Business Case 2026–2029

10. Background paper(s)

- 10.1 None.

11. Report author's contact details

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 Manager & Interim Lightbulb Service
 Manager
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Housing Enablement Team (HET)

Condensed Business Case 2026 – 2029

HOUSING ENABLEMENT TEAM

Housing's Offer to Health



1. Executive Summary

The Housing Enablement Team (HET) provides specialist housing support for patients across Leicester, Leicestershire and Rutland whose discharge is delayed or at risk due to unsafe, unsuitable or unstable housing. Operating across acute, community and mental health settings, the team resolves issues such as homelessness, disrepair, hoarding, safeguarding concerns and lack of essential utilities or furniture. This enables safe discharge, reduces readmissions and releases significant clinical time.

Established at the Bradgate Mental Health Unit in 2014, HET is now a fully integrated, system-wide pathway covering all UHL hospitals, community hospitals, mental health wards, rehabilitation settings and cross-boundary cases. Demand and complexity have grown significantly, and HET is now a core part of multidisciplinary discharge planning across the system.

In 2024/25, the team supported 2,033 patients, its highest activity level to date, while continuing to deliver strong performance, rapid response times and effective multi-agency coordination.

The business case seeks continued system funding for HET from April 2026 to March 2029. The proposed requirement is £889,000 per year, a 13.5% uplift on the 2023–26 baseline, set against a 38% growth in referrals across the same period. The uplift is proportionate, reflects rising demand and complexity, and supports:

- Consistent coverage across acute, mental health and community sites
- Workforce resilience and safe caseload levels
- Hospital flow, prevention and early intervention
- Statutory compliance with the Homelessness Reduction Act
- Reduced health inequalities
- Better Care Fund objectives

HET Performance Summary (2024 – 2025)

Performance Metric	Result
Number of patients supported	2,033
Average referral to contact time	0.26 days
Average resolution time (all settings)	3.79 days
UHL resolution time	2.79 days
Mental health time (BMHU, MHSOP, Rehab)	11.47 days (highest complexity cohort)

2. Strategic Context, History & Evolution

HET was created to address delays in mental health discharge caused by housing issues and has evolved into a system-wide specialist function. The expansion reflects

the clear links between housing, recovery and safe discharge, and the increasing number of patients whose non-clinical circumstances impact their ability to leave hospital safely.

The service has progressed from a small team managing isolated cases to a fully embedded discharge pathway working alongside bed management, discharge coordinators, social care, councils and voluntary organisations.

As pressures on flow, acuity and workforce capacity have grown, HET has increasingly taken on responsibilities that clinical teams cannot deliver.

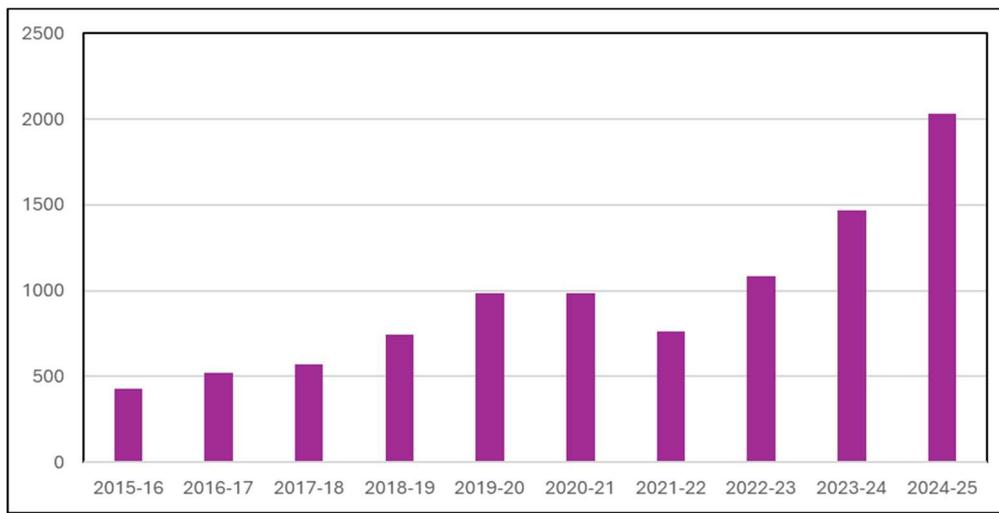


Figure 1: HET's Annual Referrals (2015-2025) * Data for 2021–2022 were impacted by COVID-19 emergency legislation (“Everyone In”), which required councils to accommodate all rough sleepers. This resulted in atypical trends and some missing data.

Casework has become significantly more complex. The team now supports patients experiencing homelessness, disrepair, self-neglect, hoarding, safeguarding concerns, NRPF issues and unsuitable homes due to illness or disability. Many cases involve overlapping risks requiring rapid, coordinated intervention from multiple agencies.

The service reflects national moves towards integrated care where housing and wider determinants of health are central to safe discharge. Operational demand, clinical feedback and external audits have shaped its development.

2.1 Mental Health Integration

Within the Bradgate Mental Health Unit, MHSOP wards and rehabilitation sites, HET addresses some of the most complex cases across the system, including entrenched homelessness, hoarding, safeguarding and individuals with no recourse to public funds. Despite the complexity, the team maintains an average resolution time of 11.47 days significantly faster than the typical 65-day inpatient stay for mental health wards.

The Housing Enablement Team has been nationally recognised by NHS England as best practice, with the Mental Health Discharge Deep Dive (2025) highlighting that

embedding dedicated housing professionals within inpatient settings reduces delays and improves recovery outcomes.

HET's flexible, solutions-focused model was highlighted for its dual focus on supporting patients during admission and providing continuity after discharge to prevent readmission.

HET has contributed to Department of Health and Social Care learning events and NHSE deep dives, sharing insights and best practice. Weekly attendance at DTOC meetings, active involvement in MDTs and strong clinical partnerships ensure housing-related barriers are identified early and resolved collaboratively, reducing delays and safeguarding vulnerable patients.

Tuberculosis Pathway & HET

The HET TB pathway provides a critical system response when homelessness or no recourse to public funds (NRPF) would otherwise prevent safe discharge for a patient diagnosed with TB. Guided by the NICE Quality Statement 6, which states that people with active pulmonary TB who are homeless must be offered accommodation for the duration of treatment, the service bridges a major public health and operational gap.

HET sources, commissions and maintains suitable accommodation including utilities, cleaning and food and provides ongoing coordination with clinical and public health teams. This includes liaising with the TB nursing team, securing accommodation for the full treatment period and monitoring stability. These actions reduce transmission risk, prevent treatment failure and avoid extended hospital stays. Evidence shows that dedicated housing models significantly improve treatment completion rates for homeless TB patients.

At UHL, HET resolves over 1,300 acute referrals a year, with an average resolution time of 2.79 days and most “clean and clear” cases completed within 72 hours. The team releases 277 NHS staff hours per week, ensures Duty-to-Refer compliance and has been nominated for the UHL Outstanding Contribution (Non-Clinical Team) award. HET's embedded presence ensures housing is treated as a central discharge factor, not a peripheral issue.

3. Case for change, rising demand & increasing complexity

HET has delivered measurable impact and system savings for over a decade. However, rising demand and deepening complexity mean the current model is no longer sustainable without further investment.

Demand has grown every year since 2015/16. In 2024/25, HET managed 2,033 patients across acute, mental health and community settings — the highest on record. Earlier cases tended to be lower complexity; today, most involve multiple issues such as homelessness, hoarding, NRPF, safeguarding or severe disrepair. These require specialist expertise and coordinated multi-agency action.

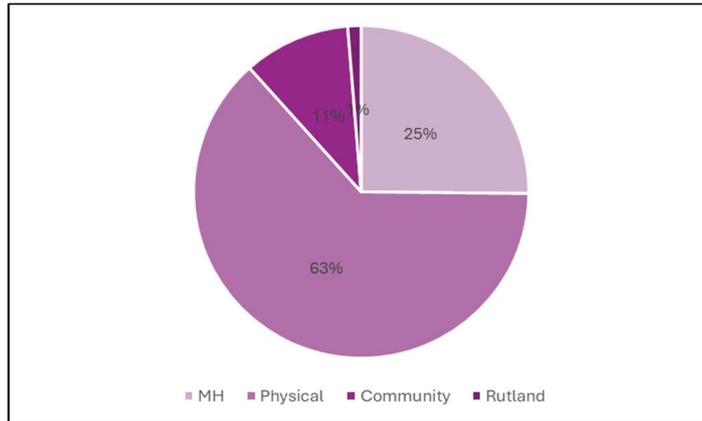


Figure 2: HET Referrals by Setting (2024–2025)

Chart element: Illustrates the distribution of referrals across Mental Health, Physical Health (UHL), Community, and Rutland settings, highlighting the diverse system coverage of HET.

The shift in complexity is clear. 28.2% of all referrals relate to homelessness, with further significant demand linked to clean-and-clear interventions, essential furniture/utilities and properties that are no longer safe or suitable. Disrepair, domestic abuse, harassment, and cases where friends or family refuse a return also feature prominently. Many patients face a combination of these issues, increasing risk and requiring specialist housing expertise that clinical teams cannot provide.

Despite this rising demand and complexity, HET continues to deliver exceptional performance. Independent evaluation shows an average referral-to-contact time of 0.26 days, meaning most patients are contacted the same day they are referred. The overall average resolution time is 3.79 days, with consistently strong results across settings. At UHL, cases are resolved in 2.79 days, with most clean-and-clear interventions completed within 72 hours. At BMHU, where cases involve entrenched homelessness, hoarding, safeguarding concerns and NRPF, HET resolves cases in 11.47 days, compared to the typical 65-day inpatient stay. Community hospitals perform equally strongly, with an average resolution time of 3.46 days.

Duty to Refer – Protecting Patients and Partners

Under the Homelessness Reduction Act (2017), all NHS Trusts have a legal Duty to Refer patients who are homeless or at risk of homelessness before discharge. Across Leicester, Leicestershire and Rutland, this requirement is fully delivered by HET on behalf of UHL and LPT. In 2024/25, the team processed over 400 Duty-to-Refer notifications, safeguarding patients from unsafe or unlawful discharge.

This is not a simple administrative process; it requires specialist housing knowledge, strong links with district and borough councils, and rapid coordination across discharge pathways. Without HET, this legal responsibility would fall to clinical staff who do not have the time, expertise or system connections to deliver it effectively, exposing partners to compliance, operational and

reputational risk. HET ensures statutory duties are met with consistency, compassion and competence — protecting both patients and the system.

Demand shows no sign of slowing. Hospitals are busier than ever, homelessness is rising, and more patients are caught at the interface between health and housing. Without additional capacity, the risk not just longer waits it is the erosion of the progress made over the past decade. Investment in HET is therefore not about expanding the service for its own sake; it is about protecting system value, maintaining flow, meeting statutory duties and ensuring a critical service remains stable for the thousands of vulnerable patients who depend on it.

4. Propose model, financial case & value

The proposed model for 2026–2029 ensures HET remains safe, sustainable and effective as demand and complexity grow. The structure supports timely coordination across acute, mental health and community settings.

Role	2022-2025	2026-2029	Change	Why?
Service Manager	1.0	0.5 (Shared with Lightbulb)	-0.5 FTE	Integrates leadership across housing and health pathways delivers strategic alignment and cost efficiency.
Team Leader	2.0	1.0 (Over Arching)	- 1.0 FTE	Simplifies oversight one accountable lead for all sites savings reinvested in front-line roles.
Housing Enablement Officers	3.0	5.0 (+2 FTE)	+2.0 FTE (1 re-profiled + 1 new)	Increases capacity by 67 % to meet growth in complex cases.
Housing Support Officers	4.0	4.0	-	Retains post-discharge prevention and tenancy-sustainment capability.
Triage Officer	-	1.0	+1.0 FTE	Creates single entry point for all referrals and reduces delays in updates.
Admin Officer	0.5	0.5	-	Maintains core administrative and data-reporting function.

Figure 3: Proposed Staffing Model Changes (2022–2029)

Source: *Housing Enablement Team Business Case Modelling, Blaby District Council, 2025.*

Total: 11 → 12.5 FTE (+1.5 net) — a targeted uplift that redirects management savings into patient-facing delivery.

The model adds capacity through two additional Housing Enablement Officers and introduces a dedicated Triage Officer to provide a single referral point, improve communication and maintain same-day responsiveness. Leadership has been

streamlined to direct more funding to frontline delivery and essential operational functions.

4.1. Financial Case

Funding Partner	2023–26 Contribution (£ p.a.)	% Share	2026–29 Proposed Contribution (£ p.a.)	% Share Maintained	Change (£)	Approx Referral Share
Leicester City ICB	419,640	54%	480,060	54 %	+60,420	55 -56% (City patients)
Leicestershire County ICB	279,760	36 %	320,040	36%	+40,280	35 – 38% % (County patients)
Leicestershire Partnership Trust (LPT)	84,000	10%	88,900	10 %	+4,900	10 – 12% % (Mental Health & Rehab)
Total	£783,400	100%	£889,000	100%	+ £ 105,600 (+ 13.5 %)	

Figure 4: Proposed Partner Contributions 2026–2029 Compared to 2023–2026 Baseline

Source: *Housing Enablement Team Business Case Financial Model, Blaby District Council (2025).*

The total financial requirement for the next three years is £889,000 per year. This represents a modest uplift when set against rising demand, increased complexity and the need to maintain safe caseloads across all sites. The investment supports staffing, essential supplies and services, travel, operational costs and the immediate practical interventions required to enable safe discharge (e.g., cleans, clears, furniture, utilities and essential works). It ensures that high performance can be sustained and prevents housing-related delays that would otherwise add cost and operational pressure to NHS and local authority partners.

Funding has grown in line with the expanding scale and complexity of the service. In 2022/23, investment reached £601,620 as the team expanded into mental health rehabilitation, community hospitals and MHSOP, alongside increasing demand for cleans, clears and essential utilities. The 2023–2026 agreement established a recurrent budget of £783,400 per year, stabilising the service during a period of significant referral growth.

By 2024/25, demand had increased by 38% from the point of the last agreement, with higher complexity and a growing proportion of cases involving homelessness, safeguarding, self-neglect and unsafe housing conditions. Against this backdrop, the proposed £889,000 per year for 2026–2029 represents a measured 13.5% uplift, proportionate to the team’s expanded statutory responsibilities and its wider role across acute, community and mental health pathways.

HET delivers a strong and proven return on investment, generating £1.90 in system savings for every £1 invested. By resolving housing barriers quickly and preventing discharge delays, the service delivers £1.6–£2.4 million in annual savings through avoided bed days, reduced readmissions and the release of thousands of hours of clinical time. With an average cost of £386 per case, compared to an acute bed-day cost of £768, even short delays avoided translate into significant financial benefit. This means the proposed investment not only pays for itself but directly protects hospital flow, reduces pressure on clinical teams and prevents the much higher costs associated with unsafe or delayed discharge.

Metric	Result / Benchmark
Average cost per HET case	£386
Average UHL bed-day cost	£768
Average Bradgate (LPT) bed-day cost	£450
ROI (MEL Research 2025)	£1.90 saved for every £1 spent
Clinical hours released	10,673 per year (≈ 277 hours/week)
Average resolution time (UHL)**	2.79 days
Annual system savings	£1.6 – £2.4 million

Figure 5: Housing Enablement Team – Key Metrics and System Impact (2024/25)
Source: Housing Enablement Team Performance Dashboard & MEL Research Independent Evaluation (2025).

5. Closing summary

The Housing Enablement Team is now a critical component of how Leicester, Leicestershire and Rutland manage safe, timely and effective discharge. Demand and complexity continue to rise, and the system depends on HET’s specialist intervention to prevent delays, protect vulnerable patients and maintain flow across acute, community and mental health pathways.

The proposed model for 2026–2029 strengthens frontline capacity, introduces dedicated triage and provides the stability required to sustain performance. The annual requirement of £889,000 is a balanced, value-for-money investment that maintains system performance, fulfils statutory duties and safeguards a service that delivers measurable impact.

Without this investment, the risks include longer hospital stays, increased clinical pressure and erosion of the coordinated pathway that has taken a decade to build. With it, partners secure a proven, high-performing service that keeps patients safe and supports system-wide flow and financial sustainability.

Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2025
Title of Report	24-month Extension to Lightbulb agreement This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Les Phillimore - Housing, Community Safety and Environmental Services
Report Author	Lightbulb Service Manager
Strategic Themes	Enabling our communities and supporting our vulnerable residents

1. What is this report about?

- 1.1 To seek Cabinet approval for the proposed extension to the Lightbulb agreement across all partners for a further 24-month period until 31st March 2028.
- 1.2 To seek Cabinet approval for Blaby District Council to continue to host the Lightbulb Partnership on behalf of the other Districts within Leicestershire, for a further 24 months.

2. Recommendation(s) to Cabinet Executive

- 2.1 To extend the Lightbulb agreement for a further 24 months.
- 2.2 That the current contracts with the other Leicestershire Authorities are extended two years, whilst further work is undertaken to review the delivery model and pilots.
- 2.3 To note the cost of delivering the Lightbulb Service, as set out in paragraph 6 of the report for 2025 – 2026.
- 2.4 That delegated authority is given to the Environmental Health, Housing & Community Services Group Manager in consultation with the Portfolio Holder to monitor progress, review delivery methods and make minor necessary changes to ensure effective delivery.

3. Reason for Decisions Recommended

- 3.1 The Lightbulb Executive and Operational Boards have agreed that Blaby District Council continue to host the Lightbulb Service and that a continued review of the delivery models be undertaken of the delivery models.

- 3.2 Extending the current contractual arrangements with partner authorities ensures continuity across Leicestershire, avoids service disruption, and allows sufficient time to undertake a structured review of the delivery model and existing pilots to inform any future long-term decisions
- 3.3 The proposed cost of delivering the Lightbulb Service for 2025–2026 reflects the staffing structure, roles and salary assumptions that have been reviewed and agreed by the Lightbulb Executive and Operational Boards and is necessary to ensure the service remains responsive and compliant.
- 3.4 Delegated authority is required to allow the service to respond flexibly to operational needs, emerging pressures while maintaining appropriate oversight through the Group Manager and Portfolio Holder to ensure effective governance and value for money.

4. Matters to consider

4.1 Background

Since its launch in October 2017, Lightbulb has continued to evolve through refreshed business cases, new initiatives, and ongoing improvements to operational processes. The service has been shaped by regular reviews of demand data, efficiency modelling and partnership feedback, ensuring it remains responsive to both resident need and system priorities.

The original hub-and-spoke model, with Blaby District Council hosting the central hub functions including management, performance reporting, resilience planning and quality assurance remains the foundation of the service.

The current legal agreement with partner districts is now due to end on 31 March 2025, making this an appropriate point to reassess future delivery arrangements.

Over the last 12 months, work has progressed on an updated delivery document exploring future service options, including the introduction of a dedicated Caseworker role and refinement of leadership structures to strengthen operational resilience.

The publication of the Government’s Devolution White Paper, and the emerging direction of Local Government Reorganisation (LGR), introduces the possibility of significant strategic and operational change for district councils. Strategic Leads across the partnership therefore support taking additional time to fully understand the implications of LGR, assess future structures, and identify areas where the Lightbulb model can continue to innovate and improve.

Several pilots funded through Disabled Facilities Grant top-slicing have also continued during 2024/25 and 2025/26, with partners agreeing to extend

them into 2026/27. These include the new Caseworker pilot and the DFG transformation manager role. These developments reflect the partnership's ongoing commitment to evidence-based service change.

4.2 Proposal(s)

It is proposed that partners agree to extend the Lightbulb Partnership Agreement for a further 24-month period, up to 31 March 2028, to maintain stability and continuity and to ensure the partnership can plan and implement future changes in a coordinated way.

The proposed extension will:

- Ensure continuity of service delivery while LGR and Devolution arrangements are clarified.
- Provide sufficient time to embed and evaluate key pilots, including the Caseworker role and the DFG Transformation Officer.
- Allow partners to complete a comprehensive service and pilot review, with a full business case for the future model brought forward by March 2028.

It is also proposed that the Service Manager for the Housing Enablement Team (HET) holds joint responsibility for both Lightbulb and HET on a 50/50 funding basis, supported by a newly created Lightbulb Team Leader post to enhance day-to-day management capacity and resilience. No other structural changes are proposed beyond standard annual pay and inflationary adjustments.

It also ensures that residents continue to receive a consistent and high-quality housing support offer across Leicestershire while the system undergoes wider transformation.

4.3 Relevant Consultations

During the development of this document extensive consultation has been undertaken both with all partners involved in the Lightbulb Service, key internal teams such as finance and legal and external bodies such as Foundations. Alongside this the Lightbulb operational & executive board's have been consulted and kept up to date on the development of the document.

4.4 Significant Issues

A proposal was initially requested by Leicestershire County Council to explore the integration of ceiling track hoists into the Lightbulb service model from April 2026. Following further consideration, it has been identified that additional financial, operational and delivery analysis is required before a decision can be taken.

Work is therefore underway in partnership with Leicestershire County Council to gather all the information required, ensuring that any future decision on the long term approach to ceiling track hoists is fully informed if the decision is taken for this to be incorporated a further report will come to Cabinet.

- 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 and the service provides real benefits and support to those most vulnerable in our communities.

5. Environmental impact

- 5.1 Any key decisions will continue to be made with the climate change agenda in mind such as procurement process and service design.

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

- 6.1 The total annual cost of delivering the Lightbulb Service for 2026/27 is £1,369,155, of which £388,670 is funded through capitalised Disabled Facilities Grant expenditure. This results in a net revenue cost of £980,485 across all partners.

The funding model continues to ensure a fair and transparent distribution of costs based on service activity, staffing and demand, while maximising the use of capitalised DFG where permissible.

For Blaby District Council, the total contribution for 2026/27 is £146,125, with £86,895 capitalised through DFG, resulting in a net revenue cost of £59,230.

As the host authority, Blaby District Council fully recovers its overhead and hosting costs through the agreed partnership contributions. As a result, no additional corporate or service overhead costs fall to Blaby as a consequence of hosting the Lightbulb Service. This cost recovery approach will continue for the duration of the proposed 24-month extension.

	26/27 Annual Budgeted Amount				
	Central Hub	Localities	Total Contributions	Est Capitalised Amount	Net Cost
	£	£	£	£	
Blaby	26,230	119,895	146,125	86,895	59,230
Charnwood	44,969	0	44,969	0	44,969
Harborough	26,232	83,221	109,453	60,314	49,139
Hinckley & Bosworth	31,853	114,687	146,540	78,502	68,038
Melton	14,990	64,706	79,696	46,896	32,800
Northwest Leicestershire	26,232	97,880	124,112	70,938	53,174
Oadby & Wigston	16,863	62,263	79,126	45,125	34,001
Leicestershire County Council	159,611	479,523	639,134	0	639,134
	346,980	1,022,175	1,369,155	388,670	980,485

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

- 7.1 The primary risks associated with the proposed extension relate to financial pressures, workforce capacity, service demand and maintaining consistent engagement across partners.

These risks are mitigated through robust partnership governance via the Lightbulb Executive and Operational Boards, annual budget review and transparent cost apportionment, including full recovery of Blaby District Council's hosting and overhead costs.

Workforce resilience is supported through strengthened leadership capacity and ongoing service review, while all pilots and service developments are monitored and evaluated to ensure continuity of service and effective delivery.

8. Other options considered

- 8.1 Delivery of Disabled Facilities Grants is a mandatory function of Blaby District Council, there are a number of options for delivery which are being explored, delivering the service as prior to Lightbulb, would be less holistic and preventative and would provide a poorer service to Blaby residents.

9. Appendix

- 9.1 None.

10. Background paper(s)

10.1 None.

11. Report author's contact details

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Blaby Business Grant Scheme This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Nick Chapman - Health, Community and Economic Development
Report Author	Executive Director - Place
Strategic Themes	Growing and supporting our economy

1. What is this report about?

- 1.1 Blaby District has a strong local economy. However, access to grants for micro local enterprises to grow their businesses are not readily available through regional and national schemes.
- 1.2 This report outlines a proposed new Business Grant scheme, accessible only to micro enterprises in the district.

2. Recommendation(s) to Cabinet Executive

- 2.1 Approve the establishment of a Blaby Business Grant scheme for a pilot period of 1 year.
- 2.2 Delegate the decision to continue the scheme into year 2 and beyond, in line with year 1 funding allocations, to the Executive Director Place in consultation with the Portfolio Holder for Health, Community and Economic Development.

3. Reason for Decisions Recommended

- 3.1 The Blaby Business Grant scheme will enable micro businesses within the District to access small scale funds that will help their businesses to grow, contributing to the Blaby Plan objective of growing and supporting our economy.

4. Matters to consider

- 4.1 Background
Blaby District has a strong economy, with a significant proportion of successful large enterprises based or operating from the district. However, most local businesses are micro enterprises. These businesses often do not

have the resources to access some of the business support they need to grow their enterprises.

Across the District around 90% of firms are micro businesses, that employ between 1-10 people. This often means staff are focussed on delivering the day to day services their customers demand. As a consequence, they either don't have the capacity or knowledge to apply for business support which could help them grow their enterprises.

The Community, Business, Work and Skills team have had recent success supporting several medium to large sized enterprises in the district to secure significant national grants and loans. This has led to these businesses being able to expand their premises, employ more staff and increase their supply chain orders with other local businesses.

However most external grant opportunities are aimed at medium to large businesses and start at £50k+, with long and complicated application processes.

The recently established Blaby District Business Board, which is a representative group of businesses within the District, have confirmed micro businesses struggle to access grant schemes. This can be because they are either unaware of the scheme, don't have the knowledge to apply or the funding they require does not meet the thresholds of national schemes. The business board confirmed that micro businesses want simple, local and practical help.

Within this broader context, the proposal for a Blaby Business Grant scheme has been developed.

4.2 Proposal(s)

The Blaby Business Grant scheme will offer small grants to micro businesses. The grant will be used for a range of improvements that will enable the businesses to grow. These include:

- Improving productivity.
- Developing digital tools
- Expand premises to support growth
- Decarbonising operations
- Reducing operating costs
- Improving the look of shop fronts.

As this is the first time Blaby District Council has established a business grant scheme, the scheme will operate as a pilot for the first year. A decision to continue with the scheme will be made subject to reported improvements from participating businesses.

A total of £25,000 will be allocated to the scheme. This will be allocated across two primary application routes. These are the:

1. Business Growth and Decarbonisation Grant (£20,000)
2. Shop Front Improvements Grant (£5,000)

A grants panel will be established, Chaired by the Portfolio Holder for Health, Community and Economic Development. The panel will review grant applications and make the final decision on which businesses should receive the grant. The panel will also receive updates on successful grant applications, providing a route for monitoring and assessing the impact of the funding.

Successful applications will be expected to adhere to a set of conditions. These conditions include:

- One grant per business with BDC able to manage awards across pots based on eligible demand and budget
- Open to businesses trading from premises in Blaby District with fewer than 10 FTE and turnover or balance sheet total no more than £2m and not previously funded under this scheme
- Tenants must provide written landlord approval with at least 1 year lease remaining for Shop Front Improvements and 3 years for Business Growth and Decarbonisation plus evidence of trading premises
- Applications should not be made where other funding sources, from either public or private sector bodies, have already been identified.
- Exclusions apply for national chains, pawn brokers, adult shops, betting shops and any business operations that do not align with Blaby District Council's health and wellbeing priorities, such as shops principally selling cigarettes, vapes and/or alcohol.
- Applications from businesses that are insolvent or subject to striking off will not be accepted.
- Assessments based on fit with objectives, outcomes, value for money, deliverability, quality of proposal and quotes, permissions and additionality with prioritisation if oversubscribed
- Match funding is 50% for Business Growth and Decarbonisation and none for Shop Front Improvements with payment normally in arrears on completion with invoices and audit evidence retained.

A summary of the conditions can be found in appendix A.

The Business Grant Scheme will aim to achieve improvements for businesses that enable them to grow and sustain their enterprises. With the focus on micro enterprises, the scheme will also support the parts of the economy that employ most people in the District.

The scheme aligns with the objectives of the Blaby District Economic Development Framework by supporting business growth, increasing skills, and ensuring economic sustainability. The scheme will also deliver visible improvements through the shop front grant offer.

As well aiming to deliver a scheme that businesses have asked for, it will create a legacy that strengthens economic resilience and local pride.

4.3 Relevant Consultations

Engagement with the Blaby Business Board, a sectoral representative body, has identified a gap for micro businesses being able to access business growth grants. The Business Boards input has helped inform and shape the Business Grant Scheme

4.4 Significant Issues

No significant issues to report.

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 One of the grant options available to businesses includes the Decarbonisation Grant. This grant provides businesses with the opportunity to invest in energy efficiency and low carbon upgrades to buildings, equipment and systems that reduce operating costs, whilst also reducing carbon emissions. This will contribute towards Blaby District Council's priority for the District to be Net Zero by 2050.

5.2 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 Business Grant Scheme will initially be a pilot. The fund will be from existing budgets and does not require new Council investment. The fund will total £25,000 and be allocated based on the criteria outlined above. The grants will be administered by the Grants panel, which includes Elected Members and Officers. Subject to the successful outcome of the pilot, options to extend the scheme to future years will be explored. This may require a request for additional funds, subject to identified demand.

	2026/27	2027/28
Revenue	£0	N/A
Capital	£25,000	£0

If approval is granted, the above costs will be added into the Capital Programme in 2026/27.

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

7.1

Current Risk	Actions to reduce the risks
Limited engagement from businesses and therefore below expected impact.	Working with the Blaby Business Board and Business Breakfast group, promote the grant and explore ways to ensure take up and impact are strong.
Over engagement from businesses meaning there is too much demand for the grant fund available.	The development of robust conditions will be used to ensure those businesses that will benefit the most can access the grant fund.

8. Other options considered

8.1 The alternative option is to not proceed with the establishment of the Business Grant. This would reduce the potential to help micro businesses to grow in Blaby District. Following the pilot of the grant in year 1, investment in future years will be considered.

9. Appendix

9.1 Appendix A – Business Grant Scheme Conditions

10. Background paper(s)

10.1 N/A

11. Report author's contact details

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Appendix A: Blaby District Council Business Grants Scheme

The Blaby District Council Business Grants Scheme supports micro businesses in Blaby District to invest in improvements that strengthen the local economy, improve local centres and reduce carbon emissions and running costs.

Total funding available: £25,000

Grants available

This scheme includes two grants and the available funding will be:

- Business Growth and Decarbonisation: £20,000
- Shop Front Improvements: £5,000

You can receive one grant per business under this scheme.

BDC will manage awards across the pots based on eligible demand and available budget.

Key dates

Applications open: 1 April 2026

Applications close: 30 May 2026

Decisions issued by: 28 July 2026

Projects must be completed by: 31 January 2027

Who can apply

You can apply if your business:

- is a micro businesses, meaning fewer than 10 full time equivalent employees and either turnover or balance sheet total no more than £2 million
- trades from premises in Blaby District
- has not already received a grant under this scheme

Tenants must provide written landlord approval for any proposed works, with a minimum of 1 year lease remaining for Shop Front Improvements and 3 years for Business Growth and Decarbonisation.

Evidence of trading premises

We will ask for evidence such as one of the following:

- business rates account
- lease or licence to occupy
- land registry title
- recent utility bill in the business name for the premises

Businesses we will not fund

We will not consider applications from:

- national chains
- pawn brokers, adult shops, betting shops and any business operations that do not align with Blaby District Council's health and wellbeing priorities, such as shops principally selling cigarettes, vapes and/or alcohol

- businesses in administration, insolvent or subject to striking off action

You cannot apply for funding for costs that are already funded, or due to be funded, by another public or private sector grant.

Match funding

Match funding requirements: 50% for Business Growth and Decarbonisation grants. None required for Shop Front Improvements.

If match funding applies, the application form will state:

- the percentage contribution required
- what counts as match funding
- what evidence you must provide

How we assess applications

Funding is limited and not all eligible applications will be successful. Applications will be assessed against:

- fit with the grant objectives (see Grant Purpose below)
- clear outcomes and benefits
- value for money and deliverability within the timescales
- quality of the proposal and quotations
- evidence of permissions and consents where needed
- additionality, meaning the project would not proceed in the same way without the grant

If the scheme is oversubscribed, BDC will prioritise the strongest applications based on these criteria.

General rules for all grants

- You must apply and receive written approval before you start any work or place any orders. We cannot fund retrospective costs.
- You must provide at least two like for like quotations from different suppliers.
- Payment is normally made in arrears once the project is complete and you have provided evidence of spend, unless BDC agrees otherwise in writing.
- You must keep invoices, receipts and evidence of delivery for audit purposes.
- You must obtain any necessary permissions before work starts, including landlord consent and planning or advertising consent where required.

What you need to apply

You will need:

- at least two quotations
- a bank statement showing the account name, sort code and account number that matches the applicant name
- proof you trade from premises in Blaby District
- landlord consent where applicable
- any relevant permissions where required
- Evidence of planning permission, where applicable

Apply online: [insert URL]

Enquiries: [insert email] | [insert phone]

Grant 1: Shop Front Improvements Grant

Purpose

To support visible improvements to trading premises that enhance the appearance, accessibility and safety of local centres.

Funding pot

Total pot: £5,000

Who it is for

Micro businesses trading from premises in Blaby District, including:

- shops and retailers
- cafes, restaurants and bars
- hair and beauty and professional services
- charity shops where the premises is used for trading

What we will fund

Examples include:

- painting and clean up
- shopfront and frontage improvements
- new signage and window displays
- security improvements such as shutters and gates
- accessibility improvements

Grant value

Grant value: [insert range and maximum award]

Match funding: [confirm rule, or state not required if that is the decision]

Grant 2: Decarbonisation and Business Growth Grant

Purpose

To help businesses reduce energy use, cut carbon emissions and lower running costs.

AND/OR

To support investment that helps businesses grow through new, or significantly improved, products, services or ways of working.

Funding pot

This grant is funded from the £20,000 Business Growth and Decarbonisation allocation.

Typical projects

Examples Include:

- LED lighting upgrades and controls
- insulation and draught proofing
- solar PV and other on site generation
- low carbon heating where appropriate
- water efficiency measures
- low carbon transport solutions for business operations
- specialist equipment to deliver a new or improved product or service
- software required to implement a growth project
- prototyping, testing and small scale research and development
- digital tools that improve delivery and productivity
- staff training directly linked to implementing the project

Grant value

Grant value: £500 to £3,000

Match funding: [confirm rule]

Important note on other grants

You cannot use this grant for costs already funded, or due to be funded, by another public grant. If you are applying for another grant for the same cost, you must declare it in your application.

After you apply

We will:

- confirm receipt of your application
- contact you if we need clarification on any points you capture in your application
- notify you of the outcome by [insert date]

If successful, you will receive an offer letter confirming:

- the approved activities and costs
- the maximum grant award
- any match funding requirements
- the project completion date
- the evidence required for payment

Terms and conditions

Successful applicants must agree to BDC's grant terms and conditions, including:

- declarations required for public funding and subsidy control where applicable
- fraud prevention checks and audit rights
- data protection and privacy terms: [insert link]
- clawback where terms are breached or information provided is false

Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Scrutiny Commission response to the Administrations 2026/27 Draft Budget Proposals This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore – Finance, People & Transformation (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 2026/27 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 2026/27 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 2026/27 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:-

14 January 2026 - Budget Context and Overview

21 January 2026 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Transformation
- Health, Community and Economic Development
- Neighbourhood Services & Assets
- Housing, Community Safety & Environmental Services
- Planning and Strategic Growth

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.

Budget Gap

The budget gap arising for the 2026/27 Financial Year is £1.522m. Scrutiny noted the measures proposed to reduce/close the gap:

Budget Gap	£ 1,521,987
Contribution to Property Fund Reserve	10,200
Contribution from Leisure Man't Contractual Lossess Support Reserve	(63,750)
Contribution from Business Rate Pool for ED function	(326,855)
Contribution from NNDR Reserve	(765,698)
Contribution from Blaby Priorities Reserve for Capital Grants Programme	(54,500)
Contribution from Homelessness Reserve	(64,000)
Council Tax Increase	(203,426)
(Surplus)/Deficit	<u>53,958</u>

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 2026-27 Draft Budget

Council Tax

Members held an in depth-depth discussion on the proposal to increase council tax by 2.99%. The debate reflected a balance between recognising the financial pressures on residents and the significant budgetary demands facing the authority.

Several Members highlighted that households continue to experience acute cost of living pressures, including rising food, energy, and housing costs. They emphasised that even a modest percentage rise in council tax can have a noticeable impact on already stretched family budgets. Some Members argued that the council should explore further internal efficiencies, spending restraints, utilising reserves, or investigate raising the council tax to an alternative amount before adding additional financial burdens onto residents.

Other Members acknowledged that unlike previous years, the council has received a 3-year settlement, providing some stability beyond 2026/27. However, the latter years of the MTFs and the forthcoming Local Government Reorganisation means there is a high degree of risk and uncertainty around the future funding levels. It is realistic to assume there will be increasing demand on council services in the future, and to protect services, Members were supportive of increasing council tax by 2.99% which would generate an additional amount of £203k.

Recommendation 1 - Scrutiny is supportive of a 2.99% increase to continue to support the important services the Council provides.

Hardship Reserve

The Hardship Reserve, previously named the Council Tax Support Reserve may help to mitigate against potential hardship faced due to the economic climate.

Scrutiny noted the movement in the reserve, reducing the Hardship fund from £325k to £307k. In light of the cost-of-living crisis, Members encourage Cabinet to ensure the reserve is sufficient to support residents in need. To that end, scrutiny would welcome an opportunity to examine council tax support and discretionary housing schemes further.

Recommendation 2 - That £307k in reserves be utilised over the next 3 years to help support people facing hardship in paying council tax.

Recommendation 3 - Scrutiny would welcome an update in 6 months on the levels of demand for Council Tax Support and Discretionary Housing Payments provided or any other similar support scheme.

Local Government Reorganisation (LGR)

Members acknowledge that the Council is operating in a period of significant change and considerable uncertainty until the chosen proposal is confirmed later in the year. Scrutiny noted there is a small but notable risk of delay to LGR, which could affect the Council's future priorities and spending plans.

A key emerging question is what the Council's legacy and ambition will be, and Scrutiny questioned each Cabinet Member on their portfolio's legacy. Scrutiny highlights the need to begin shaping this now so it can be properly

embedded in future plans. Scrutiny is concerned that additional restrictions may be placed on the use of Council reserves, justified under the banner of prudence, which may inadvertently prevent the Council from securing a meaningful and lasting legacy.

Scrutiny recognises the pressure the Council has faced in recruitment and staffing capacity. LGR raises further concerns about how the Council will manage the upcoming transition without increasing pressure on the existing workforce.

Recommendation 4 - Scrutiny strongly recommends that Cabinet establishes a clear legacy plan without delay. This should include the creation of a cross party legacy working group, ensuring that Members from across the Council can contribute to shaping and safeguarding Blaby's long term legacy.-party legacy working group, ensuring that Members from across the Council can contribute to shaping and safeguarding Blaby's long-term legacy.

Recommendation 5 - That further detail be provided on the estimated costs for preparation of LGR. (This can be provided at a future LGR scrutiny meeting).

Utilisation of Reserves

Members were broadly supportive of making more ambitious use of Council reserves to enable bold, innovative projects that deliver meaningful impact for residents. When Portfolio Holders were asked to reflect on their legacy within their areas of responsibility, Members felt there was a lack of clear innovation or forward-looking ambition. Scrutiny expressed a strong desire to encourage a more proactive and imaginative approach across all portfolios.

Scrutiny reaffirms its commitment to supporting residents facing homelessness and stressed the importance of pursuing more ambitious actions in this area, including exploring opportunities to purchase additional properties within the district to expand housing options.

Members also emphasised the value of greater collaboration with the voluntary sector, charities, and third-sector partners, recognising their role as key contributors to community resilience and service delivery.

Scrutiny felt that the Cabinet could demonstrate greater ambition and welcomes involvement from Scrutiny in shaping and challenging its future development.

Recommendation 6 – That Cabinet adopt a more ambitious and innovative approach across all service areas, including the use of Council reserves to deliver tangible benefits for residents.

Recommendation 7 – That Scrutiny be given the opportunity to examine the

detail behind the Corporate Action Plan and to support Cabinet in prioritising any projects.

Housing and Homelessness

Scrutiny acknowledges that rising homelessness and increased demand for temporary accommodation present the biggest risk to the Housing and Homelessness service. The proposed budget includes £500,000 for homelessness prevention, which has broad cross-party support. However, Members feel this amount is only a short-term fix, and that actual costs are likely to exceed this by year-end. Scrutiny takes comfort from assurances that if need and opportunity arose more funds would be made available.

To fully understand the scale and nature of the pressures, Scrutiny requests more detailed information, including the true overall cost of homelessness, the balance between government and council funding, service users and published actions aligned with the homelessness strategy.

Recommendation 8 – Scrutiny would welcome the opportunity to examine and understand the pressures of homelessness at a future scrutiny meeting.

Scrutiny suggests that the Council should establish a stronger, more coordinated network with private sector landlords. By proactively engaging with landlords, the Council could be made aware when they intend to sell properties. This would create potential opportunities for the Council to purchase suitable homes directly, helping to retain these properties within the local housing market.

Such an approach could improve the Council's ability to respond to rising housing pressures by increasing the supply of available homes, preventing the loss of rental properties, and providing additional options for households in need. Strengthening relationships with private landlords may therefore form part of a strategic, longterm solution to alleviating housing challenges within the district.-term solution to alleviating housing challenges within the district.

Recommendation 9 – Scrutiny urges the Cabinet to strengthen its commitment to supporting residents at risk of homelessness by exploring opportunities to acquire additional properties within the district and by creating a network of private sector landlords.

Economic Development

Scrutiny Members reviewed the use of £327k from the Business Rate Pool allocated to support the Economic Development service. Most of this funding is allocated to staffing, with the wider programme of work including:

- Delivering the action plans within the Economic Development Framework.
- Supporting and engaging local businesses to drive economic growth in Blaby District.
- Achieving the Armed Forces Covenant Gold Award.
- Working with young people to promote participation in local democracy.
- Supporting voluntary and community sector organisations to thrive.

Members questioned the overall benefits of this funding and whether the council should be more ambitious in using Business Rate Pool monies to directly support businesses. Consideration should also be given to whether the funds need to be increased to support start-up's and young entrepreneurs.

Recommendation 10 - That Cabinet reviews the current allocation of Business Rate Pool monies to ensure it delivers maximum value for money and measurable economic impact.

iPlan

iPlan continues to be used to monitor service planning, project management, risk management and progress against the Blaby District Plan.

This is the second consecutive year that Scrutiny has raised concerns regarding iPlan. In the previous year, Scrutiny informed Cabinet that insufficient data was being entered into the system. At the end of 2025, Scrutiny paused its work examining performance measures to allow further discussions with senior officers on the challenges faced by the working group.

This year, the Council's Internal Audit service has issued a limited assurance, identifying the following issues:

- Actions and measures should link to the strategic themes within the Blaby District Plan.
- A more robust and consistent process for performance monitoring of iPlan data should be implemented.
- Targets, status and value for measures should be recorded on performance monitoring for each type of measure/ project to ensure that data is measured consistently and effectively.

Scrutiny acknowledges the officer responses set out in the Internal Audit report and recommends that further work is undertaken with the Scrutiny Commissioners and the Corporate Performance Working Group.

Members also noted that the Portfolio Holder does not agree with Scrutiny's current assessment of iPlan. The Chairman and Vice Chairman therefore wish to invite the Portfolio Holder to a future meeting to discuss the matter further.

Recommendation 11 - To enable Scrutiny to meet its responsibilities for monitoring key performance measures, wider access to performance data be provided.

Recommendation 12 - Food waste performance measures, when added to iPlan be made available to the Corporate Performance Working Group.

Local Plan

Scrutiny welcomes the Council's commitment to a 'digital first' approach for communicating with residents but highlights that this risks excluding people who are not digitally connected. With the draft Local Plan due for public consultation in April 2026, Scrutiny stresses the importance of residents having a good understanding of the planning system so they can fully grasp how the Local Plan will affect them. Given that the Local Plan shapes decisions on where homes, jobs, transport links and green spaces will be developed, it is essential that all residents, not only those digitally engaged, can access clear, timely and understandable information.

Scrutiny recognises that Members, Parish Councils and the Town Council must work in a more coordinated and proactive way with the Council to ensure key messages reach all parts of the community.

Scrutiny recommends that Cabinet become creative with their approach to consulting on the Local Plan, including outreach work, drop-in events and roadshows to the public.

To achieve this, Scrutiny recommends that Cabinet increase resources and broaden the communication strategy beyond the current digital focused approach to ensure that all residents are informed and able to participate.-focused approach to ensure that all residents are informed and able to participate.

Recommendation 13 – That resources dedicated to the Local Plan be increased to allow meaningful communication with residents.

Key Observations/Comments:

Pre-application Advice

Scrutiny was pleased to hear that steps are in place to provide a new paid for pre-application service. This will provide a valuable resource and income moving forward.

Community Services

Scrutiny is supportive of the work of the Community Services team in the work they do in prevention, including working with young people on healthy relationships, domestic abuse and sanctuary schemes. Scrutiny would welcome a further update on this important work.

Grant Funding

If there is a reduction of grant funding which has a potential impact on services, then Scrutiny would welcome an update on this.

Future projects

In May 2025, Cabinet approved a report 'Resource and Capacity Requests' which requested additional resource to deliver its Corporate Plan, projects and ongoing services effectively. Scrutiny requests early sight of any similar reports that may have not been included in the budget.

Net Zero

Scrutiny questioned the portfolio holder on achieving its net zero targets. Scrutiny noted actions for reducing greenhouse gas emissions through measures such as switching to a green gas tariff and transitioning fleet vehicles to HVO fuel. Together, these measures account for a reduction of 127 tCO₂e leaving approximately 54.3 tCO₂e remaining—less than 10% of the Council's original baseline emissions.

Scrutiny would welcome further information on how the council will achieve the last 10% through the Climate Change Working Group.

Consulting Scrutiny

To strengthen transparency, accountability, and the overall quality of decision making, Cabinet Members are encouraged to engage with Scrutiny at the earliest appropriate stage of policy development. Early consultation will ensure that proposals benefit from constructive challenge, cross party input,

and evidence based recommendations before formal decisions are taken. By making fuller use of Scrutiny's expertise, Cabinet can help ensure that policies are robust, risks are well understood, and outcomes for residents are demonstrably improved. making, Cabinet Members are encouraged to engage with Scrutiny at the earliest appropriate stage of policy development. Early consultation will ensure that proposals benefit from constructive challenge, crossparty input, and evidence based recommendations before formal decisions are taken. By making fuller use of Scrutiny's expertise, Cabinet can help ensure that policies are robust, risks are well understood, and outcomes for residents are demonstrably improved. -making, Cabinet Members are encouraged to engage with Scrutiny at the earliest appropriate stage of policy development. Early consultation will ensure that proposals benefit from constructive challenge, cross-party input, and evidence-based recommendations before formal decisions are taken. By making fuller use of Scrutiny's expertise, Cabinet can help ensure that policies are robust, risks are well understood, and outcomes for residents are demonstrably improved.

Scrutiny Commissioners will liaise with the Leader and senior officers to ensure that scrutiny have early sight of reports.

4.3 Relevant Consultations

All Non-Executive Members, Portfolio Holders and 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'
[14th January 2026](#)

Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[21st January 2026](#)

11. Report author's contact details

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Quarter 3 Budget Review 2025/26 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2025/26.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 31st December 2025 is accepted.
- 2.2 That Cabinet Executive approved the forecast contribution as set out in paragraph 4.6 of £240,689 from General Fund balances.
- 2.3 That the irrecoverable debts set out in paragraph 4.5 are authorised to be written off.

3. Reason for Decisions Recommended

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

4. Matters to consider

4.1 Background

The Council's original budget was approved on 24th February 2025. The approved budget before contributions from reserves and government grants was £15,781,762. It was agreed that the budget would be supported by a contribution of £111,639 to the General Fund Balance and a contribution of £486,470 from earmarked reserves, resulting in a net expenditure budget of £15,406,931.

The last quarterly report presented to Cabinet in November noted that the forecasted budget gap at that point was £270,876.

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. The call on balances has now reverted to a contribution from General Fund balances of £240,689 along with a contribution of £209,577 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 overall level, establishment costs were £13,570,584 against a profiled budget of £14,438,548, i.e., £867,964 under budget. Of this, £525,883 under spend relates to funded/partnership positions and as such does not represent a saving to the Council. If these underspends remain at the year end, and the external funding guidelines allow, carry forward requests will be submitted. The variances (including funded posts) are shown in the table below:

Portfolio	(Under)/Over £	Note
Leader	(171,835)	1
Finance, People & Transformation	(43,545)	2
Neighbourhood Services & Assets	(254,342)	3
Health, Community & Economic Development	(3,903)	
Housing, Community Safety & Environmental Services	(394,681)	4
Planning and Strategic Growth	15,003	5
Variance on portfolio's	(853,303)	
Central Provisions	(14,661)	6
Total Establishment Variance	(867,964)	

Reasons for Variances

An estimate of 3% had been originally budgeted for the pay award. The Chief Executive, Chief Officers (Directors and Group Managers) and Officers on grade 1 to 9 was agreed at 3.2%.

Vacant posts account for a large proportion of underspends across departments. The Accountancy team have updated the Establishment budgets as part of the budget setting process, releasing vacancy savings for the 1st six months of the year, totalling £269,891. These have been removed from the Establishment and added to the General Fund. A vacancy savings provision of £250,000 remains. No savings have been recognised in relation to funded posts as they do not reflect a net saving to the Council.

1. Leader underspend is predominantly in relation to Local Government Reform, Elections, Local Land Charges and Performance vacancies and phasing. Savings have been recognised in relation to the first 6 months of the year. Vacant positions in Q3 form a proportion of the variance.
2. Finance, People and Transformation underspend is across a number of service lines. Vacancy savings have been realised in relation to the first 6 months of the year however vacancy savings are still being seen in Q3.
3. Neighbourhood Services & Assets underspend predominantly relates to vacant Building Control posts which are 80% externally funded, hence, no savings have been reflected in the budget. The underspend against budget does not therefore represent savings to BDC on the whole.
4. Housing, Community Safety and Environmental Services underspend is in relation to vacant externally funded posts (Lightbulb and HET) and vacant Environmental Health and Environmental Protection posts. No vacancy savings have been reflected in the revised budget as the underspend is being used to cover the extension of temporary support and recruitment costs in the latter part of the year.
5. Planning and Strategic Growth overspend is a result of additional overtime required due to increased number of applications as shown in the income table below.
6. This represents the vacancy savings provision, net of central provisions for statutory sick pay, statutory maternity pay, and the apprenticeship levy.

4.3 Key Income

	Revised Working Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£
Planning Fees	(1,200,000)	(900,000)	(1,087,341)	(187,341)
Building Control Fees	(922,500)	(691,875)	(761,262)	(69,387)

Building Control Partnership	(541,277)	(581,277)	(581,277)	0
Land Charges	(175,000)	(131,250)	(181,370)	(50,120)
Investment Interest	(1,200,000)	(935,000)	(949,176)	(14,176)
Refuse and Recycling	(1,813,560)	(1,736,842)	(1,765,601)	(28,759)
Car Parks	(234,000)	(175,500)	(192,581)	(17,081)
Leisure Income	(825,620)	(619,215)	(619,215)	0
Total	(6,911,957)	(5,770,959)	(6,137,823)	(366,864)

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

During the budget setting process, planning income was reviewed and the budget increased by a further £200,000 (initial increase of £200,000 in Q1). Income has continued to remain strong during the third quarter of the year, at the time of writing the report, planning income had surpassed £1,205,000 (£930,000 in the prior year), current year includes £309,000 in relation to the Enderby Hub.

Building Control income is above profile to the end of quarter 3 however, it is expected to fall in line with budget for the year due to an expected reduction in the winter months. The agreement that the Building Control partners signed up to was that any loss or surplus at the end of the financial year is shared in accordance with the application data from the previous three years. The partnership budget has been reviewed, and it is expected that credits totalling £40,000 will be due to partners, hence the full year budget being below profile.

Land Charges have performed well in the first three quarters of the year and have exceeded budget for the full year. Original budget in the prior year was £216,000 and we are seeing a return back at these levels.

The income budget for Investment interest was increased by £100,000 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.

The budget for car parking income has not been amended as footfall is typically lower in the final quarter of the 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 Write-off Irrecoverable Debt

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

As is evident from the following table, there are a number of reasons for the debt being considered to be irrecoverable, including the existence of a debt relief order, individual voluntary arrangements, Local Authority error and all the usual recovery routes having been attempted without success. The Revenue and Benefits team regularly review training guides to ensure they are kept up to date with any change in legislation and any procedural changes, helping to reduce the risk of errors being made. Where the table indicates that recovery action has been exhausted this means that we are unable to obtain a charging order or attachment of earnings, and the use of enforcement agents and other legal means of recovery have proven unsuccessful.

Debt Category	Amount	Reason for Write-off
Council Tax	4,744.13	Recovery action exhausted
Council Tax	8,912.94	Deceased, no funds in estate
Council Tax	4,803.17	Individual Voluntary Arrangement granted
Council Tax	2,574.58	Individual Voluntary Arrangement granted
Council Tax	935.53	Individual Voluntary Arrangement granted
Council Tax	4,321.22	Recovery action exhausted
Council Tax	2,387.63	Individual Voluntary Arrangement granted
Council Tax	927.08	Debt Relief Order granted
Council Tax	1,169.46	Debt Relief Order granted
Council Tax	1,573.10	Recovery action exhausted
Council Tax	752.31	Recovery action exhausted
Council Tax	2,038.81	Out of jurisdiction (Japan) recovery action exhausted
HB Overpayment	2,778.00	Local Authority error
HB Overpayment	3,890.42	Local Authority error
HB Overpayment	2,007.35	Local Authority error
Total	£43,815.73	

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

debt is approximately 8% for Council Tax (£2,811) and 100% for HB Overpayment (£8,677).

4.6 Forecast Outturn

The original approved budget allowed for a contribution of £111,639 to be added to General Fund Balances. As shown in Appendix A, the current budget position is a contribution from General Fund Balances of £240,689. It is expected that the outturn position at year end will be a significantly lower contribution from the General Fund Balance. It should be noted that a planned contribution from Earmarked reserves of £210k will still be required.

	£
Approved contribution to General Fund Balances	(111,639)
Quarter 1 budget adjustments	382,515
Quarter 3 budget adjustments	(30,187)
Latest contribution from General Fund Balances	240,689

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 2025.

9.2 Appendix B – Forecast Reserves Position to 31st March 2026.

10. Background paper(s)

10.1 None.

11. Report author's contact details

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BLABY DISTRICT COUNCIL

GENERAL FUND REVENUE ACCOUNT

BUDGET MONITORING STATEMENT TO 31ST DECEMBER 2025

Portfolio	A Approved Budget £	B Working Budget £	C Profiled Budget £	D Actual to P9 £	E Variance to Profile £	F Forecast Outturn £
Finance, People & Transformation	4,886,659	6,550,741	2,280,623	3,887,262	1,606,639	6,550,741
Housing, Community Safety & Environmental Services	2,201,429	3,884,140	2,075,608	1,713,804	(361,804)	3,884,140
Health, Community & Economic Development	196,761	513,622	178,306	64,959	(113,347)	513,622
Leader	2,896,869	3,257,590	2,364,956	2,222,479	(142,477)	3,257,590
Neighbourhood Services & Assets	3,213,411	2,694,044	1,486,782	947,640	(539,142)	2,694,044
Planning and Strategic Growth	1,175,504	1,280,920	1,004,484	585,411	(419,073)	1,280,920
Net Expenditure on Services	14,570,633	18,181,058	9,390,758	9,421,555	30,797	18,181,058
Revenue Contributions to Capital Outlay	54,500	261,210	208,408	0	(208,408)	261,210
Minimum Revenue Provision	1,000,318	789,016	591,762	0	(591,762)	789,016
Voluntary Revenue Provision	250,000	250,000	187,500	0	(187,500)	250,000
Appropriations & Accounting Adjustments	(93,689)	(1,076,799)	(807,599)	(1,055,376)	(247,777)	(1,076,799)
	15,781,762	18,404,485	9,570,829	8,366,179	(1,204,650)	18,404,485
Contributions to/(from) Earmarked Reserves	(486,470)	(209,577)	(618,701)	(32,150)	586,551	(209,577)
Contributions to/(from) General Fund Balances	111,639	(240,689)	3,415,634	0	(3,415,634)	(240,689)
Net Budget Requirement	15,406,931	17,954,219	12,367,762	8,334,029	(4,033,733)	17,954,219

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FORECAST RESERVES & BALANCES AS AT 31ST MARCH 2026

APPENDIX B

	GL Code	Balance at 31/03/25 £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/26 £
Leisure Centre Renewals Fund	9999/VBA	(73,607)	0	0	(73,607)
Computer Room Environment	9999/VBB	(123,348)	0	7,528	(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	(288,697)	0	63,861	(224,836)
General Reserve Fund	9999/VBK	(1,612,310)	0	0	(1,612,310)
Ongoing Projects Reserve	9999/VBM	(3,130,441)	(227,300)	3,357,741	0
Elections Reserve	9999/VBQ	(122,259)	0	0	(122,259)
Homelessness Grant Reserve	9999/VBR	(64,952)	0	0	(64,952)
New Homes Bonus Reserve	9999/VBT	0	0	0	0
Contractual Losses Support Reserve	9999/VBU	(255,000)	0	63,750	(191,250)
Economic Development Initiatives	9999/VBX	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(8,487)	0	0	(8,487)
Community Rights Reserve	9999/VCB	(48,724)	0	0	(48,724)
Hardship Reserve	9999/VCD	(325,000)	0	18,000	(307,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	0	(881)
NNDR Income Reserve	9999/VCF	(1,432,502)	(2,555,687)		(3,988,189)
Flexible Working Reserve	9999/VCG	(161,792)	0	0	(161,792)
Local Plan Reserve	9999/VCJ	(365,755)	0	15,451	(350,304)
Lottery Reserve	9999/VCK	(36,584)	0	0	(36,584)
IT System Replacement Reserve	9999/VCL	(39,815)	0	39,815	0
Property Fund Reserve	9999/VCM	(201,628)	(13,500)	0	(215,128)
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	(2,440,417)	(993,502)	433,420	(3,000,499)
		(11,584,406)	(3,789,989)	3,999,566	(11,374,829)
Usable Earmarked Reserves		(11,584,406)	(3,789,989)	3,999,566	(11,374,829)
General Fund Balance		(7,246,467)	0	240,689	(7,005,778)
TOTAL RESERVES & BALANCES		(18,830,873)			(18,380,607)

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Quarter 3 Capital Programme Review 2025/26 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2025/26.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the report is accepted.
- 2.2 That the latest Capital Programme for 2025/26, totalling £8,305,120, is approved.
- 2.3 That approval is given for the purchase of 6 plots for Temporary Accommodation as detailed in Appendix C.
- 2.4 That Council give delegated authority to the Executive Director (S151), in consultation with the Finance, People & Transformation Portfolio Holder, to finalise the details and enter contractual arrangements to purchase the 6 houses for temporary accommodation as detailed in Appendix C.

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.

- 3.3 To be in a position to take advantage of LAFH4 funding that is available and secure the plots to provide further temporary accommodation.
- 3.4 To enable the contractual arrangements to be entered into that align with the business case to purchase the temporary accommodation without delay.

4. Matters to consider

4.1 Background

The original Capital Programme for 2025/26 was approved by Council on 25th February 2025 and totalled £1,422,512, including a borrowing requirement of £680,012.

The revised Capital Programme following the 2nd quarter of 2025/26 was approved in November 2025 and amounted to £7,627,666. The following table shows the latest Capital Programme which now amounts to £8,305,120. Appendix A gives a scheme-by-scheme breakdown of the planned expenditure for 2025/26.

	£
Approved Capital Programme 2025/26	7,627,666
<u>New Additions</u>	
1. Regeneration Property	2,258,970
2. Lease of Dallington House	736,000
3. Huncote Leisure Centre Roof Replacement	75,000
4. Section 106 backed Schemes	70,000
5. Food Waste Vehicles and Receptacles	60,000
6. GIS and LLPG System Upgrade	15,000
7. Open Space at Former Huncote BMX Track	6,684
<u>Reductions</u>	
8. Finance System Upgrade	(58,570)
9. Installation of PV Panels at Enderby Leisure Centre	(50,920)
10. Income Management System	(106,684)
11. Proportion of Regeneration property project to be spent in 2026/27 (UKSPF4 Project)	(2,252,970)
12. Proportion of UKSPF funds to be utilised in 2026/27 (Regeneration property approved November 2025)	(63,056)
Revised Capital Programme 2025/26	8,305,120

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

Additions

1. Regeneration Property – Approval is sort for the purchase of six properties at Glen Parva for temporary accommodation. These purchases are being funded by £807k of central government grant and £1,452k by borrowing. If approved, it is expected that £6k will be spent on the deposit of these properties in the current financial year. The remaining will be spent in 2026/27 on completion and exchange. Further information is included in Appendix C.
2. Lease of Dallington House – Approved by Council on 18th November 2025
3. Huncote Leisure Centre Roof Replacement – Following structural surveys it has come to light that a section of the roof to Huncote Leisure Centre is at the end of its life and in need of replacement. The costs of replacing the roof are expected to be between £33k and £75k, these will be confirmed once the procurement process has been undertaken. It's proposed £51k budget is transferred from the underspend on the installation of PV panels at Enderby Leisure Centre project to contribute to the cost.
4. Section 106 backed schemes – Monies received are only released and added to the Capital Programme as and when suitable schemes are identified by the Planning Obligations Monitoring Group, following receipt of bids from Parish Councils or other community groups.
5. Food Waste Vehicles and Receptacles – Additional budget is required for modifications to the seven food waste vehicles; ensuring site and employee safety, and compliance with the County's disposal facility requirements. These modifications also include enhanced security to bring the vehicles up to the standard of the Councils current fleet of vehicles.
6. GIS and LLPG System Upgrade – Budget required to upgrade the current Geographic Information System (GIS) due to the system no longer being supported by its supplier and as such considered end of life. Migration of the current Local Land and Property Gazetteer (LLPG) software to a cloud-based solution is required to continue its functionality. It is a statutory requirement for the Council to have these systems in place to provide accurate property data.
7. Open Space at Former Huncote BMX Track – Additional demolition works were required at the larger BMX track. Existing budget has been transferred from the Income Management System project.

Reductions

8. Finance System Upgrade – Initially the project was budgeted as capital. Following completion of the procurement exercise and agreement of terms, the ongoing cost element is revenue as opposed to Capital. Initial implementation fees remain as Capital.
 9. Installation of PV Panels at Enderby Leisure Centre – Refer to point 3, PV panels have now been installed and project complete.
 10. Income Management System – The system is now operational however we are awaiting the final invoice, the forecast savings of £100k on the project are to be released. £6.7k has been transferred to offset additional expenditure as set out in point 7.
 11. As per note 1. The majority of expenditure for the 6 plots is expected to be utilised in December 2026 on completion and exchange.
 12. The UKSPF funds were approved by Council to be utilised for a Homelessness project via an exempt report in November 2025. The deposit is due to be paid in the current financial year on signing of the contract. The remaining UKSPF funds will be used in 2026/27.
- 4.2 At the end of December 2025, the Council had spent £2,819,343 against its planned Capital Programme.

Appendix B of this report shows the forecast timeline to completion of projects and schemes in the Council's current capital programme along with, the forecast capital spends, savings and slippages into the next financial year. As can be seen various projects are expected to continue into the 2026/27 financial year so these will show as a variance against the project budget. It is quite usual that not all capital is spent within year and that projects span into the next financial year.

At the end of the financial year any outstanding budget for these projects will be carried over into 2026/27 to enable the project to continue as planned. Timing of expenditure is also dependent on individual contract terms.

The reasons behind the main variances are as follows:

- Strategic Regeneration Property Investment - £2,941,026 planned spend not yet utilised: Due to the high demand of homelessness accommodation in the District the Council is investigating a larger portfolio of property purchases of which approval was granted in the report to Council on 18th November 2025. This report seeks the approval of an additional £2.259m towards the purchase of six properties which are expected to complete by December 2026.
- Food Waste Vehicles and Receptacles - £817,785 planned spend not yet utilised: Two of the food waste vehicles have been delivered and the

remaining five are forecast to be delivered by September 2026 due to high demand. In the short-term for the service to launch by the end of March 2026, five food waste vehicles will be leased. Food waste receptacles are being received in stages and are being delivered during February 2026 to residents.

- Net Zero at the Depot - £759,249 planned spend not yet utilised: The contractor began groundworks to accommodate the electric vehicle infrastructure at the depot in December 2025, with the project forecast to complete by the end of March 2026. The Council's application for central government grant funding towards the project was unsuccessful and therefore the project is being fully funded by the Council.
- Lease of Dallington House - £736,000 planned spend not yet utilised: Planning approval for use of temporary accommodation has been granted in January 2026 for the lease of the 13 self-contained units at Enderby. First occupants will accommodate the property in February 2026.
- Disabled Facilities Grants - £457,758 planned spend not yet utilised: 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 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.
- Fleet Vehicle Replacement Programme - £361,307 planned spend not yet utilised: Three new refuse collection vehicles have been received this year. Remaining orders are to be placed once the electric vehicle infrastructure project is complete.
- Strategic Review: Land Rear of Enderby Leisure Centre - £316,270 planned spend not yet utilised: Consultants are engaging with the Council's Local Plan team; providing information for the site to be assessed for inclusion in the new Local Plan.
- EV Charging Hub at Enderby Leisure Centre - £180,000 planned spend not yet utilised: Design works for 12 electric vehicle charging points is complete and planning application has been submitted. Timeframes are currently being revised but it's anticipated that works will begin before March 2026.
- IT Infrastructure Improvements - £174,667 planned spend not yet utilised: The IT transition completed on 1st July 2025. The final costs are being chased and will be expensed to the project before year end when savings will be realised.

- Walk & Ride, Blaby - £140,000 planned spend not yet utilised: The new walk and cycle route in the district will be complete by March 2026. Leicester City Council are leading this project along with Leicestershire County Council. The budget allocated in the capital programme is contingency for any unforeseen costs to Blaby District Council. Once the project is complete any savings will be determined and returned to the Council.
- Section 106 backed schemes - £137,360 planned spend not yet utilised: The Planning Obligation Monitoring Group approved a large S106 project at Countesthorpe Academy in December 2025, it is forecast that this will be spent in April 2026.
- Replacement of gym equipment at Enderby Leisure Centre - £125,292 planned spend not yet utilised: The new gym equipment was delivered at Enderby Leisure Centre in January 2026. Invoices will be received during the next quarter.

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 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 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
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8. Other options considered

8.1 None.

9. Appendix

9.1 Appendix A – Capital Monitoring Statement to 31st December 2025

9.2 Appendix B – Capital Forecasting Statement to 31st December 2025

Appendix C – Proposal for Temporary Accommodation

10. Background paper(s)

10.1 None.

11. Report author's contact details

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	Approved Capital Programme 2025/26 £	Budgets Brought Forward from 2024/25 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2025/26 £	Capital Expenditure to 31st December 2025 £	Variance as at 31st December 2025 £
Invest to Save Schemes							
Regeneration Property	0	682,056	(69,056)	0	613,000	0	613,000
Lease of Dallington House	0	0	736,000	0	736,000	0	736,000
Strategic Asset Review	0	223,858	0	(223,858)	0	0	0
Strategic Review : Land Rear Of Enderby Leisure Centre	0	372,721	0	0	372,721	56,451	316,270
Car Park LED Replacements	15,000	0	0	0	15,000	0	15,000
Revenues & Benefits - Document Management & MyView	0	3,478	0	0	3,478	0	3,478
Replacement CRM/Granicus solutions	0	186,405	0	(186,405)	0	0	0
	15,000	1,468,518	666,944	(410,263)	1,740,199	56,451	1,683,748
Essential/Contractual Schemes							
Affordable Housing - Grove Rd	0	0	57,835	0	57,835	57,835	0
Net Zero at the Depot	0	591,000	379,000	0	970,000	210,751	759,249
Walk & Ride Blaby	0	140,000	0	0	140,000	0	140,000
Finance System Upgrade	45,000	82,320	0	(58,570)	68,750	0	68,750
Replacement of gym equipment at Enderby Leisure Centre	125,292	0	0	0	125,292	0	125,292
Replacement of gym equipment at Huncote Leisure Centre	50,000	0	0	0	50,000	0	50,000
Installation of PV Panels at Enderby Leisure Centre	0	39,260	70,000	(50,920)	58,340	58,340	0
Installation of PV Panels at Holt Way	0	450	0	0	450	0	450
CCTV Upgrade at Council Offices	0	29,033	0	0	29,033	26,488	2,545
Huncote Leisure Centre Roof Replacement	0	0	75,000	0	75,000	0	75,000
Capital Grants Programme	54,500	24,386	616	0	79,502	26,448	53,054
Works to Landfill Gas Monitoring System, Huncote	0	36,944	(13,303)	0	23,641	23,641	0
Replacement of Air Quality Analysers	0	2,958	0	0	2,958	1,580	1,378
Contaminated Land Strategy	15,000	0	0	0	15,000	0	15,000
Huncote Leisure Centre Gas Mitigation Equipment	28,000	0	0	0	28,000	2,111	25,889
Dogs Public Space Protection Order	18,720	0	0	0	18,720	9,604	9,116
Income Management System	0	163,211	(6,684)	(100,000)	56,527	0	56,527
HR & Payroll System	0	90,661	0	0	90,661	22,900	67,761
GIS and LLPG System Upgrade	0	0	15,000	0	15,000	0	15,000
Replacement Audio/Visual System for Council Chamber	0	95,000	0	0	95,000	0	95,000
End User Device Replacement	107,000	27,323	0	0	134,323	119,775	14,548
ICT Infrastructure Improvements	0	307,914	75,000	0	382,914	208,247	174,667
ICT: Development and Refresh	0	25,000	25,000	0	50,000	24,029	25,971
Fleet Vehicle Replacement Programme	304,000	805,047	0	0	1,109,047	747,740	361,307
Vehicle CCTV & Tracking Upgrade	0	5,850	0	0	5,850	0	5,850
Open Space at rear of Huncote Leisure Centre	0	0	69,987	0	69,987	69,987	0
Mobile Working Software	0	50,412	0	0	50,412	35,892	14,520
	747,512	2,516,769	747,451	(209,490)	3,802,242	1,645,368	2,156,874
Externally Funded Schemes							
Disabled Facilities Grants	630,000	443,761	0	0	1,073,761	616,003	457,758
Housing Support Grants	30,000	14,266	0	0	44,266	22,574	21,692
Air Quality Particulates Matter	0	30,810	0	0	30,810	250	30,560
EV Charging Hub at Enderby Leisure Centre	0	147,200	32,800	0	180,000	0	180,000
Food Waste Vehicles and Receptacles	0	970,000	90,000	0	1,060,000	242,215	817,785
Section 106-backed Schemes	0	293,058	80,784	0	373,842	236,482	137,360
	660,000	1,899,095	203,584	0	2,762,679	1,117,524	1,645,155
TOTAL CAPITAL PROGRAMME 2025/26	1,422,512	5,884,382	1,617,979	(619,753)	8,305,120	2,819,343	5,485,777

FINANCED BY:	Approved Capital Programme 2025/26 £	Budgets Brought Forward from 2024/25 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2025/26 £	Capital Expenditure to 31st December 2025 £	Variance as at 31st December 2025 £
Internally Resources							
Prudential Borrowing	680,012	2,557,941	1,096,051	(395,895)	3,938,110	1,169,012	2,769,098
Usable Capital Receipts	28,000	987,390	24,749	(223,858)	816,280	388,812	427,468
Blaby District Council Plan Priorities Reserve	54,500	8,206	1,155	0	63,861	26,448	37,413
IT Reserve	0	7,528	0	0	7,528	7,528	0
IT Systems Replacement Reserve	0	39,815	0	0	39,815	0	39,815
Revenue Funded Capital Expenditure	0	100,000	50,000	0	150,000	52,184	97,816
External Resources							
Disabled Facilities Grant	660,000	458,027	0	0	1,118,027	638,578	479,449
Defra	0	952,822	0	0	952,822	242,465	710,357
LA Housing Fund	0	332,395	(332,395)	0	0	0	0
Local Electric Vehicle Infrastructure	0	147,200	32,800	0	180,000	0	180,000
UK Shared Prosperity Fund	0	0	607,000	0	607,000	0	607,000
S106 Contributions - Various	0	293,058	138,619	0	431,677	294,317	137,360
TOTAL FUNDING	1,422,512	5,884,382	1,617,979	(619,753)	8,305,120	2,819,343	5,485,777

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Appendix C

Proposal for the Council to Invest in additional Housing to Provide Temporary Accommodation and increase our temporary accommodation provision utilising Local Authority Housing Fund 4 (LAHF4) Monies

1.0 Introduction

The Council continues to experience an increasing demand for temporary accommodation due to rising case numbers of households presenting as homeless or at risk of homelessness. This is due to a distinct lack of affordable homes, the impact of welfare reform, the cost of living crisis and on-going social and economic impacts.

Currently the situation stands as follows -

- 347 live homelessness cases in total
 - This includes households that we are working with to prevent homelessness as well as those that are classed as in the relief category who we are working with to relieve homelessness / typically in temporary accommodation
- Number of homeless households in temporary accommodation = 107 (4 of which are in self-contained lease accommodation & 15 in Council owned self-contained accommodation)
- Total of 266 individuals in temporary accommodation (families, children and singles)
- 60 Families with children in Temporary accommodation
 - Includes over 100 children

The Council has previously invested in the purchase of the properties to utilise as temporary accommodation and this has enabled the Council to reduce its reliance on B&B accommodation which is considered to be unsuitable for households with children. The social benefits of being in a position to provide self-contained accommodation, particularly to families with children, are considerable for those facing homelessness.

2.0 Proposal

A further distribution of Local Authority Housing Funding has become available and the Council has put in a bid and expects to be awarded an allocation. There is therefore an opportunity for the Council to purchase further properties to be utilised as temporary accommodation. Within the Little Glen Development on Cork Lane there are 6 plots available.

The properties are as follows:

- 4 x 3 bed semi detached
- 1 x 3 bed detached
- 1 x 4 bed detached

3.0 The Strategic Case

The proposal to invest in the units at the Little Glen Development, Cork Lane, contributes to and meets a number of the Council's strategic priorities:

- Blaby Plan – delivering affordable properties.
- Housing Strategy Priority 1 – increasing the number of affordable properties – as above.
- Outcome focussed solution – the current solution to provide accommodation for service users is either bed or breakfast or where possible self-contained accommodation. This solution is expensive, however it does not create the most stable living environment, especially for families. Having a further 6 properties added to our temporary accommodation provision and provides a more stable living environment within the district for service users.
- Effective, efficient solution – along with the cost of providing temporary accommodation the administrative burden for the Housing team is considerable in making the arrangements for the accommodation. Increasing properties that the Housing Team can use on a more permanent basis for temporary accommodation purposes reduces the administrative burden to the team and their efficiency.

Economic Case

As set out above and below the case for investing in further temporary accommodation is an effective use of Council resources in that:

- The solution is more cost effective than continuing to rent temporary accommodation for service users.
- The accommodation provides a more stable environment for service users.
- The Council retains an asset as part of the proposal

Commercial Case

The Council approved the Commercial Position Statement at its meeting of 20th September 2022, in which the Council laid out criteria for investment in property and regeneration.

The Council has received verbal notification of an allocation of funding totalling £807,250 through the Local Authority Housing Fund (LAHF4). This grant is made available to fund

up to 40 per cent of the purchase price plus £21,000 to be used at the Council's discretion but could cover refurbishment and legal fees. One unit is to be used for a household from the Resettlement Scheme and 50% of the median property price is included within the total grant.

Financial Case

Purchase of 6 Properties				
	3 bed semi detached	3 bed detached	4 bed detached	Total
No of bedrooms				
Number of houses	4	1	1	6
Average cost for BDC, based on property size (£)	311,995	484,995	399,995	2,132,970
Total (£)	1,247,980	484,995	399,995	2,132,970

Capital Expenditure & Financing 6 Properties

	£
Purchase price - 6 properties	2,132,970
Allowance for legal fees and refurbishment	126,000
Capital Expenditure	2,258,970
<u>Less:</u>	
LAHF4 funding for purchase	(681,250)
LAHF4 funding for legal/refurbishment	(126,000)
Borrowing Requirement	1,451,720

The total capital cost of £2.259m will be supported utilising £807.250 from LAHF4 funding, which the Council have received verbal confirmation.

This will leave a borrowing requirement of just under £1.452m on which revenue costs of borrowing: interest and MRP have been calculated.

Revenue Expenditure and Financing of 6 properties

All additional costs	76,704	
Minimum Revenue Provision	29,034	Note 1
Loan interest	86,523	Note 3
Total Revenue Expenditure	192,261	

Revenue income

LAHF4 Delivery Grant funding	(8,020)	
Gross rent income	(58,939)	
less voids @ 10%	5,894	
Net rent income	(61,065)	
Reduction in loss of housing subsidy	(13,014)	Note 2
Potential saving in B&B costs	(112,320)	Note 4
Total Income	(186,399)	

Net (Income)/Expenditure **5,862**

Notes

1. Based on straight line method over 50 years. NB: this is for indicative purposes only; the actual MRP charged will be calculated in accordance with the Council's approved MRP Policy on a weighted average annuity basis.

2. Indicative subsidy gain.

3. Based on PWLB rates in force on 20th January for a 50 year maturity loan. If worst case scenario used highest rate currently, additional cost of £3,484 would need to be included.

4. High level estimate based on weekly cost of B&Bs.

A deposit of £1,000 per property is due on signing of the contracts with an additional 10% due 8 weeks following, with the final payment on completions which is expected to be December 2026.

Management Case

The experience already gained from owning property utilised for temporary accommodation has reduced the risks of taking on further properties.

The Risks and mitigation is as follows:

Current Risk	Actions to reduce the risks
That the need for temporary accommodation reduces and the housing is not required by the Council for this purpose.	The temporary housing requirement is extremely high at the moment. Should the need for temporary accommodation reduce considerably, there is the ability to utilise these properties for longer term use as social housing provided by Blaby or an alternative registered provider.

Governance Arrangements

- The Project will be monitored through Programme Board and to Council through the Quarterly Capital Programme Monitoring Reports.

Recommendations

Given all aspects of the business case suggest that the investment in the 6 properties is a sound case both financially, strategically and of considerable social benefit to the service users it is recommended to go ahead with the investment and agreement is sought from those with delegated authority.

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Quarter 3 Treasury Management Update 2025/26 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2025, and the economic factors that have affected those activities.
- 1.2 The report also demonstrates compliance with the prudential indicators that were approved by Council on 25th February 2025.

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 regulatory framework governing treasury management activities includes a requirement that the Council should, as a minimum, receive quarterly treasury monitoring reports in addition to the forward-looking annual treasury strategy and the backward-looking annual treasury report.
- 3.2 This report fulfils the requirement above and incorporates the needs of the Prudential Code to ensure adequate monitoring of capital expenditure plans and the Council's prudential indicators. The treasury strategy and prudential indicators for 2025/26 were contained in the report approved by Council on 25th February 2025.

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 activities at least quarterly. This report, therefore, ensures that the Council is following best practice in accordance with the Code. The financial year 2025/26 is the third 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 2025/26, provided by MUFG Corporate Markets, 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.

There were six Monetary Policy Committee (MPC) meetings held between April and December.

In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In August, a further rate cut was implemented bringing the rate to 4%, with September's vote 7-2 for keeping the Bank Rate at 4%. At the 6th November meeting the rate remained at 4%.

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 latest forecast at Appendix B was undertaken on 11th August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18th December.

The Public Works Loans Board (PWLB) rate forecasts are based on the Certainty Rate (the standard rate minus 0.20%) which has been accessible to most local authorities since 1st November 2012.

4.4 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.

During the third quarter of 2025/26 no new borrowing has been undertaken, and there have been no scheduled repayments. The outstanding debt including Finance Leases is £4.914m on 31st December 2025.

For several 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 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.

4.5 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 25th February 2025. 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.

Creditworthiness

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

Investment counterparty criteria

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

CDS prices

For UK and international banks, 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.

Investment balances

The funds available over the first half of the financial year 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. The funds available for investment purposes as at 31th December was £33.9m.

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 31st December 2025

	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.46	4.46	4.47	4.58	4.73	5.02
Low	3.72	3.73	3.87	3.95	4.04	4.31
Average	4.12	4.14	4.17	4.25	4.39	4.69
Spread	0.74	0.74	0.59	0.63	0.69	0.72

The Council's revised budget for in-house investment income in 2025/26 is £1.2m. On 31st December, the Council had already secured a return of £0.949m.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period to 31st December 2025. A full list of investments held at the end of the quarter is shown at Appendix C.

Property Fund

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 in 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 2025, the UBS Triton Property Fund LP investment stood at £737,690.

4.6 Compliance with Treasury and Prudential Indicators

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 2025, 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

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.

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 in 2024 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 2025/26 Prudential Code.

9. Appendix

9.1 Appendix A – Economic Update

9.2 Appendix B – Interest Rate Forecast

9.3 Appendix C – Investment Held at 31st December 2025

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 2025/26 saw:

- A -0.1% m/m change in real GDP in October, leaving the economy no bigger than at the start of April.
 - The 3myy rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year.
 - CPI inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
 - The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
 - The 10-year gilt yield fluctuate between 4.4% and 4.7%, ending the quarter at 4.5%.
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern (0.1% q/q). October's disappointing -0.1% m/m change in real GDP suggests that growth slowed to around 1.4% in 2025 as a whole.
 - Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK rose from 51.2 in November to 52.1 in December, suggesting the economy may be benefitting somewhat from pre-Budget uncertainty fading. This may also reflect a diminishing drag from weak overseas demand. While the services PMI rose from 51.3 to 52.1, the improvement in the manufacturing output balance from 50.3 to 51.8 was larger. Indeed, the manufacturing sector has been more exposed to the recent weakness of external demand and has lagged the services sector since the end of last year.
 - Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. Nonetheless, the 0.1% m/m fall in retail sales volumes in November built on the 0.9% m/m drop in October, suggesting the longer-lasting effects of weak employment and slowing wage growth are impacting. Moreover, the decline in the GfK measure of consumer confidence from -17 in October to -19 in November suggests that consumers are not that optimistic at present.
 - Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government

running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.

- Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.
- Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.
- After the Budget, public net sector borrowing of £11.7bn in November was comfortably below last November's figure of £13.6bn and was the lowest November borrowing figure since 2021, mainly due to tax receipts being £5.4bn higher, largely because of the hike in employer NICs in April 2025. Cumulative borrowing in the first eight months of 2025/26 was still £10bn above last year's total. However, lower inflation and a disposal of assets ahead of the Budget should mean borrowing in 2025/26 comes in below last year's total.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, the 38,000 fall in payroll employment in November was the tenth monthly decline in the past 13 months, causing the annual growth rate to slow further, from -0.5% to -0.6%. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022) but the less reliable Labour Force Survey data showed that employment fell by 16,000 in the three months to October, with the unemployment rate rising further, from 5.0% to 5.1%. All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The 3myy growth rate of average earnings including bonuses eased from 4.9% in September to 4.7% in October. And excluding bonuses, the 3myy rate slowed from 4.7% to 4.6%. Regular private sector pay growth continued to slow from 4.2% to 3.9%. That left it broadly on track to meet the Bank's end of December prediction of 3.5%.
- CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. There was a widespread easing in price pressures with inflation slowing in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed

prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.

- An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to a high of c4.8%, before ending June at 4.50%,
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although, subsequently, gilt yields fell back after the Budget, supported by a tighter fiscal plan, fewer tax hikes required following a smaller-than-expected downgrade to the OBR's fiscal forecast, and a favourable shift in bond issuance away from long-dated debt. Gilt yields hovered around 4.5% at the end of the quarter.
- The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further significant jump in value. The stock market hit new record highs above 9,900 in Mid-November, driven by a global rebound on hopes of a US government-shutdown resolution, expectations of a December rate-cut, and strong corporate earnings. Despite some jitters around Budget time, the FTSE 100 closed Q4 at 9,931, 5% higher than at the end of September and 22% higher since the start of 2025.

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MUFG Corporate Markets provided the following forecasts on 22 December 2025.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

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INVESTMENTS HELD ON 31ST DECEMBER 2025

Appendix C

Appendix C

Counterparty	Investment Type	Investment Date	Maturity Date	Interest Rate	Principal
HSBC Business Deposit Account	Money Market call Account	n/a	n/a	1.53%	£93,000
Aberdeen Liquidity Fund	Money Market Fund	n/a	n/a	4.07%	£8,000,000
Federated Investors	Money Market Fund	n/a	n/a	4.04%	£7,697,000
Landesbank Hessen-Thuringen Girozentrale	Time Deposit	14/08/25	13/02/26	4.08%	£2,000,000
SMBC Bank International PLC	Time Deposit	16/12/25	16/03/26	4.02%	£2,300,000
SMBC Bank International PLC	Time Deposit	28/11/25	28/02/26	4.33%	£3,000,000
Standard Chartered Bank	Sustainable Fixed Term Deposit	06/06/25	05/06/26	4.25%	£2,000,000
HSBC Bank PLC	31 Day Notice Account	n/a	n/a	4.10%	£2,000,000
Lloyds Treasury Call Account	Money Market call Account	n/a	n/a	3.77%	£21,200
Lloyds Bank Corporate Markets	Time Deposit	02/01/25	02/04/26	4.12%	£2,000,000
National Bank of Canada	Time Deposit	16/12/25	16/12/26	3.87%	£1,800,000
Oversea-Chinese Banking Corporation Ltd	Time Deposit	05/12/25	05/02/26	3.96%	£3,000,000
					<u>£33,911,200</u>

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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.

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
Total Capital Programme	1,422,512	2,819,343	7,569,120
IFRS16 lease additions	0	0	736,000
Financed by:			
Capital receipts	28,000	388,812	816,280
Capital grants and contributions	660,000	1,175,360	3,289,526
Capital reserves	54,500	33,976	111,204
Revenue contributions	0	52,184	150,000
Total Financing	742,500	1,650,332	4,367,010
Borrowing Requirement	680,012	1,169,011	3,938,110

The Revised Capital Programme includes expenditure and resources brought forward from 2024/25 totalling £5,884,382.

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).

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
CFR as at 1 st April 2025	20,225,620	17,689,594	17,689,594
Capital Expenditure in Year	1,422,512	2,819,343	8,305,120
Financing in Year	(742,500)	(1,650,332)	(4,367,010)
Minimum Revenue Provision	(1,000,318)	0	(789,016)
Voluntary Revenue Provision	(250,000)	0	(250,000)
CFR as at 31st March 2026	19,655,314	18,858,605	20,588,688

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 2025/26 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.

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
External Debt			
Debt at 1 st April 2025	4,857,602	4,857,602	4,857,602
Leases at 1 st April 2025	841,739	860,070	860,070
Estimated Borrowing 2025/26	1,250,000	0	0
Estimated Loan Repayments	(857,602)	(803,578)	(857,602)
Estimated Leases 2025/26	0	0	736,107
Estimated Lease Repayments	(16,331)	0	(74,091)
Estimated Debt at 31st March 2026	6,075,408	4,914,093	5,522,088
CFR (as above)	19,655,314	18,858,605	20,588,688
Under/(Over) Borrowing	13,579,906	13,944,512	15,066,600

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.

	2025/26 Approved Budget £	Position as at 30 th December 2025 £	2025/26 Revised Estimate £
Borrowing	18,800,000	4,054,023	18,300,000
Other Long-Term Liabilities	1,000,000	860,070	1,500,000
Total	19,800,000	4,914,093	19,800,000

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.

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
Borrowing	20,800,000	4,054,023	20,600,000
Other Long-Term Liabilities	1,200,000	860,070	1,400,000
Total	22,000,000	4,914,093	22,000,000

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.

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
Maturity structure of fixed interest rate borrowing:			
Under 12 months	100%	17.65%	100%
12 months to 2 years	100%	0%	100%
2 years to 5 years	100%	0%	100%
5 years to 10 years	100%	0%	100%
10 years and above	100%	82.35%	100%

7. Investments Greater Than 364 Days

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

The Council invested £1m in the Lothbury Property Trust in December 2019. On 30th June 2023 the Net Asset Value (NAV) of this investment was £0.739m. The investment is being transferred as capital distributions to UBS (UBS Triton property fund LP). The remaining Lothbury valuation as at 30/08/25 was: £55,730. The Lothbury fund is in the finalisation winding up stage and the final distribution of the fund will be of a very minimal value.

As at 31st December 2025 the UBS Triton Property Fund LP investment value stood at £737,690.34

	2025/26 Approved Budget £	Position as at 31st December 2025 £	2025/26 Revised Estimate £
Principal sums invested > 364 days	6,000,000	737,690	6,000,000

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	5 Year Capital Programme 2026/27 to 2030/31 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2026/27. 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 2026/27 to 2030/31, set out at Appendix A, is approved.
- 2.2 That the application of capital resources of £5,066,884 for 2026/27, including a borrowing requirement of £2,627,099 is approved.
- 2.3 That the Capital Strategy 2026/27 to 2030/31 is approved.

3. Reason for Decisions Recommended

- 3.1 To obtain approval for the proposed level of capital expenditure in 2026/27 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 2026/27 to 2030/31.

3.3 To ensure compliance with the Prudential Code.

4. Matters to consider

4.1 Background

The Council approved its current Capital Strategy on 25th February 2025. 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 2026/27 to 2030/31, 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 2025, and shared with Scrutiny in January 2026, 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 £19.57m, of which just over £5m falls in 2026/27. 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 £0.79m of capital expenditure can be met from the Council's own resources (e.g., capital receipts and reserves), and another £4.59m from capital

grants and contributions. This leaves a projected borrowing requirement of £14.18m between 2026/27 and 2030/31.

The estimated borrowing requirement in 2026/27 is £2.6m 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 2026/27 are as follows:

- Regeneration Property (£3.85m) – The Council has seen an increasing rise in Homelessness cases over the last 2 years. Following Council approval 2 projects are planned to purchase houses to be utilised as Temporary Accommodation.
- Fleet Vehicle Replacement Programme (£310,000) – this allows for 2 vehicles, one RCV & one smaller beavertail.

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 2026/27 Capital Programme, based on a weighted average life of 7 years, averages out at £64,830 per annum. This charge will not be charged to the General Fund budget until 2027/28, 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 £81,922 for 2026/27, but amount to £2,131m 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 received 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. Cabinet and Council approved the proposal to utilise the funds on the Temporary Accommodation project. An extension of the spend deadline has been proposed by Government, so any unspent UKSPF funding can be carried forward to be used prior to September 2026. The UKSPF scheme is not expected to continue for 2026/27.

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 2026/27 to 2030/31 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

Katie Hollis Finance Group Manager
Katie.Hollis@blaby.gov.uk 0116 272 7739

Project	Planned Capital Expenditure					
	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£	£	£	£	£	£
Invest to Save Schemes						
Regeneration Property	3,858,384	2,144,963	1,062,202	680,421	0	7,745,970
	3,858,384	2,144,963	1,062,202	680,421	0	7,745,970
Essential/Contractual Schemes						
Asset Management System	30,000	0	0	0	0	30,000
Landfill Gas Monitoring Works	27,000	18,000	9,000	59,000	0	113,000
Contaminated Land Strategy	25,000	0	0	0	0	25,000
Leisure Centres	0	0	0	0	0	0
ICT Development and Refresh	25,000	25,000	25,000	25,000	25,000	125,000
Car Parking Machines	50,000	0	0	0	0	50,000
Fleet Vehicle Replacement Programme	310,000	1,695,000	1,710,000	1,070,000	2,955,000	7,740,000
Capital Grants Programme	54,500	54,500	54,500	54,500	54,500	272,500
End User Replacement Devices	0	0	70,000	70,000	0	140,000
	521,500	1,792,500	1,868,500	1,278,500	3,034,500	8,465,500
Desirable Schemes (subject to affordability)						
Car Parks	0	0	0	0	0	0
Crow Mills Access Improvements	27,000	0	0	0	0	27,000
	27,000	0	0	0	0	27,000
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	5,066,884	4,597,463	3,590,702	2,618,921	3,694,500	19,568,470

	Future Years Planned Capital Expenditure					
	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£	£	£	£	£	£
Financed by:						
Borrowing	2,627,099	3,864,963	2,867,202	1,845,421	2,980,000	14,184,685
Capital Receipts	367,000	18,000	9,000	59,000	0	453,000
Capital Grants	1,894,363	660,000	660,000	660,000	660,000	4,534,363
Revenue Contributions to Capital	59,922	0	0	0	0	59,922
Capital Reserves	118,500	54,500	54,500	54,500	54,500	336,500
TOTAL CAPITAL FINANCING (excluding S106)	5,066,884	4,597,463	3,590,702	2,618,921	3,694,500	19,568,470

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CAPITAL STRATEGY 2026/27 – 2030/31

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.
- Housing Growth, Affordable Housing and Homelessness – the Council has seen a significant increase in homelessness across the district, with the combined impact of rising living costs, and an unaffordable private rented sector, there is an increasing need for affordable housing.
- Service Delivery – future funding is uncertain, and it is likely that there will continue to be funding reductions and increasing pressure on services. The MTF5 predicts a budget deficit of £6.7m by 2030/31.
- 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 quarterly 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 Council’s 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 covering 2022 – 2027 includes a Priority Action Plan which details work that is currently being undertaken or is planned. Further detail is contained within the Commercial Strategy itself which is available to download from the Council’s website.

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

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

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

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

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

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

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

- Is there a benefit to the local economy or Blaby residents that can be gained from the activity?

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

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

3.5 Five Year Capital Programme

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

3.5.2 The 5 Year Capital Programme covering the period 2026/27 to 2030/31 is summarised in the table below.

Project	Planned Capital Expenditure					
	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £	Total £
<u>Invest to Save Schemes</u>						
Housing Acquisitions	3,858,384	2,144,963	1,062,202	680,421	0	7,745,970
	3,858,384	2,144,963	1,062,202	680,421	0	7,745,970
<u>Essential/Contractual Schemes</u>						
Air Quality Monitoring Works	52,000	18,000	9,000	59,000	0	138,000
Fleet Vehicle Replacement Programme	310,000	1,695,000	1,710,000	1,070,000	2,955,000	7,740,000
ICT Infrastructure & Security	25,000	25,000	25,000	25,000	25,000	125,000
IT Hardware Replacements	0	0	70,000	70,000	0	140,000
Capital Grants Programme	54,500	54,500	54,500	54,500	54,500	272,500
Replacement/Upgrade of Service Specific IT Systems	30,000	0	0	0	0	30,000
Car Parks	50,000	0	0	0	0	50,000
	521,500	1,792,500	1,868,500	1,278,500	3,034,500	8,495,500
<u>Desireable Schemes (subject to affordability)</u>						
Parks & Open Spaces Improvements	27,000	0	0	0	0	27,000
	27,000	0	0	0	0	27,000
<u>Externally Funded Schemes</u>						
Disabled Facilities Grants	630,000	630,000	630,000	630,000	630,000	3,150,000
Housing Support Grants	30,000	30,000	30,000	30,000	30,000	150,000
	660,000	660,000	660,000	660,000	660,000	3,300,000
TOTAL CAPITAL EXPENDITURE	5,066,884	4,597,463	3,590,702	2,618,921	3,694,500	19,568,470

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 2026, it is estimated that the Council will have approximately £816k capital receipts available to finance its capital expenditure plans..

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 2025/26. 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 2025/26, 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 5%.

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 31/03/26 £'000	Income 2026/27 £'000	Income 2027/28 £'000	Income 2028/29 £'000	Income 2029/30 £'000	Income 2030/31 £'000	Total Expected Income £'000
Capital Receipts	816	367	18	9	59	0	1,269
Capital Grants	2,858	1,894	660	660	660	660	7,392
Reserves	111	119	54	55	54	54	448

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	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total £'000
Invest to Save Schemes	3,858	2,145	1,062	680	0	7,746
Essential & Contractual Schemes	522	1,793	1,869	1,279	3,035	8,496
Desirable Schemes	27	0	0	0	0	27
Externally Funded Schemes	660	660	660	660	660	3,300
Total Schemes	5,067	4,597	3,591	2,619	3,695	19,568

Financed by:	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total £'000
Borrowing	2,627	3,865	2,867	1,845	2,980	14,185
Capital Receipts	367	18	9	59	0	453
Government Grant	1,894	660	660	660	660	4,534
Reserves	60	0	0	0	0	60
Revenue contribution	119	55	55	55	55	337
Total Funding	5,067	4,597	3,591	2,619	3,695	19,568

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 £20,000 per annum from vehicle sales and a £50,000 share of the sale proceeds of former Council dwellings.

Unallocated Resources	31/03/26 £'000	31/03/27 £'000	31/03/28 £'000	31/03/29 £'000	31/03/30 £'000
Capital Receipts	660	363	415	476	487
Reserves	478	360	305	251	196
Total Available	1,138	723	720	727	683

5. Capital Appraisal and Prioritisation Process

5.1 Capital Appraisal

5.1.1 The Five-Year Capital Programme is prepared by officers and approved annually by full Council as part of the budget setting process. Schemes falling within Year 1 are subject to full appraisal by the Senior Leadership Team before being recommended to Cabinet Executive and Council for approval. Years 2 to 5 remain as indicative costs to aid the forward planning process and to provide a link with the MTFs. Senior Leadership Team is responsible for ensuring that the Capital Programme and Strategy are aligned with the Code of Practice, the Blaby District Plan, and priorities, MTFs, and Treasury Management Strategy.

5.1.2 The Five-Year Capital Programme is refreshed and updated on an annual basis.

5.1.3 The existence of a five-year plan ensures a degree of certainty in terms of future capital costs and their impact on the revenue budget, with only new initiatives or urgent schemes coming forward outside of this process.

5.1.4 Capital schemes that are deemed to be Major Corporate Projects are appraised and monitored by Programme Board, essentially comprising members of the Senior Leadership Team. Any such schemes are subject to individual report to and approval by full Council in accordance with the Financial Regulations.

5.1.5 Other capital schemes will fall into four broad categories, as discussed in previous chapters.

- Schemes that involve forward investment to generate future revenue savings (this will include commercial investment).
- Schemes that are deemed to be essential or which involve some form of contractual commitment, e.g., the fleet replacement programme, replacement, or upgrade of IT software etc.
- Schemes that meet corporate objectives and are desirable, but which will only be progressed if affordable.
- Externally funded schemes.

5.2 Major Corporate Projects

5.2.1 Capital schemes that are designated as Major Corporate Projects will be appraised and monitored by Programme Board.

5.2.2 Major Corporate Projects will either be subject to separate, individual approval by full Council, outside of the annual capital planning process, or specifically referenced in the routine quarterly capital monitoring reports to Council.

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

5.3 Other Capital Schemes

5.3.1 Other capital schemes should, be identified for inclusion in the rolling 5 Year Capital Programme. It is anticipated that most schemes falling under the commercialisation agenda would, however, constitute a Major Corporate Project.

5.3.2 The capital planning process will run in tandem with the annual budget cycle. Service Managers will be required to identify their expected capital expenditure requirements over the next five years. This will require sufficient detail to allow the compilation of an indicative 5 Year Capital Programme, including the following:

- The asset type, e.g., car park, vehicle, open space, IT software.
- A brief description of the scheme
- The indicative cost of the scheme
- The year(s) in which expenditure is expected to fall
- The revenue implications (cost or savings)
- Links to corporate priorities, health and safety etc.

5.3.3 Once the draft 5 Year Capital Programme has been compiled, more detail in respect of any scheme falling within Year 1 (i.e., the next financial year) will need to be provided on a Capital Appraisal Form (see Annexe A). This will include evidence in support of the appraisal criteria required for the scheme to be considered for inclusion in the Capital Programme.

5.3.4 Evaluation and appraisal of proposed capital schemes will be undertaken by the Senior Leadership Team using the criteria set out on the Capital Appraisal Form.

5.3.5 Once a draft capital plan has been compiled it is shared with Portfolio Holders to ensure that proposals have Member support prior to formally reporting to Cabinet Executive and Council. The 5 Year Capital Programme will be subject to change during the budget process, to ensure that changing priorities are captured ahead of formal approval.

5.4 Urgent Capital Schemes

5.4.1 It is recognised that urgent capital expenditure requirements may come forward during the financial year outside of the budget cycle.

5.4.2 Urgent capital schemes are submitted to the Capital Accountant using the Capital Appraisal Form.

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

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

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

5.5 Post Completion Evaluation Process

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

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

6. The Governance Process

6.1 Prudential Code

6.1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') states that the governance procedure for setting and revising the Capital Strategy and prudential indicators is the responsibility of the same body that takes decisions on setting the budget, i.e., full Council.

6.1.2 The chief finance officer, in Blaby's case the Executive Director (Section 151), is responsible for ensuring that all matters to be considered are reported to the decision-making body for consideration, and for establishing procedures for monitoring of performance.

6.1.3 The Code requires local authorities to have regard for the following matters when agreeing or revising the capital programme and prudential indicators:

- Service objectives – do spending plans meet our strategic aims and objectives?
- Stewardship of assets – is capital investment being made on new assets at the expense of maintaining existing assets?
- Value for money – do the benefits of capital investment outweigh the cost?
- Prudence and sustainability – can the Council afford the borrowing now and in the future?
- Affordability – what are the implications for the budget and council tax?
- Practicality – is the delivery of the plan achievable?

6.1.4 The Council is required by regulation to comply with the Prudential Code when assessing the affordability, prudence and sustainability of its capital investment plans. Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent, and sustainable.

6.1.5 The Government has now restricted access to Public Works Loan Board (PWLB) funding for local authorities where the authority plans to purchase commercial investment property for yield. This applies whether or not a loan is specifically attached to an individual commercial property. In addition to this, an amendment to the 2021 Code prevents the acquisition of commercial investment property financed through borrowing. This means that the

acquisition of assets purely to generate a commercial return is extremely difficult unless it can be achieved by applying existing resources.

6.2 Prudential Indicators

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

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

6.3 Blaby's Governance Process

6.3.1 The Constitution specifies that full Council is responsible for approving the Council's policy framework and budget, which will be proposed by Cabinet Executive. In terms of financial planning this includes the approval of the Capital Programme and Capital Strategy.

6.3.2 The Executive Director (Section 151) is responsible for determining the capital resources available to fund the Council's capital expenditure plans. The Directors are responsible for ensuring that a Capital Programme, including details of any associated revenue implications, is prepared on an annual basis for consideration by Cabinet Executive before submission to full Council for approval.

6.3.3 Scrutiny Commission are also given opportunity to review the proposed Capital Programme, ahead of formal submission to Cabinet Executive and Council, and make comments and/or recommendations as necessary.

6.3.4 Progress against delivery of the Capital Programme is reported to Cabinet Executive and Council on a quarterly basis.

6.3.5 Senior Leadership Team plays a key role in the monitoring and review of the Capital Programme. This includes:

- continuously reviewing, updating, monitoring progress, and making recommendations for any necessary changes to the Capital Strategy.
- reviewing, updating, and monitoring progress of current year capital schemes to ensure maximal delivery of the Capital Programme on a quarterly basis.
- receiving bids from project officers in respect of any new or urgent schemes emerging in the current financial year, outside of the budget setting cycle.
- ensuring that capital bids meet the criteria set out on the Capital Appraisal Form, to make the optimal use of the available capital resources.

6.3.6 Given the necessity for potential transactions to be assessed, negotiated, and completed quickly, delegated authority has been approved by Council for the following persons to progress any future strategic property investment opportunities:

- The Chief Executive
- The Executive Director (S151 Officer)
- The Monitoring Officer

In consultation with:

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

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.

	31/03/27 £'000	31/03/28 £'000	31/03/29 £'000	31/03/30 £'000	31/03/31 £'000
CFR	21,930	24,443	25,753	25,960	27,306
External Borrowing	4,000	4,000	4,000	4,000	4,000
Internal Borrowing	17,930	20,443	21,753	21,960	23,306

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 2026/27.
- 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 2026/27 the operational boundary has been set at £20.7m – see the Treasury Management Strategy 2026/27 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. An Executive Director for Place, and a Group Manager with responsibility for Assets and Major Projects.

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.

9.2 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 – MUFG Corporate Markets
- 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	23 February 2026
Title of Report	Prudential Indicator & Treasury Management Strategy 2026/27
	This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2026/27 to 2030/31 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 2026/27 to 2030/31 are approved.

- 2.2 That the Treasury Management Strategy for 2026/27 and the treasury prudential indicators are approved.
- 2.3 That the Investment Strategy for 2026/27 is approved.
- 2.4 That the Minimum Revenue Provision (MRP) Statement for 2026/27 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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Capital Expenditure	10,650	8,305	5,067	4,597	3,591	2,619	3,695
Financed by:							
Capital Receipts	(1,495)	(816)	(367)	(18)	(9)	(59)	0
Capital Grants & Contributions	(5,124)	(3,290)	(1,894)	(660)	(660)	(660)	(660)
Capital Reserves	(145)	(111)	(119)	(55)	(55)	(55)	(55)
Revenue Contributions	(100)	(150)	(60)	0	0	0	0
Net financing need for the year	3,786	3,938	(2,627)	(3,865)	(2,867)	(1,845)	(2,980)

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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Total CFR	17,690	20,589	21,930	24,443	25,753	25,960	27,306
Movement in CFR	324	2,899	1,341	2,513	1,310	207	1,346

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 2026/27 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 2026/27 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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Gross Borrowing	6,168	5,718	5,522	5,276	5,021	4,820	4,819
Investments	(23,194)	(20,000)	(15,000)	(15,000)	(15,000)	(10,000)	(8,000)
Net Borrowing	(17,026)	(14,282)	(9,478)	(9,724)	(9,979)	(5,180)	(3,181)
CFR	17,690	20,589	21,930	24,443	25,753	25,960	27,306

The Council's borrowing limits are as follows:

	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Operational Boundary for External Debt	19,800	20,700	22,950	24,120	24,300	25,650
Authorised Limit for External Debt	22,000	23,000	25,500	26,800	27,000	28,500

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.

The remaining Lothbury valuation as at 30th August 2025 was £55,730. A distribution of £8,717.03 to UBS Triton is planned for February 2026.

As at 31st December 2025 the UBS Triton Property Fund LP investment value stood at £737,690.34.

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.

4.5 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 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	Monitoring of the maturity profile of debt to make sure that loans do not all mature in

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**Treasury Management Strategy
Statement**

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

2026/27

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1.1 Background

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

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

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

CIPFA defines treasury management as:

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

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

1.2 Reporting Requirements

1.2.1 Capital Strategy

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

-

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

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

1.2.2 Treasury Management Reporting

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

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)

- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.

- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

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

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

1.3 Treasury Management Strategy for 2026/27

The strategy for 2026/27 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 December 2025.

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** 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 2026/27 – 2030/31

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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Capital Expenditure	4,609	8,305	5,067	4,597	3,591	2,619	3,695
Financed by:							
Capital Receipts	(471)	(816)	(367)	(18)	(9)	(59)	0
Capital Grants & Contributions	(2,811)	(3,290)	(1,894)	(660)	(660)	(660)	(660)
Capital Reserves	(89)	(111)	(119)	(54)	(55)	(55)	(55)
Revenue Contributions	(82)	(150)	(60)	0	0	0	0
Net financing need for the year	1,238	3,938	2,627	3,865	2,867	1,845	2,980

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 over £1.5m of finance lease liabilities within the CFR.

The Authority is asked to approve the CFR projections below:

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Total CFR	17,690	20,589	21,930	24,443	25,753	25,960	27,306
Movement in CFR	324	2,899	1,341	2,513	(1,310)	207	1,346

Net financing need for the year	3,785	3,938	2,627	3,865	2,867	1,845	2,980
MRP/VRP and other financing movements	(914)	(1,039)	(1,285)	(1,352)	(1,557)	(1,638)	(1,634)
Movement in CFR	324	2,899	1,341	2,513	(1,310)	207	1,346

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).

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Service expenditure	4,608	6,898	1,209	2,452	2,529	1,939	3,695
Housing	1,000	1,407	3,858	2,145	1,062	680	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	4,609	8,305	5,067	4,597	3,591	2,619	3,695

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.

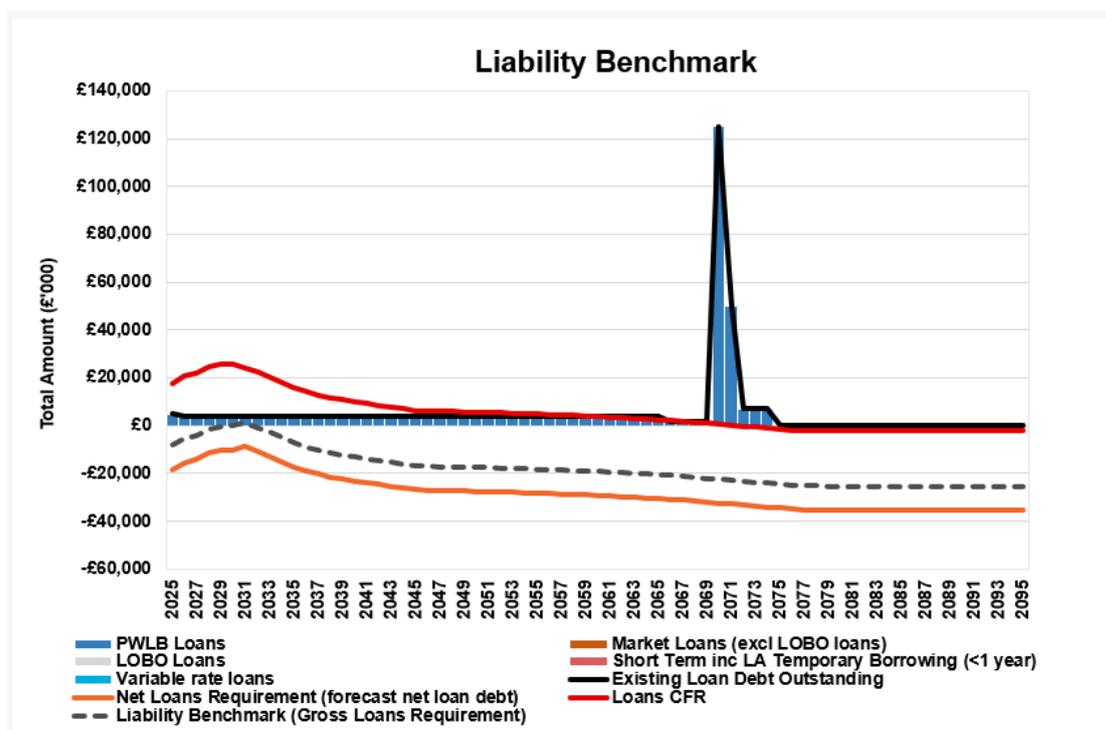
2.3 Liability Benchmark

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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Fund Balances & Reserves	(18,831)	(18,381)	(17,386)	(14,437)	(11,651)	(8,919)	(6,724)
Capital Receipts	(1,096)	(1,096)	(660)	(363)	(415)	(476)	(487)
Provisions	(2,595)	(3,667)	(4,334)	(5,044)	(5,766)	(6,531)	(7,308)
Other	(1,253)	0	0	0	0	0	0
Total Core Funds	(23,776)	(22,708)	(22,083)	(19,896)	(17,894)	(15,937)	(14,589)
Working Capital*	(11,390)	(12,433)	(9,826)	(14,786)	(18,242)	(15,204)	(15,900)
(Over)/Under Borrowing	11,972	15,067	16,654	19,421	20,934	21,141	22,488
Expected Investments	23,194	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 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.

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 (2024) 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 2025/26 will not be subject to an MRP charge until 2026/27, 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 2025 and for the position as at 31st December 2025 are shown below for both borrowing and investments.

	Actual 31/03/25 £000	Actual 31/03/25 %	Actual 31/12/25 £000	Actual 31/12/25 %
Treasury Investments				
Banks	19,391	83%	18,214	52%
Local Authorities	0	0%	0	0%
Money Market Funds	3,184	14%	15,697	45%
Total managed in house	22,575	97%	33,911	98%
Property Funds	754	3%	789	2%
Total managed externally	754	3%	789	2%
Total Treasury Investments	23,329	100%	34,700	100%
External Borrowing				
Local Authorities	0	0%	0	0%
Public Works Loans Board	4,857	100%	4,054	100%
Total External Borrowing	4,857	100%	4,054	100%
Net Treasury Investments/(Borrowing)	18,472		30,646	

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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Loans at 1 st April	5,713	4,858	4,000	4,000	4,000	4,000	4,000
Leases at 1 st April	455	860	1,522	1,276	1,021	820	819
Gross Opening Debt	6,168	5,718	5,522	5,276	5,021	4,820	4,819
New loans in year	0	0	0	0	0	0	0
New leases in year	420	736	10	5	0	0	0
Loan repayments	(856)	(858)	0	0	0	0	0
Lease repayments	(15)	(74)	(255)	(260)	(202)	(1)	(1)
Loans at 31 st March	4,858	4,000	4,000	4,000	4,000	4,000	4,000
Leases at 31 st March	860	1,522	1,276	1,021	820	819	818
Gross Closing Debt	5,718	5,522	5,276	5,021	4,820	4,819	4,818
Capital Financing Requirement	17,690	20,589	21,930	24,443	25,753	25,960	27,306
Under/(over) borrowing	11,972	15,067	16,654	19,421	20,935	21,141	22,488

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 2026/27 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.

	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Borrowing	17,278	18,424	20,929	22,300	22,481	23,832
Other long-term liabilities	2,522	2,276	2,021	1,820	1,819	1,818
Total	19,800	20,700	22,950	24,120	24,300	25,650

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:

	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Borrowing	20,400	21,500	24,300	25,800	26,000	27,300
Other long-term liabilities	1,600	1,500	1,200	1,000	1,000	1,000
Total	22,000	23,000	25,500	26,800	27,000	28,500

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 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

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

- Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.
- Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.
- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space as Bank Rate approaches a neutral level".
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.

- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a "given", and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.
- Our revised PWLB rate forecasts 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) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

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 12.12.25 p.m.	Target borrowing rate now (end of Q4 2027)	Target borrowing rate previous (end of Q4 2027)
5 years	4.81	4.10	4.20
10 years	5.39	4.70	4.70
25 years	6.01	5.30	5.30
50 years	5.78	5.10	5.10

Borrowing advice: Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still 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 (<5 years PWLB maturity/<10 years PWLB EIP) 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 %
2025/26 (residual)	3.80	3.90
2026/27	3.40	3.60
2027/28	3.30	3.30
2028/29	3.30	3.50
2030/31	3.50	3.50
Years 6 to 10	3.50	3.50
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 2026 even if further rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Director of Finance 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	●	●
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 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 2029**

was agreed by Government but only for the pooled investments made before 1st April 2024.

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 MUFG Corporate Markets. 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 MUFG Corporate Markets 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 MUFG Corporate Markets- 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 rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates.

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% in 2026.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year were updated on 22 December 2025 and are as follows: -

Average earnings in each year	Now %	Previously %
2025/26 (residual)	3.80	3.90
2026/27	3.40	3.60
2027/28	3.30	3.30
2028/29	3.30	3.50
2029/30	3.50	3.50
Years 6 to 10	3.50	3.50
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	2026/27	2027/28	2028/29	2029/30	2030/31
Principal sums invested > 365 days	£6.0m	£6.0m	£6.0m	£6.0m	£6.0m
Current investments as at 31/01/26, 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 2026/27 – 2030/31

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

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
Capital Expenditure	4,609	8,305	5,067	4,597	3,591	2,619	3,694
Financed by:							
Capital Receipts	(471)	(816)	(367)	(18)	(9)	(59)	0
Capital Grants & Contributions	(2,811)	(3,290)	(1,894)	(660)	(660)	(660)	(660)
Capital Reserves	(89)	(111)	(119)	(54)	(55)	(55)	(55)
Revenue Contributions	(82)	(150)	(60)	0	0	0	0
Net financing need for the year	1,238	3,938	2,627	3,865	2,867	1,845	2,980

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.

	2024/25 Actual £000	2025/26 Revised £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000
General Fund	9.37%	9.75%	12.09%	13.08%	15.64%	17.56%	17.58%

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 2026/27		
	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 2026/27		
	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 2026-2029

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

PWLB forecasts are based on PWLB certainty rates.

5.3 ECONOMIC BACKGROUND (to 23rd December 2025) – commentary provided by MUFG Corporate Markets

The first half of 2025/26 saw:

A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.

The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.

CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.

The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August (and subsequently to 3.75% in December).

The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).

From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 - 2028 is currently forecast by the Office for Budget Responsibility to be in the region of 1.5%.

Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was only 0.1% q/q.

Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but headwinds are gathering.

Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.

Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by

0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.

The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nearly all the months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.

A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September (still at that level in November). The rate for the private sector has slipped just below 4% as the year end approaches.

CPI inflation remained at 3.8% in September but dropped to 3.2% by November. Core inflation also fell to 3.2% by November while services inflation fell to 4.4%. Nonetheless, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.

More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-

dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by late December had fallen back again to a little over 4.50%.

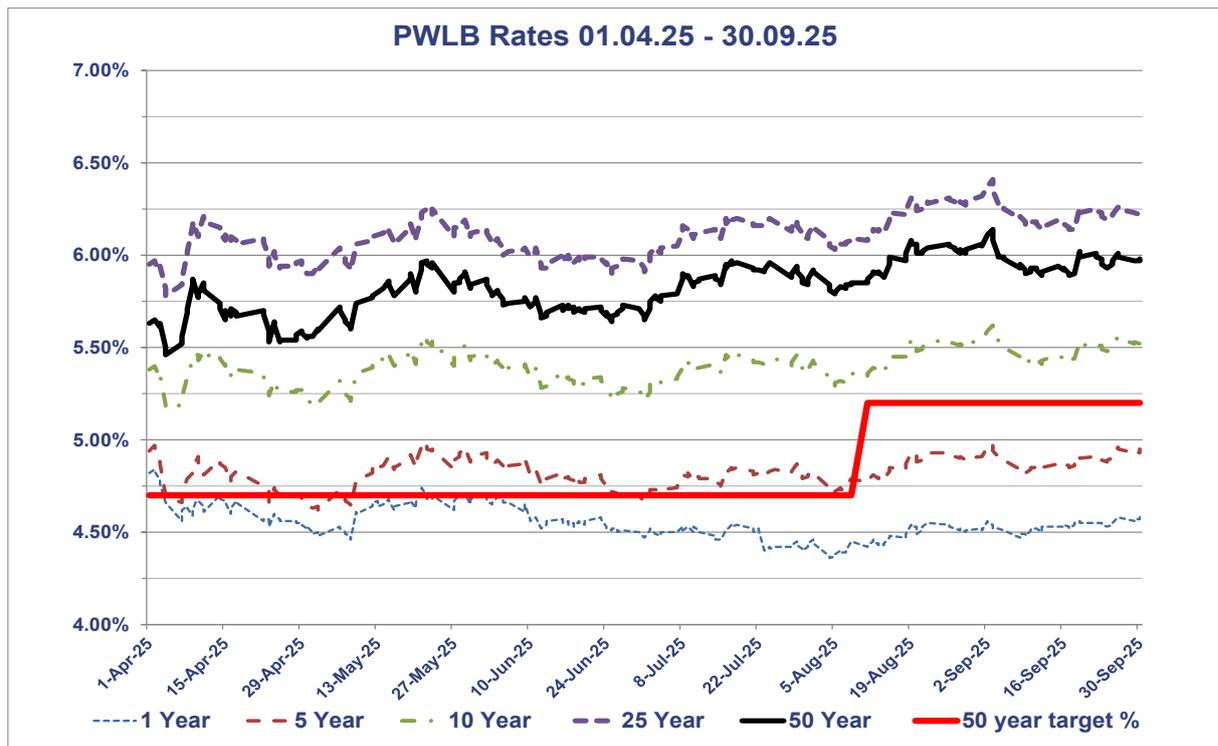
The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors’ global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900. By late December, the index had clung on to most of those gains standing at 9,870 on 23 December.

MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025

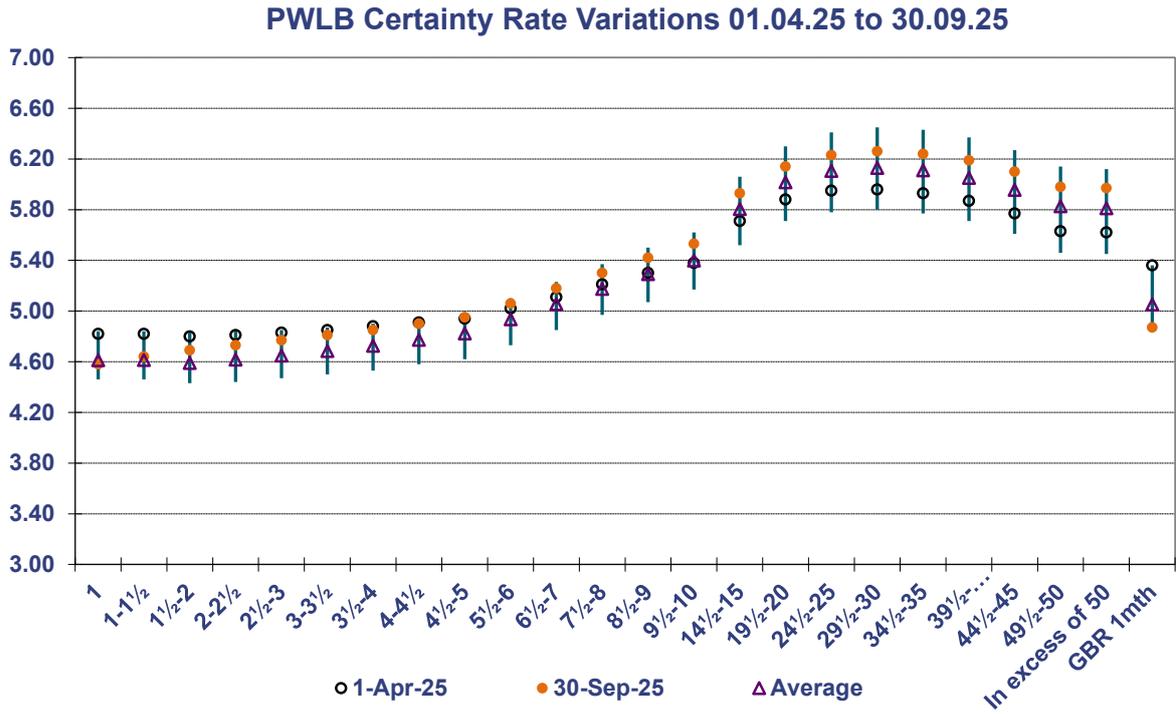
- There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June’s vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for “signs of weak demand”, “supply-side constraints” and higher “inflation expectations”, mainly from rising food prices. By repeating the well-used phrase “gradual and careful”, the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was “finely balanced” and reiterating that future rate cuts would be undertaken “gradually and carefully”. Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

- With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

PWLB Rates 01.04.25 – 30.09.25



PWLB Certainty Rate Variations 01.04.25 – 30.09.25



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 30.09.25

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
30/09/2025	4.58%	4.95%	5.53%	6.23%	5.98%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.55%	4.82%	5.40%	6.11%	5.83%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria/ colour band	Maximum investment limit per institution	Maximum maturity period
DMADF – UK Government	Yellow	unlimited	6 months (maximum set by DMO)
UK Gilts*	Yellow	£5m	5 years
UK Treasury bills*	Yellow	£5m	364 days (maximum set by DMO)
Bonds issued by Multilateral Development Banks	Yellow	£5m	5 years
Money market funds – Constant Net Asset Value (CNAV)	AAA	£8m per fund	Liquid
Money market funds – Low Volatility Net Asset Value (LVNAV)	AAA	£8m per fund	Liquid
Money market funds – Variable Net Asset Value (VNAV)	AAA	£8m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£3m per fund	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£3m per fund	Liquid
Local authorities	Yellow	£5m per authority	1 year
UK Banks	Orange Red Green	£5m	1 year 6 months 100 days

Part nationalised UK Banks	Blue	£8m	1 year
Non-UK Banks (with a Sovereign Rating of AA-)	Orange Red Green	£3m	1 year 6 months 100 days
Building Societies	Orange Red Green	£5m	Up to 1 year Up to 6 Months Up to 100 days

* UK Government gilts and treasury bills are rarely, if ever, used but are included in this list as a potential, high credit quality investment.

DMO is the Debt Management Office of HM Treasury.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria/ colour band	Maximum investment limit per institution	Maximum maturity period
Local authorities	n/a	£5m per authority	5 years
UK Banks	Yellow Purple	£5m	5 years 2 years
Non-UK Banks (with a Sovereign Rating of AA-)	Yellow Purple	£3m	5 years 2 years
Building Societies	P-2 (Moody's)	£5m	Up to 100 days
Property Funds	n/a	£1m	Minimum of 5 years

Council's own bank	n/a	£8m	Overnight
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The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits

The Council will undertake investments for periods in excess of one year only when it has been clearly established that core funds are available, and that any funds invested will not be required during the term of the investment.

The Council's policy is not to invest with subsidiaries of counterparties where those subsidiaries do not have credit ratings in their own right, even where they have an unconditional guarantee from a parent.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Authority. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.5 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the MUFG Corporate Markets creditworthiness service.

Based on lowest available rating (as at 23.12.25)

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- U.S.A.

AA

- Finland

AA-

- U.K.

A+

- Belgium
- France

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.*

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APPENDIX B

APPROVED COUNTERPARTY LENDING LIST 2026/27

	Country	Monetary Limit	Maximum Period for Investment
UK Banks			
Bank of Scotland PLC (RFB)	UK	£5m	1 year
Barclays Bank PLC (NRFB)	UK	£5m	6 months
Barclays Bank UK PLC (RFB)	UK	£5m	6 months
Clydesdale Bank PLC	UK	£5m	6 months
Goldman Sachs International Bank	UK	£5m	6 months
Handelsbanken Plc	UK	£5m	1 year
HSBC Bank PLC (NRFB)	UK	£5m	1 year
HSBC UK Bank Plc (RFB)	UK	£5m	1 year
Lloyds Bank Corporate Markets Plc (NRFB)	UK	£5m	1 year
Lloyds Bank Plc (RFB)	UK	£5m	1 year
NatWest Markets plc (NRFB)	UK	£5m	6 months
Santander Financial Services plc (NRFB)	UK	£5m	6 months
Santander UK PLC	UK	£5m	6 months
SMBC Bank International Plc	UK	£5m	6 months
Standard Chartered Bank	UK	£5m	6 months
Nationalised/Part Nationalised Banks			
National Westminster Bank plc (RFB)	UK	£5m	1 year
The Royal Bank of Scotland Plc (RFB)	UK	£5m	1 year
Non-UK Banks			
Australia and New Zealand Banking Group Ltd.	Australia	£3m	1 year
Commonwealth Bank of Australia	Australia	£3m	1 year
Macquarie Bank Ltd.	Australia	£3m	1 year
National Australia Bank Ltd.	Australia	£3m	1 year
Westpac Banking Corp.	Australia	£3m	1 year
BNP Paribas Fortis	Belgium	£3m	6 months
KBC Bank N.V.	Belgium	£3m	1 year
Bank of Montreal	Canada	£3m	1 year
Bank of Nova Scotia	Canada	£3m	1 year
Canadian Imperial Bank of Commerce	Canada	£3m	1 year
National Bank of Canada	Canada	£3m	1 year
Royal Bank of Canada	Canada	£3m	1 year
Toronto-Dominion Bank	Canada	£3m	1 year
Danske A/S	Denmark	£3m	6 months
Nordea Bank Abp	Finland	£3m	1 year
OP Corporate Bank plc	Finland	£3m	1 year
BNP Paribas	France	£3m	6 months
Credit Agricole Corporate and Investment Bank	France	£3m	6 months
Credit Agricole S.A.	France	£3m	6 months
Credit Industriel et Commercial	France	£3m	6 months
Societe Generale	France	£3m	6 months
Bayerische Landesbank	Germany	£3m	1 year
Commerzbank AG	Germany	£3m	6 months
Deutsche Bank AG	Germany	£3m	6 months
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	Germany	£3m	1 year
Landesbank Baden-Wuerttemberg	Germany	£3m	1 year
Landesbank Berlin AG	Germany	£3m	1 year
Landesbank Hessen-Thueringen Girozentrale	Germany	£3m	1 year
Landwirtschaftliche Rentenbank	Germany	£3m	2 years
Norddeutsche Landesbank Girozentrale	Germany	£3m	1 year
NRW Bank	Germany	£3m	2 years
ABN AMRO Bank N.V.	Netherlands	£3m	6 months
BNG Bank N.V.	Netherlands	£3m	2 years
Coöperatieve Rabobank U.A.	Netherlands	£3m	1 year
ING Bank N.V.	Netherlands	£3m	1 year
Nederlandse Waterschapsbank N.V.	Netherlands	£3m	2 years
DNB Bank ASA	Norway	£3m	1 year
DBS Bank Ltd.	Singapore	£3m	1 year
Oversea-Chinese Banking Corp. Ltd.	Singapore	£3m	1 year
United Overseas Bank Ltd.	Singapore	£3m	1 year
Skandinaviska Enskilda Banken AB	Sweden	£3m	1 year
Svenska Handelsbanken AB	Sweden	£3m	1 year
Swedbank AB	Sweden	£3m	1 year
UBS AG	Switzerland	£3m	1 year
Bank of America N.A.	USA	£3m	1 year
Bank of New York Mellon, The	USA	£3m	2 years
Citibank N.A.	USA	£3m	1 year
JPMorgan Chase Bank N.A.	USA	£3m	2 year
Wells Fargo Bank, NA	USA	£3m	1 year
Building Societies			
Coventry Building Society	UK	£5m	100 days
Leeds Building Society	UK	£5m	100 days
Nationwide Building Society	UK	£5m	6 months
Skipton Building Society	UK	£5m	6 months
Yorkshire Building Society	UK	£5m	6 months
Other Institutions			
Local Authorities (per authority)		£5m	
Collateralised LA Deposit	UK	£5m	5 years
UK Debt Management Office (DMADF)	UK	unlimited	5 years
Multilateral Development Banks	UK	£5m	5 years
Supranationals	UK	£5m	5 years
UK Gilts	UK	£5m	5 years
Money Market Funds (per Fund) - Constant Net Asset Value (CNAV)	UK	£8m	Liquid
Money Market Funds (per Fund) - Low Volatility Net Asset Value (LVNAV)	UK	£8m	Liquid
Money Market Funds (per Fund) - Variable Net Asset Value (VNAV)	UK	£8m	Liquid
HSBC Call Account	UK	£8m	Liquid
Property Funds	UK	£3m	Minimum of 5 years

NB: Monetary limits apply to groups as well as individual counterparties.

RFB = Ring Fenced Bank
NRFB = Non Ring Fenced Bank

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	Council Tax 2026/27 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2026/27 is set at £7,006,913.
- 2.2* The District Council Band D Council Tax is set at £200.62, reflecting an increase of 2.99% (£5.83), 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 midnight on Monday 16th February 2026.

**Subject to the meeting of Leicestershire County Council to be held on 18th February 2026.

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 2026/27 financial year, after considering precepts set by the other preceptors.

4. Matters to consider

Background

- 4.1 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 2026/27 is 34,926.50 and this was approved at a meeting of the Cabinet Executive on 12th January 2026.

Each year the government sets out the principles that determine whether a local authority's proposed council tax increase is excessive. For 2026/27, 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 2025/26; **and**
- It is more than £5 greater than the basic amount of council tax in 2025/26.

This means that Blaby can increase its Band D council tax by the greater of 2.99% or £5 in 2026/27 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
£3.88	£4.53	£5.18	£5.83	£7.12	£8.41	£9.71	£11.66

4.2 Proposal(s)

The OPCC set its budget and Council Tax on 12th February 2026, which resulted in the Police and Crime Panel approving a 5% (£15) increase for a Band D property. The Combined Fire Authority approved an increase of 5.77% (£5) to its Band D Council Tax at a meeting on 11th February 2026. Finally, Leicestershire County Council are due to set its Council Tax requirement on 18th February 2026, proposing an increase of 2.99%. Both the PCC and Combined Fire Authority increases represent the maximum increase permissible under the Council Tax Referendum Principles.

The Council Tax Requirement for Blaby has been determined to be £7,006,913 and is calculated as follows:

	2025/26 £	2026/27 £
General Fund Budget Requirement	15,406,931	19,177,658
Finance by:		
Revenue Support Grant	(95,767)	(6,484,521)
National Non Domestic Rates	(3,861,306)	(1,557,667)
Lower Tier Services Grant	0	0
Funding Guarantee	0	0
Funding Floor	(1,573,114)	0
Section 31 Grant - NNDR Compensation	(2,738,694)	(2,431,498)
Services Grant	0	0
New Homes Bonus Grant	(426,048)	0
Transitional Funding	0	(321,867)
Adjustment Support Grant	0	(1,382,660)
Council Tax (Surplus) / Deficit	42,056	7,468
Council Tax Requirement	6,754,058	7,006,913

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.

	2025/26 £	2026/27 £	Change £
Leicestershire County Council	58,302,212	60,485,304	2,183,092
Leicestershire, Leicestershire & Rutland Combined Fire Authority	3,004,491	3,201,112	196,621
Office of the Police & Crime Commissioner for Leicestershire	10,409,807	11,009,888	600,081
Blaby District Council	6,754,058	7,006,913	252,855
Parish Councils (Aggregate)	4,978,992	5,271,519	292,527
Total	83,449,560	86,974,736	3,525,176

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.

	2025/26 £	2026/27 £	Change
Leicestershire County Council	1,681.50	1,731.79	2.99%
Leicestershire, Leicestershire & Rutland Combined Fire Authority	86.65	91.65	5.77%
Office of the Police & Crime Commissioner for Leicestershire	300.23	315.23	5%
Blaby District Council	194.79	200.62	2.99%
Total	2,263.17	2,339.29	3.36%

All other bands are calculated by applying a ratio to the Band D Council Tax.

The average parish Council Tax is £150.93 which, when added to the figures in the table above, gives an overall Band D average charge of £2,490.22. By way of comparison, the current year Band D average charge is £2,406.77. The relevant Council Tax for each of the bands, including the average Parish charge, is:

A	B	C	D	E	F	G	H
£1,660.15	£1,936.85	£2,213.53	£2,490.22	£3,043.60	£3,596.98	£4,150.35	£4,980.44

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 2026/27.

As part of the annual budget consultation exercise, residents have been asked for their views on increasing the Council Tax for 2026/27. The consultation had not closed at the point of publication of this report. The results will be included at Appendix D 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 2026/27 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
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 2026/27

9.3 Appendix C – Draft Resolution

10. Background paper(s)

10.1 General Fund Budget Proposals 2026/27
Council Tax Setting 2026/27 files held by Finance Services

11. Report author's contact details

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Appendix A									
Comparison of Band D Tax by Parish:								APPENDIX A	
	Total Tax		Increase		Parish Components		Increase/(Decrease)		
	2026/27	2025/26	£	%	2026/27	2025/26	£	%	
Aston Flamville	2,339.29	2,263.17	76.12	3.36	0.00	0.00	0.00	0.00	
Blaby	2,546.15	2,470.88	75.27	3.05	206.86	207.71	(0.85)	(0.41)	
Braunstone Town	2,577.30	2,493.49	83.81	3.36	238.01	230.32	7.69	3.34	
Cosby	2,503.53	2,412.49	91.04	3.77	164.24	149.32	14.92	9.99	
Countesthorpe	2,530.32	2,438.85	91.47	3.75	191.03	175.68	15.35	8.74	
Croft	2,582.98	2,454.30	128.68	5.24	243.69	191.13	52.56	27.50	
Elmesthorpe	2,383.48	2,305.57	77.91	3.38	44.19	42.40	1.79	4.22	
Enderby	2,489.63	2,403.67	85.96	3.58	150.34	140.50	9.84	7.00	
Glenfield	2,452.38	2,373.17	79.21	3.34	113.09	110.00	3.09	2.81	
Glen Parva	2,496.84	2,416.29	80.55	3.33	157.55	153.12	4.43	2.89	
Huncote	2,500.35	2,409.59	90.76	3.77	161.06	146.42	14.64	10.00	
Kilby	2,420.69	2,340.47	80.22	3.43	81.40	77.30	4.10	5.30	
Kirby Muxloe	2,457.24	2,375.51	81.73	3.44	117.95	112.34	5.61	4.99	
Leicester Forest East	2,419.81	2,340.73	79.08	3.38	80.52	77.56	2.96	3.82	
Leicester Forest West	2,339.29	2,263.17	76.12	3.36	0.00	0.00	0.00	0.00	
Lubbesthorpe	2,391.42	2,319.27	72.15	3.11	52.13	56.10	(3.97)	(7.08)	
Narborough	2,493.31	2,405.82	87.49	3.64	154.02	142.65	11.37	7.97	
Potters Marston	2,339.29	2,263.17	76.12	3.36	0.00	0.00	0.00	0.00	
Sapcote	2,490.14	2,389.15	100.99	4.23	150.85	125.98	24.87	19.74	
Sharnford	2,443.39	2,364.76	78.63	3.33	104.10	101.59	2.51	2.47	
Stoney Stanton	2,439.78	2,359.82	79.96	3.39	100.49	96.65	3.84	3.97	
Thurlaston	2,459.29	2,378.56	80.73	3.39	120.00	115.39	4.61	4.00	
Whetstone	2,456.81	2,376.61	80.20	3.37	117.52	113.44	4.08	3.60	
Wigston Parva	2,339.29	2,263.17	76.12	3.36	0.00	0.00	0.00	0.00	
Parish Average	2,490.22	2,406.77	83.45	3.47	150.93	143.60	7.33	5.10	
Blaby District Council					200.62	194.79	5.83	2.99	
the Office of the Police & Crime Commissioner (OPCC) for Leicestershire					315.23	300.23	15.00	5.00	
Leicester, Leicestershire & Rutland Combined Fire Authority					91.65	86.65	5.00	5.77	
Leicestershire County Council - includes an element for Adult Social Care Services					1,731.79	1,681.50	50.29	2.99	

Appendix B									
Total Council Tax Amounts By Band 2026/27									APPENDIX B
Parish	Precept	A	B	C	D	E	F	G	H
Aston Flamville	0	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58
Blaby	456,881	1,697.44	1,980.35	2,263.25	2,546.15	3,111.96	3,677.77	4,243.57	5,092.30
Braunstone Town	1,167,526	1,718.20	2,004.58	2,290.93	2,577.30	3,150.03	3,722.76	4,295.48	5,154.60
Cosby	193,507	1,669.02	1,947.20	2,225.36	2,503.53	3,059.87	3,616.20	4,172.53	5,007.06
Countesthorpe	497,618	1,686.88	1,968.04	2,249.17	2,530.32	3,092.61	3,654.90	4,217.18	5,060.64
Croft	137,566	1,721.99	2,009.00	2,295.98	2,582.98	3,156.97	3,730.97	4,304.95	5,165.96
Elmesthorpe	13,640	1,588.99	1,853.83	2,118.65	2,383.48	2,913.14	3,442.80	3,972.45	4,766.96
Enderby	293,790	1,659.75	1,936.39	2,213.00	2,489.63	3,042.87	3,596.12	4,149.36	4,979.26
Glenfield	434,879	1,634.93	1,907.42	2,179.90	2,452.38	2,997.36	3,542.33	4,087.29	4,904.76
Glen Parva	295,420	1,664.57	1,942.00	2,219.42	2,496.84	3,051.70	3,606.55	4,161.39	4,993.68
Huncote	103,247	1,666.91	1,944.73	2,222.54	2,500.35	3,055.99	3,611.62	4,167.24	5,000.70
Kilby	10,545	1,613.80	1,882.77	2,151.73	2,420.69	2,958.62	3,496.55	4,034.47	4,841.38
Kirby Muxloe	243,490	1,638.16	1,911.20	2,184.22	2,457.24	3,003.29	3,549.34	4,095.39	4,914.48
Leicester Forest East	198,434	1,613.21	1,882.08	2,150.94	2,419.81	2,957.54	3,495.27	4,032.99	4,839.62
Leicester Forest West	0	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58
Lubbesthorpe	60,000	1,594.28	1,860.01	2,125.71	2,391.42	2,922.84	3,454.27	3,985.68	4,782.84
Narborough	464,000	1,662.21	1,939.25	2,216.28	2,493.31	3,047.38	3,601.44	4,155.50	4,986.62
Potters Marston	0	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58
Sapcote	189,582	1,660.09	1,936.78	2,213.46	2,490.14	3,043.50	3,596.86	4,150.21	4,980.28
Sharnford	41,280	1,628.93	1,900.43	2,171.91	2,443.39	2,986.37	3,529.34	4,072.31	4,886.78
Stoney Stanton	148,839	1,626.53	1,897.62	2,168.70	2,439.78	2,981.95	3,524.13	4,066.29	4,879.56
Thurlaston	34,751	1,639.53	1,912.79	2,186.03	2,459.29	3,005.79	3,552.30	4,098.79	4,918.58
Whetstone	286,524	1,637.88	1,910.87	2,183.83	2,456.81	3,002.77	3,548.72	4,094.67	4,913.62
Wigston Parva	0	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58
	5,271,519								

DRAFT RESOLUTION

COUNCIL TAX 2026/27

The Council is recommended to resolve as follows:

1. That it be noted that on 12th January 2026 the Council calculated the Council Tax Base for 2026/27.
 - (a) for the whole district as 34,926.50 [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	109.18
Blaby	2,208.62
Braunstone Town	4,905.42
Cosby	1,178.20
Countesthorpe	2,604.93
Croft	564.51
Elmesthorpe	308.67
Enderby	1,954.23
Glenfield	3,845.26
Glen Parva	1,875.04
Huncote	641.03
Kilby	129.54
Kirby Muxloe	2,064.32
Leicester Forest East	2,464.51
Leicester Forest West	15.92
Lubbesthorpe	1,150.96
Narborough	3,012.61
Potters Marston	13.34
Sapcote	1,256.79
Sharnford	396.53
Stoney Stanton	1,481.09
Thurlaston	289.60
Whetstone	2,438.06
Wigston Parva	18.14

2. Calculate that the Council Tax Requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) is £7,006,913.
3. That the following amounts be calculated by the Council for the year 2026/27 in accordance with new Sections 31 to 36 of the Act:
 - (a) £48,024,635 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) £35,746,203 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) £12,278,432 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) £351,5506 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) £5,271,519 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) £200.6188 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 2026/27 (£)

Aston Flamville	200.6188
Blaby	407.4815
Braunstone Town	438.6261
Cosby	364.8583
Countesthorpe	391.6481
Croft	444.3098
Elmesthorpe	244.8084
Enderby	350.9542
Glenfield	313.7136
Glen Parva	358.1728
Huncote	361.6830
Kilby	282.0222
Kirby Muxloe	318.5705
Leicester Forest East	281.1354
Leicester Forest West	200.6188
Lubbesthorpe	252.7492
Narborough	354.6381
Potters Marston	200.6188
Sapcote	351.4650
Sharnford	304.7219
Stoney Stanton	301.1117
Thurlaston	320.6153
Whetstone	318.1401
Wigston Parva	200.6188

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 2026/27 the major precepting authorities have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below: -

<u>Precepting Authority</u>	<u>Valuation Bands (£)</u>			
Leicestershire County Council	A	1,154.5255	E	2,116.6301
	B	1,346.9465	F	2,501.4720
	C	1,539.3674	G	2,886.3138
	D	1,731.7883	H	3,463.5766
Office of the Police & Crime Commissioner for Leicestershire	A	210.1535	E	385.2814
	B	245.1790	F	455.3325
	C	280.2046	G	525.3837
	D	315.2302	H	630.4604
Leicester, Leicestershire & Rutland Combined Fire Authority	A	61.1019	E	112.0201
	B	71.2855	F	132.3874
	C	81.4692	G	152.7547
	D	91.6528	H	183.3056

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 2026/27 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 2026/27									
	A	B	C	D	E	F	G	H	
Aston Flamville	133.7459	156.0368	178.3278	200.6188	245.2008	289.7827	334.3647	401.2376	
Blaby	271.6544	316.9300	362.2058	407.4815	498.0330	588.5844	679.1359	814.9630	
Braunstone Town	292.4174	341.1536	389.8898	438.6261	536.0986	633.5710	731.0435	877.2522	
Cosby	243.2389	283.7786	324.3185	364.8583	445.9380	527.0175	608.0972	729.7166	
Countesthorpe	261.0988	304.6151	348.1316	391.6481	478.6811	565.7139	652.7469	783.2962	
Croft	296.2066	345.5742	394.9420	444.3098	543.0454	641.7808	740.5164	888.6196	
Elmesthorpe	163.2056	190.4065	217.6074	244.8084	299.2103	353.6121	408.0140	489.6168	
Enderby	233.9695	272.9643	311.9593	350.9542	428.9441	506.9338	584.9237	701.9084	
Glenfield	209.1424	243.9994	278.8565	313.7136	383.4278	453.1419	522.8560	627.4272	
Glen Parva	238.7819	278.5788	318.3758	358.1728	437.7668	517.3607	596.9547	716.3456	
Huncote	241.1220	281.3090	321.4960	361.6830	442.0570	522.4310	602.8050	723.3660	
Kilby	188.0148	219.3506	250.6864	282.0222	344.6938	407.3654	470.0370	564.0444	
Kirby Muxloe	212.3804	247.7770	283.1738	318.5705	389.3640	460.1574	530.9509	637.1410	
Leicester Forest East	187.4236	218.6608	249.8981	281.1354	343.6100	406.0845	468.5590	562.2708	
Leicester Forest West	133.7459	156.0368	178.3278	200.6188	245.2008	289.7827	334.3647	401.2376	
Lubbesthorpe	168.4995	196.5827	224.6659	252.7492	308.9157	365.0822	421.2487	505.4984	
Narborough	236.4254	275.8296	315.2338	354.6381	433.4466	512.2550	591.0635	709.2762	
Potters Marston	133.7459	156.0368	178.3278	200.6188	245.2008	289.7827	334.3647	401.2376	
Sapcote	234.3100	273.3616	312.4133	351.4650	429.5684	507.6717	585.7750	702.9300	
Sharnford	203.1480	237.0059	270.8639	304.7219	372.4379	440.1538	507.8699	609.4438	
Stoney Stanton	200.7412	234.1979	267.6548	301.1117	368.0255	434.9391	501.8529	602.2234	
Thurlaston	213.7436	249.3674	284.9914	320.6153	391.8632	463.1110	534.3589	641.2306	
Whetstone	212.0934	247.4423	282.7912	318.1401	388.8379	459.5357	530.2335	636.2802	
Wigston Parva	133.7459	156.0368	178.3278	200.6188	245.2008	289.7827	334.3647	401.2376	

Table B	Appendix C - Table B								
Total Council Tax Amounts By Band 2026/27									
	A	B	C	D	E	F	G	H	
Aston Flamville	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58	
Blaby	1,697.44	1,980.35	2,263.25	2,546.15	3,111.96	3,677.77	4,243.57	5,092.30	
Braunstone Town	1,718.20	2,004.58	2,290.93	2,577.30	3,150.03	3,722.76	4,295.48	5,154.60	
Cosby	1,669.02	1,947.20	2,225.36	2,503.53	3,059.87	3,616.20	4,172.53	5,007.06	
Countesthorpe	1,686.88	1,968.04	2,249.17	2,530.32	3,092.61	3,654.90	4,217.18	5,060.64	
Croft	1,721.99	2,009.00	2,295.98	2,582.98	3,156.97	3,730.97	4,304.95	5,165.96	
Elmesthorpe	1,588.99	1,853.83	2,118.65	2,383.48	2,913.14	3,442.80	3,972.45	4,766.96	
Enderby	1,659.75	1,936.39	2,213.00	2,489.63	3,042.87	3,596.12	4,149.36	4,979.26	
Glenfield	1,634.93	1,907.42	2,179.90	2,452.38	2,997.36	3,542.33	4,087.29	4,904.76	
Glen Parva	1,664.57	1,942.00	2,219.42	2,496.84	3,051.70	3,606.55	4,161.39	4,993.68	
Huncote	1,666.91	1,944.73	2,222.54	2,500.35	3,055.99	3,611.62	4,167.24	5,000.70	
Kilby	1,613.80	1,882.77	2,151.73	2,420.69	2,958.62	3,496.55	4,034.47	4,841.38	
Kirby Muxloe	1,638.16	1,911.20	2,184.22	2,457.24	3,003.29	3,549.34	4,095.39	4,914.48	
Leicester Forest East	1,613.21	1,882.08	2,150.94	2,419.81	2,957.54	3,495.27	4,032.99	4,839.62	
Leicester Forest West	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58	
Lubbesthorpe	1,594.28	1,860.01	2,125.71	2,391.42	2,922.84	3,454.27	3,985.68	4,782.84	
Narborough	1,662.21	1,939.25	2,216.28	2,493.31	3,047.38	3,601.44	4,155.50	4,986.62	
Potters Marston	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58	
Sapcote	1,660.09	1,936.78	2,213.46	2,490.14	3,043.50	3,596.86	4,150.21	4,980.28	
Sharnford	1,628.93	1,900.43	2,171.91	2,443.39	2,986.37	3,529.34	4,072.31	4,886.78	
Stoney Stanton	1,626.53	1,897.62	2,168.70	2,439.78	2,981.95	3,524.13	4,066.29	4,879.56	
Thurlaston	1,639.53	1,912.79	2,186.03	2,459.29	3,005.79	3,552.30	4,098.79	4,918.58	
Whetstone	1,637.88	1,910.87	2,183.83	2,456.81	3,002.77	3,548.72	4,094.67	4,913.62	
Wigston Parva	1,559.53	1,819.46	2,079.37	2,339.29	2,859.13	3,378.97	3,898.80	4,678.58	

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Blaby District Council

Cabinet Executive

Date of Meeting	23 February 2026
Title of Report	General Fund Budget Proposals 2026/27 This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (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 2026/27 General Fund Revenue Account net expenditure budget of **£19.2m**.
- 2.3 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 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 2026/27 was announced on 18th December 2025. This year a multi-year settlement was announced covering a period of 3 years from 2026/27 to 2028/29.

The Final Local Government Settlement was received on 9th February 2026. Following consultation responses to the Draft Settlement, the Ministry for Housing Communities and Local Government (MHCLG) have identified an error in their approach to the treatment of compensating authorities for lost income from growth in Business Rates and Income from the Business Rate Pools. The Final Settlement has therefore been adjusted to reflect this change. MHCLG have ensured that no authority will receive a reduction in Core Spending Power compared to the Draft Settlement released in December and will receive an Adjustment Support Grant.

Blaby has received an Adjustment Support Grant of £1.383m. There is no commitment that this grant will continue beyond 2026/27 and the Final

Settlement shows this grant being for one year only, as a result the gaps in the MTFs for years after 2026/27 have increased.

Whilst it is positive that a three-year settlement has been released, the announcement of the Final Local Government Settlement on the 9th February has left doubt as to whether the 2nd and 3rd years of the Settlement can be relied upon and whether these figures will remain unchanged. This concern, along with the lack of understanding as to how LGR will be funded, add considerable uncertainty. Some allowance has been made in the MTFs for some LGR related expenditure however it is expected that the Council will incur further additional costs relating to the transition to the new unitary authority. This point 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 **£19.2m** 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 a reduction 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 £19.232m.

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 £5.82 per annum in 2026/27. Applying this to the Council Tax Base of 34,926.5 Band D

equivalents, generates estimated Council Tax income of £7,006,913 in 2026/27.

Business Rates – A number of changes to the Business Rate Retention Scheme will be implemented in 2026-27: baseline reset, 2026 Revaluation, and new multipliers (there will be 5 multipliers in total).

The most significant of these to Blaby District Council is the baseline reset which allows government to redistribute retained rates income in line with relative need and resources.

All Local Authorities have been assigned new Business Rates Baselines, Baseline Funding Levels and top-up or tariffs.

The baseline reset has considerably reduced the amount of Business Rate income retained by Blaby District Council reducing the income to £3.5m before releasing £506k from the NNDR Income Reserve. This is a reduction from 2025/26 levels of £5.6m.

Alongside the 2026 reset there is also a business rates revaluation. Revaluations reassess the valuation of non-domestic properties to reflect changes in the property market, resulting in increases or decreases to ratepayer bills. Assuming no other changes, at the local authority level overall bills will increase or fall depending upon whether RVs in that area have increased above or below the national average.

An adjustment is made to each local authority's top-up or tariff to ensure that, as far as practicable, a local authority's retained rates income is unaffected by the revaluation.

At the time when Scrutiny was presented with the draft budget proposals, Members were advised that work was still continuing on the NNDR1 return, which details the Business Rate income for the forthcoming year. Having now carried out the detailed work on the NNDR1 we can confirm that a slightly higher income level from Business Rates has been calculated and it is proposed that a contribution of £505,738 be taken from the NNDR Income reserve to support the budget.

Revenue Support Grant

This is the grant through which the majority of the government funding is provided to Blaby District Council. In 2025/26 this grant was £96k and has increased to £6.48m in 2026/27 (£7.4m in the draft Settlement). It is through this grant that government have made allowance for the reduction of income from the Business Rate Reset and loss from Business Rate Pool monies.

Transitional Funding (Damping)

Awarded £322k in 2026/27 (£320k in the draft Settlement). This increases over the 3-year Settlement period as RSG reduces.

Adjustment Support Grant

This is a one-off grant announced in the Final Settlement to ensure no Council sees a reduction in Core Spending Power in 2026/27 compared to the Draft Settlement published in December 2025. For 2026/27 this grant is £1.382m, there is no commitment to extend the payment of this grant beyond the first year of the Settlement.

Defra Funding: Extended Producer Responsibility for Packaging

It should be noted that funding of £1.5m has been 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 contributed to the reduction in the Net Budget Requirement for 2025/26. The Government have excluded the Defra Funding from the calculation of Core Spending Power in 2026/27 and an amount of £1.6m has been included in the 2026/27 budget which has been offset against the costs of collection. Comments made by MHCLG have raised concerns as to the longevity of this funding stream.

Balances and Reserves

The adequacy of the Councils balances and reserves are essential factors to be taken into consideration when preparing the annual budgets. The Council maintains a General Fund working balance and a number of specific earmarked reserves and provisions to meet liabilities.

In 2026/27 it is proposed that the Council makes a contribution of £1,004,643 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.
- £64,000 from the Homelessness Reserve to support the implementation of the purchase of housing.
- £326,855 released from the Business Rate Pool Reserve to support the expenditure incurred to support Economic Development of the District.
- £505,738 from the NNDR Income Reserve to support the budget and increase income realised from Business Rates.

It should also be noted that additional contribution to earmarked reserves are to be made as follows:

- £10,200 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. The reserve has been built to provide for any losses having to be recognised should the override end.

In 2026/27 it is proposed that the Council also makes a contribution from the General Fund Balance of £53,959 to support the budget.

Information relating to specific Balances and Reserves are set out below:

General Fund Balance

The Council's General Fund balance plays an important part in maintaining the financial stability of the authority primarily by:-

- Meeting unforeseen additional expenditure and reductions in income during the course of the financial year.
- Meeting the cost of one-off items of expenditure.
- Supporting the stability of the Council's finances by providing a source of funding in times of uncertainty.

In 2026/27 an amount of **£54k** is proposed to be contributed from 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 an allowance of £700k has been made for the costs of LGR in the 2026/27 proposed budget. Additional costs are expected to be forthcoming relating to the transition to the new unitary authority. For this reason, it is expected that there will be a requirement to draw on reserves during the future years that may be over above the allowance reported in the appendices.

The estimated balance of the General Fund at 31st March 2027 would, therefore, be **£6.95m** representing **36.2%** of the proposed net revenue budget for 2026/27. This sits within the Council's policy with regard to the upper limit held in the General Fund which is 45%. Whilst the reserves have increased in recent years, Blaby's usable reserve levels are not excessive in comparison to other District Councils or nearest neighbours. As the Council's net budget requirement has increased with additional demands for services such as homelessness and costs of new services such as food waste the ratio between reserves and Net Budget Requirement has fallen considerably.

NNDR Income Reserve

Since 2015/16 the Council has recognised and released income generated from the growth in Business Rates to support the budget.

Officers monitor Business Rates throughout the year and although appeals and unpredictability of growth rates and empty properties make it difficult to forecast the outturn position. With the resetting of the baseline, the Council will no longer benefit from seeing growth within the District.

It is anticipated that the NNDR income reserve will have a balance of **£3.828m** by 31st March 2026 reducing to £3.063m by 31st March 2027 as £505,738 is released to support the budget.

Other Earmarked Reserves

Appendix B gives details of the expected movement on earmarked reserves in 2025/26 and 2026/27. If any planned expenditure for 2025/26, backed by contributions from earmarked reserves, does not take place before 31st March 2026, consideration will be given to carrying the budget forward to 2026/27. In such cases the funding will remain in the earmarked reserve until required.

Medium Term Financial Strategy (MTFS)

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. The MTFS appears at Appendix C. The MTFS gives an indication of our future financial position based on the information we currently have regarding the 3-year Settlement.

The forthcoming Local Government Reform (LGR) adds uncertainty as to how LGR will be funded and will impact on the Council's financial position. Some allowance has been made in the MTFS for some LGR related expenditure however it is expected that the Council will incur additional costs relating to the transition to the new unitary authority. Given the sudden change in approach regarding the Business Rate compensation in the Final Settlement by MHCLG there is also concern around the certainty of funding within years 2 and 3 of the Final Settlement.

The MTFS Summary takes no account of the changes that may take place because of LGR but assumes Blaby continues as an entity into the future.

The MTFS shows the position for the next 5 years, however the funding levels beyond the years of the Settlement are unknown. The transitional funding in 2028/29 is £ 3.04m, should transitional funding continue to be included the financial gap in year 2030/31 increases to £3.7m, if transitional funding were to cease this gap would increase to £6.7m.

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.

Budget Consultation has also taken place collecting views from residents regarding budget proposals. A summary of the results from this consultation is included at Appendix D for reference.

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 2026/27 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 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 2026/27. Where this is not the case a similar level to that received in 2025/26 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 2026/27 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 2026/27 are robust and the proposed levels of balances and

reserves 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 as to how the costs of implementation of LGR are to be funded and the continuing costs of demand-led services, such as homeless, 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 2026/27 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 2026.

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

- 7.1 The risks to the Council in 2026/27 and future years are detailed in the Medium-Term Financial Strategy 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
- 9.4 Appendix D – Summary of results received from Budget Consultation (To Follow)

10. Background paper(s)

- 10.1 Establishment 2025/26 and 2026/27 Report to Cabinet Executive - 12th January 2026.

Detailed budget working papers held by Financial Services.

Reports provided to the Scrutiny Commission Meetings of 14th and 21st January 2026.

11. Report author's contact details

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SUMMARY OF NET EXPENDITURE & BUDGET REQUIREMENT

APPENDIX A

	2025/26 Approved Budget £	2025/26 Revised Estimate £	2026/27 Proposed Budget £
Net Direct Expenditure			
Finance, People & Transformation	4,886,659	6,550,741	6,667,226
Housing, Community Safety & Environmental Services	2,201,429	3,884,140	2,995,956
Health, Community and Economic Development	196,761	513,622	(25,648)
Leader	2,896,869	3,257,590	3,908,012
Neighbourhood Services & Assets	3,213,411	2,694,044	3,107,365
Planning and Strategic Growth	1,175,504	1,280,920	1,243,149
Net Direct Expenditure	14,570,633	18,181,058	17,896,059
Revenue Contributions towards Capital Expenditure	54,500	261,210	178,430
Minimum Revenue Provision	1,000,318	789,016	1,340,480
Voluntary Revenue Provision	250,000	250,000	0
Other Appropriations & Accounting Adjustments	(93,689)	(1,076,799)	315,552
Net Total Expenditure	15,781,762	18,404,485	19,730,521
Contribution to/(from) Earmarked Reserves	(486,470)	(2,924,965)	(498,905)
Contribution to/(from) General Fund Balances	111,639	(240,689)	(53,958)
Net Budget Requirement	15,406,931	15,238,831	19,177,658
Income from Business Rates	(5,510,635)	(6,065,285)	(1,051,929)
Contributions (from)/ To Business Rates Reserves	1,649,329	2,555,687	(505,738)
S31 Grant - Business Rates Compensation	(2,738,694)	(3,082,002)	(2,431,498)
Revenue Support Grant	(95,767)	(95,767)	(6,484,521)
New Homes Bonus Grant	(426,048)	(426,048)	0
Funding Guarantee	0	0	0
Funding Floor	(1,573,114)	(1,573,114)	0
Services Grant	0	0	0
Council Tax (Surplus)/Deficit	42,056	42,056	7,468
Council Tax Demand on Collection Fund	(6,754,058)	(6,754,058)	(7,006,913)
Transitional Funding	0	0	(321,867)
Adjustment Support Grant			(1,382,660)
Funding Envelope	(15,406,931)	(15,398,531)	(19,177,658)

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ANALYSIS OF RESERVES - REVISED BUDGET 2025/26 & BASE BUDGET 2026/27

APPENDIX B

	GL Code	Actual 31/03/25 £	Movement in 2025/26 £	Estimated 31/03/26 £	Movement in 2026/27 £	Estimated 31/03/27 £
Leisure Centre Renewals Fund	9999/VBA	(73,607)		(73,607)		(73,607)
Computer Room Environment	9999/VBB	(123,348)	7,528	(115,820)		(115,820)
Licensing Reserve	9999/VBC	(27,868)		(27,868)		(27,868)
Insurance Reserve Fund	9999/VBD	(100,000)		(100,000)		(100,000)
Blaby Plan Priorities Reserve	9999/VBJ	(288,697)	63,861	(224,836)	54,500	(170,336)
General Reserve Fund	9999/VBK	(1,612,310)		(1,612,310)		(1,612,310)
Ongoing Projects Reserve	9999/VBM	(3,130,441)	3,130,441	0		0
Elections Reserve	9999/VBQ	(122,259)		(122,259)		(122,259)
Homelessness Grant Reserve	9999/VBR	(64,952)		(64,952)	64,000	(952)
New Homes Bonus Reserve	9999/VBT	0		0		0
Contractual Losses Support Reserve	9999/VBU	(255,000)	63,750	(191,250)	63,750	(127,500)
Economic Development Initiatives	9999/VBX	(50,000)		(50,000)		(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(8,487)		(8,487)		(8,487)
Community Rights Reserve	9999/VCB	(48,724)		(48,724)		(48,724)
Hardship Reserve	9999/VCD	(325,000)	18,000	(307,000)		(307,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)		(881)		(881)
NNDR Income Reserve	9999/VCF	(1,432,502)	(2,555,687)	(3,988,189)	505,738	(3,482,451)
Flexible Working Reserve	9999/VCG	(161,792)		(161,792)		(161,792)
Local Plan Reserve	9999/VCJ	(365,755)		(365,755)		(365,755)
Lottery Reserve	9999/VCK	(36,584)	15,451	(21,133)		(21,133)
IT System Replacement Reserve	9999/VCL	(39,815)	39,815	0		0
Property Fund Reserve	9999/VCM	(201,628)	(13,500)	(215,128)	(10,200)	(225,328)
Huncote Major Incident Reserve	9999/VCP	(642,526)		(642,526)		(642,526)
Court Fees Income Reserve	9999/VCQ	(31,813)		(31,813)		(31,813)
Business Rates Pool Reserve	9999/VBV	(2,440,417)	(560,082)	(3,000,499)	326,855	(2,673,644)
		(11,584,406)	209,577	(11,374,829)	1,004,643	(10,370,186)
General Fund Balance	9999/ZZA	(7,246,467)	240,689	(7,005,778)	53,958	(6,951,820)

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Blaby District Council **Strategy**

Medium Term Financial Strategy

Original Publish Date	TBC	Review Frequency	Annual	Current Version Publish Date	28/02/2024
Approved By*	Council	Approval Date*	24/02/25	Version Number	002
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)
02	Executive Director (S151 Officer)	TBC	Financial assumptions changed to update MTFS

*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 2030/31. It includes revenues and costs associated with all services and provides an illustration of the Council's financial wellbeing and is applicable to all those customers, businesses and partners within the District.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning document.

The MTFS supports the '**Blaby District Plan**' which is our most important document clearly setting out our vision, values and strategic themes for the next four years. The current MTFS document contains a financial forecast which is updated each year to reflect the changes to funding. This update has been extended to include the years up to 2030/31 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 2026/27 now has some stability in that a three-year Settlement has been provided, however, given the sudden change in approach regarding the Business Rate compensation in the Final Settlement by MHCLG there is concern around the certainty of funding within years 2 and 3 of the Final Settlement. The forthcoming Local Government Reform (LGR) and the costs associated with the transition (£30m in the North, City, Couth Proposal) also raise concern that the latter years of the MTFS may not be a true reflection of the Council's financial position. Consequently, there is a high degree of risk and uncertainty around future funding estimates within the MTFS in 2029 onwards.

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 2026/27 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 2026. In past years, a high-level outline plan has been provided to illustrate how the future budget gaps may be met should they arise. Given the forthcoming LGR, some of the organisational savings included in this plan may be delayed, and gaps planned to be funded from reserves as per the North City South proposal. For this reason, a revised plan will be developed when a decision is made by the government as to which proposal is to be taken forward in order that the plan aligns with the implementation of that proposal.

The MTFS Summary takes no account of the changes that may take place because of the Local Government Reform but assumes Blaby continues as an entity into future years.

Section 2 – Financial Summary

Financial Summary

Forecast Net Revenue Expenditure						
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£	£
Portfolio:						
Finance, People & Transformation	6,550,741	6,667,226	6,823,435	6,986,995	7,155,044	7,327,701
Housing, Community Safety & Environmental Services	3,884,140	2,995,956	3,050,330	3,077,471	3,196,618	3,319,213
Health, Community and Economic Development Leader	513,622	(25,648)	(16,663)	(7,211)	2,732	13,184
Neighbourhood Services & Assets	3,257,590	3,908,012	3,999,217	3,393,079	3,489,674	3,589,095
Planning and Strategic Growth	2,694,044	3,107,365	3,592,996	3,925,093	4,262,651	4,605,849
Net Direct Expenditure - Portfolio	18,181,058	17,896,059	18,735,387	18,705,828	19,482,908	20,278,516
RCCO	261,210	178,430	54,500	124,500	124,500	54,500
Minimum Revenue Provision	789,016	1,340,480	1,396,893	1,595,517	1,683,448	1,927,453
Voluntary Revenue Provision	250,000	0	0	0	250,000	200,000
Appropriations & Accounting Adjustments	(1,076,799)	315,552	(16,004)	(39,310)	(589,951)	(589,951)
Contribution to/(from) Earmarked Reserves	(2,765,265)	(498,905)	(1,244,711)	(524,810)	(471,463)	(412,178)
Net Revenue Expenditure	15,639,220	19,231,616	18,926,066	19,861,725	20,479,442	21,458,339
Funding Envelope						
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£	£
Income from Business Rates	(6,065,285)	(1,051,929)	(260,651)	(182,440)	(185,563)	(189,009)
Contribution to/(from) Business Rates Reserves	2,555,687	(505,738)	(870,612)	(870,613)	(870,613)	(870,613)
S31 Grant - Business Rates Compensation	(3,082,002)	(2,431,498)	(2,471,459)	(2,512,076)	(2,553,361)	(2,595,324)
Revenue Support Grant	(95,767)	(6,484,520)	(4,843,590)	(3,150,659)	(3,103,436)	(3,055,437)
Funding Floor	(1,573,114)	0	0	0	0	0
New Homes Bonus Grant	(426,048)	0	0	0	0	0
Transitional Funding	0	(321,867)	(1,653,615)	(3,035,049)	0	0
Adjustment Support Grant	0	(1,382,660)	0	0	0	0
	(8,686,529)	(12,178,212)	(10,099,927)	(9,750,837)	(6,712,973)	(6,710,384)
Council Tax Deficit	42,056	7,468	0	0	0	0
Council Tax	(6,754,058)	(7,006,913)	(7,251,959)	(7,508,006)	(7,775,605)	(8,054,341)
Funding Envelope	(15,398,531)	(19,177,657)	(17,351,886)	(17,258,843)	(14,488,578)	(14,764,725)
Post-damping Funding Gap/(Surplus)	240,689	53,959	1,574,180	2,602,881	5,990,864	6,693,615
Continued Transitional Grant Funding					(3,035,049)	(3,035,049)
Revised Gap Should Transitional Funding Continue	240,689	53,959	1,574,180	2,602,881	2,955,815	3,658,566

Forecast Assumptions

Set out below is a commentary relating to the key assumptions that have been made in drafting the future financial forecast.

Net Direct Expenditure

Net Direct Expenditure budgets have been compiled by rolling forward the 2026/27 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 2026/27 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

Income from Business Rates has been reset in 2026/27. As a result it is forecast that levels reduce from 2025/26 levels going forward as historic growth is removed.

S31 Grant – Business Rates Compensation

The amount of business rates collectable is reduced by various reliefs that have been introduced by the government, for example, to freeze the business rate multiplier. This results in a loss of income to the Council, which is usually compensated by the government through Section 31 grant.

Revenue Support Grant

This is the grant through which the majoring of government funding is now provided.

Funding Floor Grant

Discontinued in 2026/27

New Homes Bonus

Discontinued in 2026/27

Transitional Funding

Introduced in 2026/27 as part of the changes brought in with the Fair Funding Review and Business Rate Baseline Reset. This forms the damping mechanism to protect Council's from the cliff edge of funding changes. As the Revenue Support Grant is forecast to reduce during the term of the 3-year Settlement the transitional funding increases.

Council Tax Deficit

The amount by which council tax due in the previous year, falls short of the expected sum collectable.

Adjustment Support Grant

This is a one-off grant announced in the Final Settlement to ensure no Council sees a reduction in Core Spending Power in 2026/27 compared to the Draft Settlement published in December 2025.

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.

Release of Reserves

A programmed utilisation of reserves has been included within the MTFS Summary as detailed in the table below.

	2026/27	2027/28	2028/29	2029/30	2030/31
NNDR Income Reserve	(505,738)	(870,612)	(870,613)	(870,613)	(870,613)
Contractual Losses Support Reserve	(63,750)	(63,750)	(63,750)	0	0
Business Rate Pool Reserve	(326,855)	(336,661)	(346,760)	(357,163)	(367,878)
Blaby Plan Priorities Reserve	(54,500)	(754,500)	(124,500)	(124,500)	(54,500)
Property Fund Reserve	10,200	10,200	10,200	10,200	10,200
District Election	0	(100,000)	0	0	0
Homeless Reserve	(64,000)	0	0	0	0
Total	(1,004,643)	(2,115,323)	(1,395,423)	(1,342,076)	(1,282,791)

Note:

- NNDR Income reserve continues to release income over the course of the MTFS
- Contractual losses reserve is released in line with the Leisure Contract term.
- Business Rate Pool Reserve continues to fund the Economic Development Service
- An additional £700k has been included to be provided from reserves in 2027/28 to support LGR. An additional £70k has been provided in years 2028/29 and 2029/30 from the Blaby Plan Priorities Reserve to support the expenditure on end user device.

Financial Risks

- **Business Rates Retention Reform**

The Business Rates Retention Reform incorporating the Rebased of the Business Rate Baseline has been introduced from April 2026. Whilst the 3-year Settlement has protected 95% of the income historically generated through growth and the Business Rate Pool, it is unknown as to what extent this will be retained from 2029/30 onwards. It is evident from the increase in the Transitional Funding line (up to £3.03m in 2028/29) that considerable damping protection is being applied and unclear as to how this will be viewed in future Settlement periods.

- **Fair Funding Review**

The 3-year Settlement has incorporated changes from the Fair Funding Review from April 2026. Whilst Blaby hasn't fared well from the review the manner in which Business Rate Income has been treated within the Settlement has somewhat masked the detrimental impact. Future risk is associated with how the Transitional Funding will be viewed in future Settlement periods.

- **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.** We have seen a considerable increase in homelessness costs and whilst allowance has been made in the budget for additional expenditure there is the potential for costs to continue to increase. Blaby has an ageing population which brings with it challenges such as dealing with dementia and issues such as loneliness. 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 both the Local Authority Housing Fund and the Council investing itself.

- **Funding Associated with Food Waste Implementation.** The Council is required to implement the collection of food waste by April 2026. Funding has been provided within the Settlement; however, it is not specifically identified. Officers have modelled the costs of providing this service, however until the service 'goes live' and demand levels from residents are understood, there is a risk costs could exceed those budgeted.
- **Defra Funding: Extended Producer Responsibility for Packaging.** Funding of £1.6m has been included in 2026/27 budget figures from Defra relating to the Extended Producer Responsibility for Packaging (EPR). 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 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. The MTFs has modelled for a reduction of 20% in EPR from 2027/28 and a 10% reduction in the years following. Comments made by MHCLG have raised concerns as to the longevity of this funding stream.
- **Local Government Reform.** Provision has been made in the 2026/27 budget for £700k of expenditure in preparation for LGR and a further £700k has been forecast in the MTFs to be released from reserves in the following year. These are provisional sums and currently there is no agreement between authorities in Leicestershire as to how transition costs might be shared to form the new unitary authorities. As such, there is a risk that Blaby's share of transition costs is greater than the amounts allowed for.
- **Rate of Change from Government.** In recent months we have seen considerable changes to national policy and strategy that impact key areas within the Council. Some of these changes bring additional responsibilities and demand for the Council and it will be of utmost importance that officers keep up to speed with the changes to ensure the implications are fully understood.

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. The ‘Settlement’ provides funding for a three-year period however, the latter years and the impact of LGR does mean there is a high degree of uncertainty around the estimates within the MTFS in years 2029 onwards.

The MTFS suggests that there will be a budget gap of £2.6m in 2028/29 which could rise to £6.7m in 2030/31 if all transitional funding is lost.

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. In the coming year we will revise the Transformation Roadmap which will provide clear shared direction for how we modernise our services. It is through these initiatives and investment in ICT that plans have been made to close the future gaps. However, there now has to be consideration of whether it is appropriate to progress with some of these plans in light of LGR. A revised plan will therefore be developed when a decision is made by the government as to which proposal is to be taken forward in order that it aligns with the implementation of that proposal.

The current plan to close the gap is detailed below for information:

FINANCIAL PLAN TO ADDRESS BUDGET GAP

	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Budget Gap	53,959	1,574,180	2,602,881	5,990,864	6,693,615
Transitional funding	0	0	0	(3,035,049)	(3,035,049)
Budget Gap if transitional funding retained in later years	53,959	1,574,180	2,602,881	2,955,815	3,658,566
<u>Measures to close funding gap:</u>					
Transformational Savings		(341,885)	(352,142)	(362,706)	(373,587)
Closing the Gap Initiatives		(227,000)	(308,210)	(316,856)	(325,762)
Prioritisation and Rationalisation				(1,508,787)	(1,554,051)
Residual Budget Gap	53,959	1,005,295	1,942,530	767,465	1,405,166

The Council recognises that, should the introduction of plans for LGR be delayed or for some reason not go ahead, 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.