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SUMMONS TO ATTEND A MEETING OF THE  
NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Time/Date 6.30 pm on THURSDAY, 20 FEBRUARY 2025  
Location Forest Room, Stenson House, London Road, Coalville, LE67 3FN  
Officer to contact Democratic Services (01530 454512)

A handwritten signature in cursive script, appearing to read 'A. ...', located below the meeting details.

.....  
Chief Executive

**AGENDA**

<b>Item</b>		<b>Pages</b>
	<b>PRAYERS</b>	
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>DECLARATION OF INTERESTS</b>	
	Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest	
<b>3.</b>	<b>CHAIRMAN'S ANNOUNCEMENTS</b>	
<b>4.</b>	<b>LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS</b>	
	Members are reminded that under paragraph 11.1 of part 3 of the Constitution, questions can be asked of the Leader and Cabinet Members without notice about any matter contained in any address. Questions shall be limited to five minutes in total for each announcement.	

**5. QUESTION AND ANSWER SESSION**

To receive questions from members of the public under procedure rule no.10. The procedure rule provides that members of the public may ask members of the Cabinet any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services.

**6. QUESTIONS FROM COUNCILLORS**

To receive members' questions under procedure rule no.11. The procedure rule provides that any member may ask the Chairman of a board or group any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services.

**7. MOTIONS**

To consider the following motion received from Councillor S Lambeth:

**MOTION**

I hereby move that C76 Meadow Lane be reinstated into the local plan. This motion is based upon the recommendation that was given by the planning officers and the thorough site assessment methodology that was provided by independent consultants.

**CASE OF SITE ASSESSMENT C76 MEADOW LANE**

In the case of site C76 - Meadow Lane, the assessment by officers noted that the site records one of the best scores in the Coalville Urban Area with, good access to services and facilities, and, after careful consideration, they reached a conclusion, that the site was placed first in the hierarchy for housing development in the area.

**GUIDELINES AND OFFICER RECOMMENDATIONS**

The Guide to Probity in Planning for Councillors and Officers, suggest that where advice and recommendation for acceptance are given by officers - then generally these recommendations should be followed. Where councillors decide to overturn the advice, then the decision and reasons need to be explained and documented.

**APPEAL RISKS AND COSTS**

It is important to recognize that non-inclusion in the local plan may result in an appeal to the planning inspectorate with the appeal being based on national and local planning policy guidance and in this instance, it is particularly relevant given that the officers have already concluded that the site meets the criteria.

A rejection increases the likelihood of the council losing the appeal, potentially, this could leave the Council in the position that the new local plan submission could be rejected, potentially leaving North West Leicestershire open to widespread development.

<b>Item</b>	<b>Pages</b>
<p>CONCLUSION</p> <p>Given that a strong recommendation was given by the planning officers, I strongly urge that we consider the matter of C76 Meadow Lane and that it be included in our Regulation 19 submission. This is particularly important especially given the risks associated with a rejection. It is important that proper consideration has been given and that we are certain that we have attained the best outcome for the entire community within the District.</p>	
<b>8. PETITIONS</b>	
To receive petitions in accordance with the Council's Petition Scheme.	
<b>9. MINUTES</b>	
To confirm the minutes of the meeting of the Council held on 5 November 2024.	<b>5 - 14</b>
<b>10. ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES</b>	
Report of the Strategic Director of Resources.	<b>15 - 30</b>
<b>11. CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS - 2025/26</b>	
Report of the Strategic Director of Resources	<b>31 - 84</b>
<b>12. GENERAL FUND BUDGET AND COUNCIL TAX - 2025/26</b>	
Report of the Strategic Director of Resources	<b>85 - 128</b>
<b>13. HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT SETTING - 2025/26</b>	
Report of the Strategic Director of Resources	<b>129 - 152</b>
<b>14. COUNCIL TAX RESOLUTION 2025/26</b>	
Report of the Strategic Director of Resources	<b>153 - 164</b>
<b>15. STATEMENT OF ACCOUNTS UPDATE</b>	
Report of the Strategic Director of Resources	<b>165 - 170</b>
<b>16. 2024/25 MID-YEAR TREASURY MANAGEMENT REPORT</b>	
Report of the Strategic Director of Resources	<b>171 - 188</b>
<b>17. DEVOLUTION AND THE GOVERNMENT'S PROPOSED LOCAL GOVERNMENT REORGANISATION</b>	
The Leader of the Council will provide a verbal update to Council on Devolution and the Government's proposed Local Government Reorganisation of all two tier areas and provide members of the Council the opportunity to provide comments to be considered as part of developing the initial proposals to	

<b>Item</b>		<b>Pages</b>
	Government required by the 21 March.	
<b>18.</b>	<b>ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION</b>	
	Report of the Chief Executive.	<b>189 - 242</b>
<b>19.</b>	<b>REVIEW OF CUMULATIVE IMPACT ASSESSMENT OF LICENSED PREMISES IN ASHBY DE LA ZOUCH</b>	
	Report of the Strategic Director of Communities.	<b>243 - 262</b>
<b>20.</b>	<b>PAY POLICY STATEMENT 2025/26</b>	
	Report of the Chief Executive.	<b>263 - 272</b>
<b>21.</b>	<b>GENDER PAY GAP 2024</b>	
	Report of the Chief Executive.	<b>273 - 278</b>
<b>22.</b>	<b>APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL (IRP)</b>	
	Report of the Chief Executive.	<b>279 - 280</b>
<b>23.</b>	<b>URGENT DECISIONS TAKEN BY CABINET</b>	
	Report of the Chief Executive	<b>281 - 282</b>



MINUTES of a meeting of the COUNCIL held in the Forest Room, Stenson House, London Road, Coalville, LE67 3FN on TUESDAY, 5 NOVEMBER 2024

Present: Councillor K Horn (Chair)

Councillors R L Morris, M Ball, A Barker, C Beck, M Blair-Park, R Blunt, R Boam, M Burke, R Canny, D Cooper, D Everitt, T Eynon, M French, J Geary, T Gillard, R Johnson, P Lees, J Legrys, K Merrie MBE, A Morley, P Moulton, E Parle, G Rogers, N J Rushton, R Sutton, A C Saffell, C A Sewell, S Sheahan, J G Simmons, N Smith, A Wilson, J Windram, L Windram, A C Woodman and M B Wyatt

Officers: Mr J Arnold, Mr A Barton, Mrs C Hammond, Mr P Stone, Mrs A Thomas, Mrs R Wallace and Miss E Warhurst

#### **45. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D Bigby and S Lambeth.

#### **46. DECLARATION OF INTERESTS**

In relation to item 16 – Recommendations of the Independent Remuneration Panel, in which decisions would be taken on the Members Allowance Scheme, The Chair noted that the Monitoring Officer had granted a dispensation to interests under the Code to enable Council to consider the report. The details and reasons for the dispensation were set out at section 5 of the report. As a dispensation had been granted for the item, Members did not need to declare an interest.

Councillor P Moulton declared a registerable interest in item 13 – Review of Gambling Act 2005 Statement of Licensing Policy, as a licence holder with the Gambling Commission.

Councillor A Woodman declared a registerable interest in item 13 - Review of Gambling Act 2005 Statement of Licensing Policy, as the director of a gambling consumer group. He declared that he would approach the item with an open mind.

#### **47. CHAIRMAN'S ANNOUNCEMENTS**

The Chair thanked Members and officers for their support for his chosen charity 'Steps' as the current total raised to date was just over £11,500.

Nominations for the Legacy Awards as part of the NWLDC 50 year anniversary celebrations were still being received for the event in February. Members were informed that invitations to the event would be circulated in the coming weeks.

The Chair reported on the following recent events attended:

- A pilot heritage trail around Coalville was a success, at which the Chair learnt a lot of interesting history about the town. Another trail would be organised in the new year and Members were encouraged to attend.
- The Mother and Child Statue was unveiled in Coalville, at which the child of the artist was in attendance who the child in the artwork was modelled on.
- A small local medical business based in The Courtyard in Coalville 'The Simulator Company' held a launch event which was attended by several local members. It was interesting to see the work they were undertaking and understand the impact it had on the medical industry.

The Chair reminded Members of the upcoming Remembrance events and encouraged attendance.

To conclude, the Chair announced that Elizabeth Warhurst, Head of Legal and Support Services, was due to leave the authority, and the Council meeting would be her last. He thanked Elizabeth for all her support since he was elected and became Chair. He then presented a bouquet of flowers in thanks. Several Members addressed the meeting giving thanks to the support they had received over the years and wished Elizabeth the best of look in her future role.

#### **48. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS**

Further to the Chair's announcement regarding the unveiling of the mother and child statue in Coalville, the Leader also spoke on the success of the event and the symbol the statue represented of a thriving Coalville as it was when it was first erected in the 1970s.

The Leader announced the launch of a government consultation on enabling remote attendance and proxy voting at formal council meetings which was running until 19 December. It was acknowledged that there would be a mixture of views on the matter and Members were encouraged to respond to the consultation. It was noted that the Leader would be asking the Chair of Corporate Scrutiny Committee to debate the matter in December prior to Cabinet consideration and a formal response submitted.

The Community Services and Climate Change Portfolio Holder referred to a recent letter he had written to the Environment Secretary of State in relation to plans for the waste collection regimes, which had been circulated to Members at the meeting. He announced that he would provide an update as soon as more information was available as the lack of response to date was holding up the Council's waste review. A request had also been made to the Chief Executive to raise the matter with the local Members of Parliament. The Chair of Community Scrutiny Committee concurred and shared the frustrations due to the delay in the consideration of the waste review by scrutiny.

The Business and Regeneration Portfolio Holder referred to the work currently being undertaken this year on the district's visitor economy which included businesses in town and village centres, hospitality, accommodation, attraction providers, retail businesses and event festival organisations. He reported that a new website for tourism had been launched which showcased and promoted what the district had to offer for visitors and residents. It was also announced that 15 short films had been produced to promote the key town and village centres, attractions and experiences, food and drink offer, and larger events that attract visitors. A leaflet had also been produced to support the campaign. Members' attention was drawn to the banners on display in the room which promoted the website and branding. In conclusion, Members were informed of the next focus on sustainable tourism and the development of the social media marketing in readiness for Spring 2025. Several Members spoke in support of the initiative.

#### **49. QUESTION AND ANSWER SESSION**

There were no questions received.

#### **50. QUESTIONS FROM COUNCILLORS**

There were four questions asked which are set out below together with the responses. Each Member who asked a question was invited by the Chair to ask a supplementary question which is also set out together with the response.

Question from Councillor J Windram

“Residents on Haslyn Walk are worried that the project to address the parking issues is still outstanding and that another potentially wet winter is going to continue to blight their daily lives.

Can the portfolio holder provide an update and a timeline on the Haslyn Walk improvement project which will when completed help to address the flooding and parking problem along with a particular stretch of road?”

Response from Councillor A Woodman

“Both I and the shadow portfolio holder have been kept updated by officers on this scheme. Having experienced delays initially with procuring suitable contractors for this carpark improvement scheme, which will also alleviate flooding in the area, I understand that we are currently awaiting approval from for Leicestershire County Council Highways department to enable the scheme to commence.

LCC has committed to proving us with a response this week. As soon as the appropriate permissions are in place, residents will be notified and work will start. We are very sorry for the delay.”

Councillor J Windram declined the opportunity to ask a supplementary question.

Question from Councillor R Sutton

“This Council refreshed its Empty Homes Policy in March 2022, including data showing 262 privately owned homes empty for a year or more at January 2022. Further, a consultation on Council Tax changes for Empty and Second Homes has just been launched that mentions 360 homes empty for a year or more, presumed to be based on Council Tax data and matching the 2023 figure published by 'Action Empty Homes.

I would like information on the number of empty homes for each year since 2021 (including percentage increases) along with the number and community locations of those which have been brought back into use with NWLDC support, having remained empty for six months or more. I would like to understand what the Council is doing about empty properties, including the details of any policy changes, other than Council Tax increases, being considered to deal with the blight, waste and community cost of empty homes and details of the use of powers and enforcement actions tabulated in Appendix 2 of the policy.

Could the Portfolio Holder please provide me with the above information?”

Response from Councillor M Wyatt

“The number of empty homes across North West Leicestershire is a figure that continually changes not just from year to year but also day to day. To allow an easier comparison, figures have been provided on the number of empty properties as at 1 October each year.

01/10/2021 – 432 empty properties

01/10/2022 – 465 empty properties

01/10/2023 – 510 empty properties

01/10/2024 – 582 empty properties

Attached is a document breaking these figures down in more detail and setting out the use of enforcement tools.

The Environmental Protection Team is notified about empty properties by the Council Tax Team. An initial assessment is undertaken based on the type of property, location and

condition. This assessment determines the actions that the Council takes based on the Council's adopted Empty Homes Policy (2022).

The Council has a graduated approach to dealing with the properties. Initial contact is made with the owner via letter signposting the owner to the Empty Homes Officer for advice. If steps are not taken to deal with the issues identified, officers follow up with suggestions on how properties are brought back into use, or request plans for the property, or just initially a contact letter giving them the Empty Homes Officers details where appropriate. This can be followed by letters regarding possible issues, and asking for rectification of these, e.g. untidy land.

The Environmental Protection and Council Tax teams are currently working together on an additional process/policy that allows the Council to complete an Order for Sale, based on Council Tax Debt alone. This is different to an enforced sale. An enforced sale is another legal process that can be used to bring an empty property back into use by forcing the sale of the property and recovering any Council debt such as Council Tax Debt and Debts associated with any works undertaken by the Council on the empty property. An Order for Sale however, can only be used when there is only Council Tax debt on an empty property.”

Supplementary question and response

Councillor R Sutton thanked Councillor M Wyatt for the information provided in the additional papers and asked that as well as the measures described in the response, that officers look into the practices of Gedling Borough Council as they are performing well. Councillor M Wyatt made assurances that he would do what he could to make improvements as soon as possible and would be happy do as suggested.

Question from Councillor P Moulton

“I am interested in the issue of public health funerals, in terms of the overall trend, if there is a cost to the council and whether the authority recover the costs by civil debt proceedings.

Could the portfolio holder please provide me with this information?”

Response from Councillor M Wyatt

“Public health funerals are provided by local authorities for people who have passed away and have no next of kin, or who’s next of kin, relatives or friends are unable or unwilling to make the necessary arrangements for a funeral. They are designed to protect public health and are important in ensuring that all individuals are treated with dignity and respect, regardless of their circumstances.

The Public Health (Control of Disease) Act 1984 places a statutory duty on local authorities to arrange for a burial or cremation where no suitable alternative arrangements are being made. Where there is money in the estate, this is used to cover as much of the cost of the funeral as possible. This can be via money found at the property, selling assets or claiming money from bank accounts.

The figures for the last four years are:

<b>Year</b>	<b>Number of funerals</b>	<b>Total cost</b>	<b>Total amount recovered</b>
2021	5	£6612.00	£4,290.34
2022	5	£7309.00	£4,449.75
2023	6	£5862.00	£2,931.00

2024 – to date	5	£5750.00	£1,450.00
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Councillor P Moulton declined the opportunity to ask a supplementary question.

Question from Councillor A Morley

“Given the government’s plans to introduce legislation to reset the audit backlog, could the Portfolio Holder please explain how the Council is positioned to meet the backlog date for the financial year 2023-2024?”

Response from Councillor N Rushton

“The revised backstop date for the 2023/24 Statement of Accounts is now 28 February 2025. Prior to the statement on 30 July 2024 by the Minister for Local Government and English Devolution, the backstop date for the 2023/24 financial year was 31 May 2025. The Council had intended to publish the unaudited Statement of Accounts by this initial backstop date. Consequently, preliminary discussions were held with the external auditor, Azets, to outline a high-level timetable.

However, due to the Government’s decision to advance the deadline, the Council is unable to meet the revised backstop date. This is because the requirement to set a balanced budget for 2025/26 coincides with the period for preparing the Statement of Accounts. Given the significance of this task, it is not feasible for the same group of staff to manage both tasks simultaneously.

Following discussions with our new external auditor, Azets, the Council’s S151 Officer has written to inform the Government of this issue, as requested in the letter from Catherine Frances, Director General for Local Government and Public Services dated 20 September 2024.

The Council aims to publish the unaudited Statement of Accounts 2024/25 in May 2025 and has discussed the practicalities of this timeline with Azets. The Council is currently awaiting further guidance from the Government regarding the next steps.”

Supplementary question and response

Councillor A Morley asked that given the risks identified, what the main risks were besides reputational damage. Councillor N Rushton responded that the fault of the backlog was combination of government, external auditors and the Council, and referred to the risks as identified in the report on the matter to be considered later in the meeting.

## 51. MOTIONS

No motions were received.

## 52. PETITIONS

No petitions were received.

## 53. MINUTES

Consideration was given to the minutes of the meeting held on 10 September 2024

It was moved by Councillor K Horn, seconded by Councillor R Morris and

RESOLVED THAT:

The minutes of the meeting held on 10 September 2024 be approved and signed by the Chair as a correct record.

**54. LOCAL GOVERNMENT BOUNDARY REVIEW – RESPONSE TO LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND’S DRAFT RECOMMENDATIONS**

Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor M Ball.

During discussion, Members thanked the Democratic Services Team Manager, the consultant and the members of the working group for the work undertaken which was not always an easy task on such an emotive and political matter.

Several Members spoke on the effect the review has had on their wards, and it was acknowledged that the process was a learning curve for the authority that had resulted in a reasonable outcome.

RESOLVED THAT:

- 1) The submission of the Council’s response to the draft recommendations of the Local Government Boundary Commission for England (LGBCE) for North West Leicestershire be approved and agreed.
- 2) The submission of the North West Leicestershire District Council’s response to the draft recommendations of the Local Government Boundary Commission for England to the LGBCE, be delegated to the Chief Executive.
- 3) It be noted that the proposals on the draft recommendations may also be provided to the LGBCE by any member of the public, external body, group or organisation wishing to make recommendations by the close of the consultation on 11 November 2024.

**55. STATEMENT OF ACCOUNTS UPDATE**

Councillor N Rushton, as Corporate Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor A Woodman.

Several Members raised concerns about the potential risks to the Council due to the backlog and the potential for intervention from regulatory bodies. The impact of the abolishment of the audit commission was acknowledged, as well as the other contributing factors.

Due to the concerns, the Director of Resources was asked to address the meeting. He assured Members that the underlying finances of the authority was sound and the publishing of the accounts from previous years was a high priority of his and the Chief Executive. It was acknowledged that repercussions of the delays were not yet clear, but that Members would be kept updated.

RESOLVED THAT:

The Government’s revised timetables for addressing the audit backlog in the sector be noted.

**56. TREASURY MANAGEMENT STEWARDSHIP REPORT 2023/24**

Councillor N Rushton, as Corporate Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor R Blunt.

RESOLVED THAT:

- 1) The Council's approach to Treasury Management in 2024/25 be endorsed.
- 2) A future report be requested covering activities in 2024/25.

**57. REVIEW OF GAMBLING ACT 2005 STATEMENT OF LICENSING POLICY**

Councillor M Wyatt, as Community and Climate Change Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor N Smith.

During discussion, in relation to fixed betting terminals, a Member asked for further information on the inspections of licensed premises. It was agreed to provide the information outside of the meeting.

RESOLVED THAT:

- 1) The proposed Gambling Act 2005 Statement of Licensing Policy be approved.
- 2) The continuation of the delegation to the Head of Community Services in consultation with the Portfolio Holder for the updating of the Local Area Profile be approved.

**58. REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT COUNCILLORS**

Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor J Simmons.

A discussion was had on the proposed changes currently being considered nationally in relation to the Code of Conduct and it was confirmed that should legislation change then the Council would review the arrangements for dealing with complaints accordingly.

RESOLVED THAT:

- 1) The work of the Cross Party Working Group in conducting the review of the arrangements for dealing with complaints about Councillors be noted.
- 2) The proposed amendments to the arrangements summarised within appendix A and illustrated at appendix B be adopted.
- 3) The proposed changes to the flowchart at appendix C be adopted with effect from 6 November 2024.
- 4) The Monitoring Officer be authorised to update the Council's Constitution to give effect to the amendments required as a consequence of reviewing the arrangements as set out in appendix D, with effect from 6 November 2024.

**59. REVIEW OF POLLING DISTRICTS AND POLLING PLACES**

Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor A Woodman.

RESOLVED THAT:

- 1) The final proposals in respect of the review as set out in appendix A to the report be approved.
- 2) Authority be delegated to the Returning Officer to make, where necessary, alterations to the designation of any polling station prior to the next full review in consultation with the Ward Members and Group Leaders.

## **60. RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL**

Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor R Blunt.

RESOLVED THAT:

- 1) With effect from 6 November 2024, an annual allowance of £800 be paid to each of the two positions of co-opted Independent Member of the Audit and Governance Committee.
- 2) The changes listed in bold at section 4.0 of the report take effect from 1 April 2025.
- 3) That authority be delegated to Monitoring Officer to amend the scheme of allowances in the Council's Constitution in accordance with the changes shown at appendix A.

## **61. LOCAL GOVERNMENT ASSOCIATION - DEBATE NOT HATE**

Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members, then proposed and moved that work be carried out on the 'Debate not Hate Toolkit' and a working group be established to carry out the work. It was seconded by Councillor P Lees.

Several Members spoke in support of the proposals and referred to personal experiences of hate that they had encountered during their terms of office which could deter people from becoming local politicians. During discussion it was suggested that social media be considered as part of the work.

During the speech of a member, points of order were raised. The Chair reminded the member firstly, that their speech should be directed to the item and shortly after, that the member should draw their speech to a close as they were running out of time.

During discussion of the item Councillors A Barker, T Eynon and C Sewell left for the remainder of the meeting.

RESOLVED THAT:

- 1) Work be carried out on the Local Government Association's 'Debate not Hate Toolkit'.
- 2) A Cross Party Working Group be established to carry out the work.

## **62. APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL**



Councillor K Merrie, as Infrastructure Portfolio Holder, presented the report to Members and moved the recommendations. It was seconded by Councillor R Blunt.

RESOLVED THAT:

- 1) The appointments to the Independent Remuneration Panel as detailed at paragraph 2.5 of the report be approved.
- 2) A letter be sent to the retiring members of the Independent Remuneration Panel on behalf of the Chair of the Council to thank them for their service on the panel.

**63. URGENT DECISIONS TAKEN BY CABINET**

Councillor R Blunt, as Leader of the Council, presented the report to Members and moved the recommendations. It was seconded by Councillor M Wyatt.

RESOLVED THAT:

The report be noted.

**Councillors A Barker, T Eynon and C Sewell left the meeting at 7.59pm.**

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.07 pm

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Robustness of Budget Estimates and Adequacy of Reserves 2025/26 - Cabinet 28 January 2025</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	In accordance with statutory requirements the report provides the Section 151 Officer's advice on the robustness of budget estimates and the adequacy of reserves in the draft budget.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The Council's Section 151 Officer is required to prepare this report under Section 25(1) Local Government Act 2003.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To advise Cabinet on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves.	
<b>Recommendations</b>	<b>THAT COUNCIL NOTES THE S151 OFFICER'S ADVICE SET OUT IN SECTION 7 OF THE REPORT AND CAREFULLY CONSIDERS THE CONTENT OF THIS REPORT WHEN CONSIDERING THE GENERAL FUND BUDGET REPORT 2025/26, HOUSING REVENUE ACCOUNT BUDGET 2025/26 REPORT AND THE CAPITAL STRATEGY AND TREASURY MANAGEMENT STRATEGY 2025/26 THAT ARE ON THE AGENDA FOR THIS MEETING.</b>	

## **1.0 BACKGROUND**

1.1 Section 25(1) of the Local Government Act 2003 (the "2003 Act") requires that the Chief Financial Officer (Section 151 Officer under the Local Government Act 1972) reports to the Council when setting its Council Tax on:

- the robustness of the estimates in the budget.
- the adequacy of the proposed financial reserves.

- 1.2 Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the budget and Council Tax.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code reinforces this requirement stating that the statement in relation to the proposed financial reserves should consider whether the level of general reserves is appropriate for the risks (both internal and external) to which the Council is exposed and give reassurance that the authority's financial management processes and procedures are able to manage those risks.
- 1.4 While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability.

## **2.0 CONTEXT**

- 2.1 The Council is setting its budget at a time when it continues to face a range of issues to contend with. In broad terms these can be split into three categories: economic, local government and locally in North West Leicestershire. Each of these is explored below:

### Economic

- 2.2 The recent report by the Office of Budget Responsibility (OBR) in respect of the Economic and Fiscal Outlook describes how the economy is expected to grow by just over 1% this year rising to 2% in 2025 before falling to 1.5%, slightly below its estimated potential growth rate of 1  $\frac{1}{3}$  % over the remainder of the forecast. The recent decisions made in the Government's Autumn Budget 2024 should push up inflation by around  $\frac{1}{2}$  a percentage point at their peak, meaning it is projected to rise 2.6% in 2025, and then gradually fall back to target. The latest data as at Q3 2024 shows the UK economy is currently experiencing stagnant growth.

### Local Government

- 2.3 Local governments in the UK are grappling with a range of financial challenges that impact their ability to deliver essential services and support their communities. Since 2010-11 core funding for local government has fallen significantly, forcing councils to make difficult decisions about which services to prioritise.
- 2.4 The demand for local government services, particularly in social care, housing and homelessness has increased substantially. An aging population and rising numbers of vulnerable individuals mean that councils are under pressure to provide more support with fewer resources.
- 2.5 Local Government Association (LGA) analysis shows that by 2026/27 these pressures will have increased the cost of delivering services by 12% since 2024/25, leaving councils facing a funding gap of £6.2bn across 2025/26 and 2026/27 just to sustain services at 2024/25 levels. These pressures come on top of the fact that councils have already absorbed a 22.2% real terms reduction in core spending power from 2010/11 to 2024/25.
- 2.6 The scale of the pressures facing the sector was demonstrated in February 2024 when the then Department for Levelling Up, Housing and Communities took the unprecedented step of announcing that 18 councils would receive Exceptional Financial Support in 2024/25 to address financial pressures that the councils considered unmanageable. All but two of these councils had social care responsibilities. This meant that the sector entered 2024/25

with more than one in 10 social care councils dependent on a significant one-off relaxation of the financial framework to secure their financial sustainability. The sheer scale of this intervention by the Government indicates the risk of financial failure is potentially becoming systemic. The recent final finance settlement for 2025/26 announced that the Government have granted permission to six local authorities to increase their council tax by more than the referendum limit.

- 2.7 The LGA is calling for the need for a significant and sustained increase in overall funding to stem the emerging risk of system-wide financial failure and to ensure that councils can meet growing demand for the vital services needed by their communities.
- 2.8 The Housing, Communities and Local government Committee has launched an inquiry looking at whether the local government finance system in England is fit for purpose, recognising that the state of many councils' finances in England is at breaking point.
- 2.9 The Autumn Budget 2024 announced in October 2024 contained some important funding announcements for local government in 2025/26 including:
- a 3.2% real-terms increase in Core Spending Power for the whole sector in 2025/26. This includes £1.3bn additional grant funding, of which at least £600m will be directed to social care.
  - £233m new funding for homelessness prevention. This is in addition to the £1.3bn grant funding.
  - £1bn to extend the Household Support Fund and Discretionary Housing Payments into 2025/26.
  - £1.1bn new funding through implementation of the Extended Producer Responsibility scheme for recycling.
- 2.10 The additional funding support for homelessness is welcome, however, the Government has not acted to increase the housing benefit subsidy cap for temporary accommodation or to uprate Local Housing Allowance rates again. This is likely to mean that significant temporary accommodation financial pressures will remain for councils.
- 2.11 Ahead of the Provisional Local Government Finance Settlement, the Government released a Policy Statement 2025 to 2026 on 28 November 2024. It set out the Government's intentions for the Local Government Finance Settlement 2025/26, alongside longer-term plans for reforming local authority funding. It also confirms that 2026/27 will be the first multi-year funding settlement for local government in 10 years.
- 2.12 In addition, the Statement confirmed that all local authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves and Council Tax levels through a funding guarantee. Core Spending Power includes revenue from Council Tax, business rates, grants and other sources.

#### Local – North West Leicestershire

- 2.13 The Council continues to face significant pressures. The latest forecast for 2024/25 indicates that the Council must incur agency costs to fill essential positions and ensure service delivery. This challenge is not unique to North West Leicestershire; it is a national issue highlighted in a recent LGA report. Specific difficulties are evident in the planning and finance departments, with particular challenges in recruiting key technical finance roles.

- 2.14 Forecasting income from planning remains challenging due to the volatility in planning applications. The budget proposals for 2025/26 aim to address the issues identified in 2024/25. This includes addressing the pay award, adjusting the budget for unachievable income targets in specific services, and investing in corporate services to support recruitment and retention. While the government has acknowledged the pressures on homelessness, additional funding will not be available until 2025/26.
- 2.15 The overspend for 2024/25 can be funded from reserves. Historically, the Council has relied on reserves to fund ongoing expenditure, a strategy that is not sustainable. Sustainable financial management requires long-term planning and budgeting. Reliance on reserves in previous years has hindered the development of a balanced budget and long-term financial strategy. However, the budget proposals for 2025/26 will contribute to putting the Council on a stable footing regarding its finances. The Council maintains a robust level of reserves, ensuring its financial stability. Unlike many local authorities facing significant financial challenges, the Council is not in a precarious position. This financial health allows the Council to continue delivering essential services without the immediate risk of financial distress.
- 2.16 In contrast, many local authorities across the sector are experiencing financial difficulties, with some even at risk of issuing Section 114 notices, which indicate an inability to balance their budgets.
- 2.17 The multi-year settlement due to be announced for the financial year 2026/27 will provide the Council with some certainty on the funding available over the medium-term from which it can develop a robust medium term financial plan. The one-year settlements seen in recent years have hampered medium-term financial planning for the sector.
- 2.18 The Council's external auditors recently issued disclaimed opinions in respect of the financial statements for 2021/22 and 2022/23, however, they did not highlight a risk of significant weakness in arrangements for financial sustainability.
- 2.19 The highest financial risk as Government has indicated is that it is looking to reset the business rates growth baseline and redistribute resources to councils across the country. This is alongside the funding review which is expected to be implemented in 2026/27.
- 2.20 The Council continues to review its financial management arrangements, with a focus on improvements to the financial system to improve reporting.

### **3.0 DRAFT FINANCIAL STRATEGIES AND POLICIES**

- 3.1 To ensure the Council has clarity on its financial management objectives it is imperative to have a clear financial strategy in place for the short, medium and long term. As part of setting the Budget for 2025/26 and beyond the following guiding principles have been developed for the budget setting approach:
- Financial Stability and Sustainability
  - Resources Focussed on Priorities
  - Maximising Sources of Income
  - Managing Risk

### Capital Strategy

- 3.2 The Capital Strategy has been significantly enhanced to make it fit for the future. To provide greater accountability, governance, and due diligence of the capital programme the Capital Strategy was updated in 2022 to improve the way the Council manages its capital schemes through their life cycle by splitting the programme into an Active Programme for 'in flight' schemes and a Development Pool for schemes at business case stage. A Capital Strategy and Investment Group, chaired by the Strategic Director of Resources has been in operation for over two years and oversees this process and proposes schemes through the Council's governance for formal approval by Cabinet or Council in line with the Council's Constitution.

### Treasury Management Strategy

- 3.3 The Treasury Management Strategy has been refreshed and improved in line with required national guidance to ensure the Council is appropriately managing risk in both its borrowing and investment portfolios. The introduction of the liability benchmark indicator which measures the Council's future borrowing liabilities to fund its capital investment against how these will be financed either through external borrowing or by using our surplus cash resources (internal borrowing).

### Corporate Charging Policy

- 3.4 The Corporate Charging Policy, which contains the Council's fees and charges, reflects the Council's financial strategy and provides greater clarity for service users on the rationale for future changes in levels of fees and charges. The draft budget includes a range of proposed amendments to fees and charges, where it is appropriate to do so, in line with the Policy, which includes an inflationary increase in line with the Consumer Price Index.

## **4.0 DRAFT GENERAL FUND BUDGET 2025/26**

- 4.1 High levels of inflation, recruitment and retention and continued demand for services present challenges for the Council.
- 4.2 There will be a one-year funding settlement for 2025/26 with a core referendum principle of 2.99%. Additional funding announced in the Government's Autumn Budget 2024 and confirmed in the Provisional Finance Settlement 2025/26 are welcome.
- 4.3 The forecast outturn position for the general fund revenue budget 2024/25 is an operating deficit of £2.1m. This is largely due to the pay award for 2024/25, agreed in November 2024, being higher than originally estimated. There are pressures on homelessness, not meeting income targets in respect of planning and the Council's rental units, coupled with costs of agency spend to ensure recruitment to key positions within the Council to ensure service delivery. However, the quarter 3 monitoring position is expected to show an improvement in respect of planning income generation for the financial year.
- 4.4 In setting the budget for 2024/25, key strategies were applied to budget development, and these have continued for the budget process for 2025/26. These include:

Guiding Principles	Strategies for Developing Budget 2025/26 and MTFP 2025-30
Financial Stability and Sustainability	<ul style="list-style-type: none"> <li>Plan ahead for potential Government funding changes (including Business Rates Reset)</li> <li>Do not become overly reliant on Business Rates funding for on-going service provision</li> <li>Use future surpluses in Business Rates funding for future one off investment to reduce ongoing revenue costs or generate income</li> </ul>
Resources Focussed on Priorities	Align resources to Council Delivery Plan objectives
Maximising Our Sources of Income	Fees and Charges maximised in accordance with the Corporate Charging Policy (increased by inflation)
Managing our Risks	<ul style="list-style-type: none"> <li>Acceptable level of risk tolerance</li> <li>Review of reserves strategy and position</li> </ul>

4.5 The forecast medium term position is set out in the table below.

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Net Revenue Expenditure	19.073	18.753	19.027	19.284	19.667
Funding	19.073	18.175	17.410	16.691	16.080
Surplus/(Deficit)	0	(0.578)	(1.616)	(2.593)	(3.587)

4.6 The position shows a balanced budget for 2025/26 and a forecast funding gap of £3.6m by 2029/30. Whilst the funding gap has closed in the short term, the forecast illustrates a widening funding gap towards the end of the decade. The funding forecasts are based on the latest information available to the Council at this time.

4.7 The primary reasons for the forecast funding gap are pay, inflationary, and service demand pressures on the Council's cost base and anticipated changes to its funding streams arising from promised Government funding changes to local authorities as a result from a reset of growth from the business rates retention scheme, fair funding review and New Homes Bonus.

4.8 There still remains a significant risk facing the Council on its revenue budget, which is the potential Government funding changes, particularly in relation to a reset in growth from the business rates retention scheme. This is due to the fact that North West Leicestershire has seen the biggest growth above its business rates baseline in all local authorities in England. The proposed changes to the funding mechanism for local government, published alongside the Provisional Local Government Finance Settlement, will have to be assessed over the coming weeks to determine their potential impact on the Council's other core funding elements.



- 4.9 The latest indication is that the earliest a business rates reset could happen is 2026/27. The previous Government has been delaying implementation for several years now, however, the current Government is committed to the reset. When this funding change is implemented, there is likely to be an element of transitional protection to assist those councils like North West Leicestershire, to manage reduced funding over a period of time. This transitional protection is included in the medium-term forecasts show in paragraph 4.5 above.
- 4.10 The Council will continue to use the guiding principles set out in paragraph 4.4 above to plan for any potential Government funding changes and ensure that the funding gap this could create in its revenue budget is appropriately managed.
- 4.11 The Draft Revenue Budget for 2025/26 is balanced.
- 4.12 The figures included for the funding are estimates based on the Final Local Government Finance Settlement and latest intelligence.
- 4.13 The Capital Programme has been developed in line with the guiding principles and a substantially improved Capital Strategy:
- The existing capital programme has been split into Approved schemes and Development Pool schemes as per the previous two financial years.
  - No new borrowing, over and above that approved in the 2023/24 budget, is proposed to fund the capital programme. This is to ensure the Council does not create additional revenue pressures in the future arising from interest and capital repayment costs.
  - The funding source for schemes over the medium term is capital receipts (£21k), government grants (£4,558k), business rates reserve (£14,477k) and revenue contributions (£22k).
  - Schemes in the Development Pool will be worked up in more depth through the governance arrangements set out in the Capital Strategy and Constitution.

4.14 The draft budget is based on the Council having the following levels of reserves.

	<b>Estimated Balance 1/4/25 £'000</b>	<b>Change during 2025/26 £'000</b>	<b>Estimated Balance 31/3/26 £'000</b>
General Fund - Minimum Level of Reserves	1,544	0	1,544
Earmarked Reserves	4,967	(576)	4,392
MTFP Reserve	4,484	(195)	4,289
Business Rates Reserve	12,549	875	13,425
<b>Total</b>	<b>23,545</b>	<b>105</b>	<b>23,651</b>

4.15 As part of preparing the reserves for the draft budget the following should be noted:

- The minimum level of reserves has been risk assessed and is considered to be set at an appropriate level.
- Earmarked reserves have been reviewed to assess if the risks/commitments continue to exist and if the amounts are still appropriate.

- The MTFP Reserve will be used for managing risks over the medium term, which includes investing in projects to make the Council more efficient, reduce its revenue costs, generate income and fund the capacity for the Council to deliver its financial plans. In addition, the Council's MTFP reserve was set up to manage deficits and funding volatility. It was created to ensure financial stability and sustainability over the medium term. It helps the Council manage financial risks and uncertainties such as economic fluctuations and unexpected expenditures
- The Business Rates Reserve includes the additional business rates revenues from growth in the district (including contributions from Business Rates Pool and Freeport) in excess of that included in the revenue budget to fund on-going services. This additional growth will be prioritised to fund the capital programme and projects. The latest forecasts indicate continued strong growth and the forecast balance on the reserve is higher than that forecast 12 months ago.

## 5.0 DRAFT HOUSING REVENUE ACCOUNT BUDGET 2025/26

5.1 The Housing Revenue Account (HRA) is a ringfenced account for the operation of the Council's housing stock. The Council has 4,181 homes. The budget for the HRA is also experiencing the inflationary pressures seen in other areas of the Council's budget, particularly on its staffing, maintenance and capital budgets.

5.2 In 2012, the Council took on the debt associated with its housing stock under the nationally HRA Self Financing initiative. As part of this a 30-year business plan was developed. A core component of the business plan is for the HRA to repay the self-financing borrowing by 2042. The Council should continue to make provision in its HRA to repay this outstanding borrowing.

5.3 The forecast outturn position for the HRA budget 2024/25 is an operating surplus of £1,445k.

5.4 The position shows a balanced budget for 2025/26. The table below provides a summary of the changes.

	2024/25	2025/26	Movement
	£'000	£'000	£'000
Income	-21,613	(21,020)	592
Operating Expenditure	20,168	19,053	(1,115)
<b>Operating (surplus)/deficit</b>	<b>(1,445)</b>	<b>(1,968)</b>	<b>(523)</b>
Appropriations	4,063	1,906	(2,157)
<b>Net (surplus)/deficit</b>	<b>2,618</b>	<b>(62)</b>	<b>(2,680)</b>

5.5 The draft HRA budget for 2025/26 shows an operating surplus of £1,968k. This is a £523k increase from 2024/25.

5.6 The appropriations in the table are the use of the HRA working balance to fund the capital programme as well as contributing to the loan repayment reserve. These appropriations are significantly lower in 2025/26 as the HRA balance has a lower capacity to fund capital.

5.7 The HRA Capital Programme is planned to spend £15,578k in 2025/26. Based on previous years' experience this is an ambitious level of estimated spend. The area of the capital programme at greatest risk of delay is the Housing Improvement Programme.

## 6.0 ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES

6.1 The table below provides an assessment of the key risk areas to determine the robustness of the estimates and adequacy of reserves included in the General Fund and HRA budgets:

Area	Y/N	Comments
<p>Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?</p>	<p>N</p>	<p>The 2024/25 financial monitoring is showing a projected overspend of £2.1m on the General Fund and £1,445k surplus on the HRA. The significant pressures are in respect of agency costs due to recruitment and retention across all services. Planning income is somewhat unpredictable so the final outturn may be different.</p> <p>The on-going and unavoidable pressures, alongside potential reductions in reserve levels, have been factored into budget plans for 2025/26 and the medium term.</p> <p>Whilst the General Fund Deficit is significant, the Council has sufficient reserves to mitigate the overspend. The Medium-Term Financial Plan Reserve was developed to smooth the volatility of budgets whilst the Council seeks to become financially sustainable through this period of financial challenges such as pay awards, high inflation and rising demand for services.</p>

<p>Are arrangements for monitoring and reporting performance against the savings plans robust?</p>	<p>Y</p>	<p>In recent years the Council has not been required to make significant savings to maintain its financial position. Therefore, clear savings plans, and delivery has not been required.</p> <p>To support closing the funding gap over the medium-term, the Council has developed a Transformation Programme that will deliver savings to services, as well as improvements to service delivery.</p> <p>There are a range of budget options proposed for the General Fund Budget 2025/26. Delivery of savings/efficiencies will be monitored throughout the financial year and reported to stakeholders alongside the financial monitoring reports on a quarterly basis, this being a key recommendation outlined in the external auditor's report for the 2022/23 Statement of Accounts. The Transformation Programme has monitoring and tracking arrangements to ensure that projects are delivering against intended outcomes. These are reported as part of the quarterly performance reports to Members.</p>
<p>The reasonableness of the underlying budget assumptions</p>	<p>Y</p>	<p>All budget proposals have been justified by service managers, reviewed by the Finance team and subject to budget challenge sessions in the new process.</p> <p>External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.</p>
<p>The alignment of resources with the Council's service and organisational priorities</p>	<p>Y</p>	<p>Resources are aligned to the current priorities of the Council.</p> <p>The Council Delivery Plan (CDP) was approved by Council on 14 November 2023. The CDP is aligned to the resources available and risks faced by the Council.</p> <p>The Council's ambition to be carbon neutral by 2030 is likely to require additional investment, however, the Council will look to maximise grant funding made available to it to support this priority. An exercise to identify the costs of getting to net zero is ongoing.</p>

A review of the major risks associated with the budget	Y	The major risks within the budget have been assessed and are set out in the budget report, including mitigations and strategies about how these are being managed. This includes where uncertainties exist such as the funding for the roll-out of food waste and future years funding for the Extended Producer Responsibility payment.
The availability of un-earmarked reserves to meet unforeseen cost pressures	Y	<p>The Council has a minimum level of reserves for both its General Fund (£1.5m) and HRA (£1m). In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of council's net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is 8%.</p> <p>The General Fund position has been risk assessed to take account of potential unforeseen pressures.</p>
Have realistic income targets been set and 'at risk' external funding been identified?	Y	<p>An assessment of income targets has been undertaken as part of the development of the draft budget. The income areas which have the greatest risk (including business rates, council tax, planning and leisure) have had greater focus for this work and focus on the budget challenge sessions. Where income targets have been deemed unrealistic, these have been addressed as part of the 2025/26 budget.</p> <p>Fees and charges have been increased, where it is appropriate to do so, in accordance with the Council's Corporate Charging Policy.</p>
Has a reasonable estimate of demand cost pressures been made?	Y	The enhanced budget process used in the development of the draft budget has improved the reasonableness of estimates.
Has a reasonable estimate of future income been made?	Y	The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.
Have one-off cost pressures been identified?	Y	All pressures have been reviewed to assess if they are one-off or ongoing in nature. One-off proposals are to be funded from reserves. Services will need to ensure exit plans exist for one off expenditure.

<p>Are arrangements for monitoring and reporting performance against the budget plans robust?</p>	<p>Y</p>	<p>From 2023/24, quarterly financial reporting to Cabinet and Scrutiny Committee has been introduced. Quarter 2 was presented to Cabinet on the 9 January 2025 and will be presented to Corporate Scrutiny on the 13 March 2025.</p> <p>The finance system has been configured to ensure that services will receive regular budget monitoring information.</p> <p>The Council will also need to enhance its development, monitoring and delivery of its plans to deliver balanced budgets over the medium term.</p>
<p>Is there a reasonable contingency available to cover the financial risks faced by the Council?</p>	<p>Y</p>	<p>The Council has incorporated estimates for pay award, inflation and demand pressures into its budget. It has also made provisions for key income streams not materialising for business rates and council tax.</p> <p>The funding from the Extended Producer Responsibility Payment has allowed the Council to create a contingency budget to meet unforeseen demand pressures and to support a balanced in-year budget position.</p>
<p>Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?</p>	<p>Y</p>	<p>The Council has a range of earmarked, MTFP and minimum levels of reserves to ensure its financial stability.</p>
<p>The strength of the financial management function and reporting arrangements?</p>	<p>N</p>	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Enhancements to the system have been made during the year, however, the Finance Teams are still catching up on delays caused by the system implementation.</p> <p>A review of the Financial Procedures Rules is planned.</p>
<p>Have the previous years Accounts been signed off by external audit to verify balances?</p>	<p>N</p>	<p>The Council's Accounts for 2021/22 and 2022/23 were approved by the Audit and Governance Committee in December 2024 ensuring the Council meets the backstop dates.</p> <p>The Council is working with the external auditors to agree a timetable for completion of the Statement of Accounts 2023/24.</p>

Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?	Y	There has been a continuation of the improvements introduced to the budget setting process in previous years. This has included a series of budget challenge sessions between the Directors and Heads of Service, as well as engagement with Corporate Leadership Team, Portfolio Holders and Strategy Group, with all Member briefings scheduled.
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6.2 There are a number of specific actions arising from the table above that the Council needs to undertake, alongside the delivery of its draft budget, to ensure risks and issues associated with the budget are mitigated. These actions are:

Financial Strategy

- The financial strategy set out at paragraph 4.4 above is followed. This underpins the draft budget 2025/26 and provides a stable platform from which to build over the medium term.
- A robust corporate and financial plan is required to bridge the funding gap and ensure the Council can balance its budget over the medium term. This plan is reliant on the delivery of a transformation programme which will focus on being more efficient with the aim of having the same service outcomes at a lower cost. However, it needs to be flexible enough to adapt to potential national changes to local government funding which may require reductions in service levels in the future.
- To ensure this plan is developed and delivered the Council will need to invest in the transformation programme to ensure a structured approach to achieving the desired outcomes.
- Special expense budgets must be in a balanced position for 2025/26.

Financial Reporting

- Present quarterly financial reports to Cabinet and Scrutiny to promote transparency and accountability of the financial position.
- It is proposed to sign-off both the 2023/24 and 2024/25 Statement of Accounts during the 2025/26 financial year.

Financial Management and Control

- Implement enhancements to the new financial system to support enhanced reporting for budget holders and improve financial systems and processes.
- Services need to develop exit plans for government grant funding and one-off proposals funded by reserves.
- Continue to review and improve the Council’s governance arrangements with a focus on improving the annual audit opinion to reasonable assurance from the current limited assurance.

**7.0 CONCLUSION**

7.1 Based on the assumptions made in its Draft Budget 2025/26 and MTFP 2025-30 for income and expenditure, the Council can set a balanced draft budget for 2025/26.

7.2 However, there are a number of risks. The most significant of these for the Council are the timing of a potential reset in business rates and associated changes to the local

government finance system as set out in the consultation published alongside the Provisional Finance Settlement.

- 7.3 Whilst the Council's financial position is currently stable and sustainable there are several uncertainties. As such the Council will need to ensure it makes the right decisions in the short term to ensure it is financially stable and sustainable over the medium to long term. This includes maximising all income streams, being more efficient, growing its financial management capability, influencing the risks faced to optimise the Council's future financial viability and delivering on the actions set out at paragraph 6.2.
- 7.4 The single most important action is for the Council to recognise the future risks ahead and start to develop, implement and, most importantly, deliver a medium-term financial plan.
- 7.5 Provided the Council carefully considers and acts upon the analysis in this report and officers robustly manage the implementation of the Revenue and Capital Budgets, a positive opinion can be given under Section 25 of the Local Government Act 2003 on the robustness of budget estimates and the level of reserves.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The report encompasses the Council's budget, therefore, is relevant to all Council Priorities: <ul style="list-style-type: none"> <li>- Planning and regeneration</li> <li>- Clean, green and Zero Carbon</li> <li>- Communities and Housing</li> <li>- A well-run council</li> </ul>
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	There have been equality impact assessments conducted by services on relevant proposals during this period.
Customer Impact:	Customers are likely to be impacted by the changes to fees and charges, Council Tax increase and special expenses precepts set out in this report.
Economic and Social Impact:	The General Fund capital programme allocates £4.6m to investing in Coalville Regeneration Projects over five years.
Environment, Climate Change and Zero Carbon:	There is £235k investment to support carbon zero initiatives.
Consultation/Community/Tenant Engagement:	The draft budget was considered by Corporate Scrutiny Committee and has been subject to consultation with the public. In addition, the Housing Revenue Account draft budget was subject to engagement with the Tenants' Forum.



Risks:	This report provides the Section 151 Officer's view on the robustness of budget estimates and adequacy of reserves. The report identifies the key risks, provides an assessment of these and proposed mitigating actions to manage those risks.
Officer Contact	Paul Stone Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS - 2025/26</b>	
<b>Presented by</b>	Councillor Nick Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<p><b>Council 22 February 2024</b>  <a href="#">Capital Strategy, Treasury Management Strategy and Prudential Indicators</a></p> <p><b>Corporate Scrutiny Committee 7 January 2025</b>  <a href="#">Printed Draft Minutes</a></p> <p><b>Cabinet 9 January 2025</b>  <a href="#">Draft Capital Strategy, Treasury Management Strategy and Prudential Indicators</a></p> <p><b>Cabinet 28 January 2025</b>  <a href="#">Capital Strategy, Treasury Management Strategy and Prudential Indicators</a></p>	<b>Public Report: Yes</b>
<b>Financial Implications</b>	The report sets out the annual update of the core strategies which underpin the council's approach to managing its capital investments.	
	<b>Signed off by the Section 151 Officer: Yes</b>	
<b>Legal Implications</b>	There are no direct legal implications arising from this report.	
	<b>Signed off by the Monitoring Officer: Yes</b>	
<b>Staffing and Corporate Implications</b>	There are no direct staffing and corporate implications arising from this report.	
	<b>Signed off by the Head of Paid Service: Yes</b>	
<b>Purpose of Report</b>	To approve the 2025/26 Capital Strategy, Treasury Management Strategy and the Prudential Indicators.	
<b>Recommendations</b>	<p><b>THAT COUNCIL:</b></p> <p><b>1. NOTES THE FINANCIAL INDICATORS REQUIRED UNDER THE PRUDENTIAL CODE DETAILED IN SECTION 3 AND APPROVE THE FOLLOWING LIMITS:</b></p>	

	<p><b>A) THE AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT AS DETAILED IN TABLE 3 OF THE TREASURY MANAGEMENT STRATEGY STATEMENT 2025-26 (APPENDIX 2).</b></p> <p><b>B) THE MATURITY STRUCTURE OF BORROWING AS DETAILED IN PARAGRAPH 6.6 OF THE TREASURY MANAGEMENT STRATEGY STATEMENT 2025-26 (APPENDIX 2).</b></p> <p><b>2. APPROVES THE:</b></p> <p style="padding-left: 40px;"><b>A) CAPITAL STRATEGY 2025-26 (APPENDIX 1)</b></p> <p style="padding-left: 40px;"><b>B) TREASURY MANAGEMENT STRATEGY STATEMENT 2025-26 (APPENDIX 2)</b></p> <p style="padding-left: 40px;"><b>C) MINIMUM REVENUE PROVISION (MRP) STATEMENT 2025-26 (APPENDIX 3)</b></p> <p style="padding-left: 40px;"><b>D) NON-TREASURY INVESTMENT STRATEGY 2025- 26 (APPENDIX 4).</b></p> <p><b>3. DELEGATES AUTHORITY TO CABINET TO MOVE A CAPITAL SCHEME FROM THE DEVELOPMENT POOL TO THE ACTIVE PROGRAMME AS LONG AS THE SCHEME IS WITHIN THE APPROVED BUDGET.</b></p> <p><b>4. DELEGATES AUTHORITY TO THE S151 OFFICER TO MAKE ANY NECESSARY CHANGES TO APPENDICES 1-4 IF ANY AMENDMENTS ARE AGREED TO THE GENERAL FUND BUDGET AND/OR HOUSING REVENUE ACCOUNT BUDGET AT THIS MEETING.</b></p>
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## **1.0 BACKGROUND**

- 1.1 The Local Government Act 2002 and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the Treasury Management Code of Practice and to prepare, set and publish prudential indicators and treasury indicators that ensure the Council's capital expenditure plans are affordable, prudent and sustainable in the long- term.
- 1.2 The prudential indicators consider the affordability and impact of capital expenditure plans and set out the Council's overall capital framework. The prudential indicators summarise expected treasury activity, introduce limits upon that activity and reflect the underlying capital programme. Therefore, a Treasury Management Strategy is prepared which considers the effective funding of the capital expenditure decisions and complements the prudential indicators.
- 1.3 The Council is required to operate a balanced 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 commensurate

with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The Council is required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby charges to revenue remain affordable within the projected income of the Council for the foreseeable future. These increased charges may arise from:

- increases in interest charges and debt repayment caused by increased borrowing to finance additional capital expenditure; and
- any increases in operational running costs from new capital projects.

1.4 Treasury Management is, therefore, an important part of the overall financial management of the Council's affairs and is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.5 Specific treasury indicators are prepared and included in the Treasury Management Strategy which requires Member approval. These are detailed in Section 2.

1.6 The Council's treasury activities are strictly regulated by statutory requirements and guidance, including:

- CIPFA Prudential Code for Capital Finance in Local Government CIPFA Treasury Management Code of Practice
- Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance
- MHCLG Minimum Revenue Provision (MRP) Guidance.

1.7 The Council's Constitution (via the Financial Procedure Rules) requires full Council to approve the Treasury Management Policy statement for the forthcoming year at or before the start of the financial year. The statement is proposed to the full Council by the Cabinet. The Financial Procedure Rules delegate authority to the Council's Section 151 Officer to implement and monitor the statement. The Section 151 Officer is responsible for reporting annually to the Cabinet on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. Reports on treasury management are also required to be adequately scrutinised and this role is undertaken by the Audit and Governance Committee.

## **2.0 CAPITAL AND TREASURY MANAGEMENT STRATEGIES**

2.1 The following strategies are attached as appendices for Council to approve:

- Appendix 1 - Capital Strategy 2025/26;
- Appendix 2 - Treasury Management Strategy Statement 2025/26;
- Appendix 3 - Minimum Revenue Provision (MRP) Statement 2025/26; and
- Appendix 4 - Non-Treasury Investment Strategy 2025/26.

2.2 There are no major changes compared to the 2024/25 version of the strategies, other than the updating of the financial values and economic forecasts.

## **3.0 PRUDENTIAL INDICATORS**

3.1 The CIPFA codes require a prescribed set of prudential indicators to be produced annually and monitored throughout the year and the Council also has the option to add locally set indicators, these are detailed below with further explanation to their meanings:

**1(a). External Debt - Operational Boundary (Treasury Strategy – Appendix 2)**

The most likely, prudent view of the level of gross external indebtedness. External debt includes both borrowing and long-term liabilities (e.g. finance leases). It encompasses all borrowing, whether for capital or revenue purposes. This indicator will be subject to the level and timing of borrowing decisions and so the actual level of borrowing can, therefore, be below or above this initial estimate. However, what cannot be breached without a further report to Council is the authorised borrowing limit.

**1(b). External Debt - The Authorised Limit (Treasury Strategy – Appendix 2)**

The upper limit on the level of gross external indebtedness, which must not be breached without Council approval. It is the worst-case scenario. It reflects the level of borrowing which, while not desired, could be afforded but may not be sustainable. Any breach must be reported to the executive decision-making body, indicating the reason for the breach and the corrective action undertaken or required to be taken. This limit is a statutory limit required to be set by the Council under Section 3(1) of the Local Government Act 2003.

**1(c). External Debt - Actual External Debt (Treasury Strategy – Appendix 2)**

The indicator for actual external debt will not be directly comparable to the operational boundary and authorised limit since the actual external debt will reflect the actual position at one point in time.

**2. Capital Financing Requirement (CFR) (Treasury Strategy – Appendix 2)**

The Capital Financing Requirement (CFR) replaced the ‘Credit Ceiling’ measure of the Local Government and Housing Act 1989. It measures an authority’s underlying need to borrow or use other long-term liabilities, to pay for capital expenditure.

**3. Capital Expenditure (Capital Strategy – Appendix 1)**

The level of capital expenditure incurred and likely to be incurred in future years. This is to be based on an accruals basis and on the definition of capital expenditure.

**4. Gross External Borrowing and the Capital Financing Requirement (Treasury Strategy – Appendix 2)**

The level of external borrowing is required to be compared to the Capital Financing Requirement which represents the underlying need to borrow. Requires that borrowing in the medium term can only be for capital purposes.

**5. Maturity Structure of Borrowing (Treasury Strategy – Appendix 2)**

Local Authority debt portfolios consist of a number of loans with differing maturities. Setting limits assists in ensuring any new borrowing in particular when combined with existing borrowing does not result in large concentrations of borrowing maturing in a short period of time.

**6. Principal sums invested for greater than one year (Treasury Strategy – Appendix 2)**

This indicator measures the exposure of a local authority to investing for periods of greater than one year.

**7. Ratio of Financing Costs to Net Revenue Stream (Capital Strategy – Appendix 1)**

This indicator is a measure of affordability of historic and future capital investment plans. It identifies the trend in the cost of capital financing which include:

- interest payable on borrowing
- penalties or any benefits receivable on early repayment of debt

- prudent revenue budget provision for repayment of capital expenditure paid for by borrowing

This is calculated for the General Fund and Housing Revenue Account (HRA). For the General Fund, the net revenue stream is the amount to be met from non-specific Government grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers. An increasing ratio indicates that a greater proportion of the Council's budget is required for capital financing costs over the planned Capital Programme period.

It should be noted that these figures include a number of assumptions such as:

- no new approvals of additional borrowing apart from that currently proposed over the period of the programme;
- estimated interest rates; and
- the level of internal borrowing and timing of external borrowing decisions and capital expenditure.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The Capital Strategy and Treasury Management Strategy Statement help the Council achieve all its priorities.
Policy Considerations:	None
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and zero carbon:	The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 7 January 2025 Public consultation, Parish and Town Councils and trade unions - 13 January to 26 January 2025
Risks:	Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of Treasury and Investment Strategies, compliance with the CIPFA Code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to offer expert advice
Officer Contact	Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>

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## Capital Strategy 2025/26

### 1. Background and Scope

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a Capital Strategy to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability, and affordability. The Prudential Code has been significantly updated to incorporate changes which restrict councils using borrowing to finance commercial property solely for generating yield. The Capital Strategy reflects these requirements and compliance to them.
- 1.2 The Capital Strategy forms part of the framework for financial planning and is integral to both the Medium-Term Financial Plan (MTFP) and the Treasury Management Strategy Statement (TMSS). It sets out how capital investment will play its part in delivering the long-term strategic objectives of the Council, how associated risk is managed and the implications for future financial sustainability.
- 1.3 The Capital Strategy maintains a strong and current link to the Council's Priorities and to other key strategy documents as shown below:
- Corporate Plan
  - HRA Business Plan
  - Asset Management Strategy
- 1.4 All capital expenditure and capital investments decisions are covered by this strategy. Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. It is refreshed annually in line with the MTFP and TMSS to ensure it remains fit for purpose and enables the Council to make investments necessary to deliver its strategic aims and objectives.
- 1.5 The Capital Strategy is considered by the Council as one of the foundations of good financial management and reflects the requirements under the CIPFA Financial Management Code.

### 2. Capital Expenditure

- 2.1 In contrast to revenue expenditure which is spending on the day to day running costs of the services such as employee costs and services, capital expenditure seeks to provide long-term solutions to Council priorities and operational requirements. Capital expenditure is technically described as: expenditure on the acquisition, creation, or enhancement of 'non-current assets' i.e., items of land, property and plant which has a useful life of more than one year. Expenditure for capital purposes therefore gives rise to new assets, increases the value or useful life of existing assets or generates economic and social value and an income stream to the Council via non-treasury investments.
- 2.2 The five aims of the Capital Strategy are:
- i. To take a **long-term perspective of capital investment** and to ensure this contributes to the achievement of the Council's Delivery Plan, emerging Local Plan and key strategies such as the Corporate Strategy.

- ii. To ensure investment is **prudent, affordable, and sustainable** over the medium term and adheres to the prudential code, Treasury Management Code and other regulatory conditions.
  - iii. To maintain the **arrangements and governance for investment decision-making** through established governance boards.
  - iv. To make the **most effective and appropriate use of the funds available** in long term planning and using the most optimal annual financing solutions.
  - v. To establish **a clear methodology to prioritise capital proposals**.
- 2.3 The MTFP sets out the key principles and this strategy will support the achievement of the right blend of investment in key priority areas to enable the following:
- Financial Stability and Sustainability
  - Resources Focused on Priorities
  - Maximising Income Streams
  - Risk Management.
- 2.4 In 2025/26, the Council is planning capital expenditure of £25.1 million as summarised in the table below and future years are shown in Appendix A.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
General Fund	11.9	10.0	6.9	2.1
Council Housing (HRA)	15.9	15.6	15.1	15.8
<b>TOTAL</b>	27.8	25.6	22.0	17.9

- 2.5 The main General Fund capital projects for 2025/26 include Enterprise Park project (£1.9m), Stenson Square Public realm regeneration (£1.0m), Coalville Regeneration Framework (£1.5m) and Food Waste Collection (£1.2m).
- 2.6 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the stock investment (£9.7m) and building new homes (£3m) in 2025/26.

### **3. Principles for Capital Planning**

- 3.1 Like most public sector bodies the Council has experienced delays on the physical progress of projects against the approved profile and cost over runs. This can be directly linked to the size of the programme, capacity to deliver and over optimism on the project in terms of cost, time and external factors outside the project sponsor's control.
- 3.2 When capital schemes are approved their inclusion into the capital programme is based on best estimates and slippage is measured against the approved profile at the end of the financial year. The Council will need to significantly improve its performance to ensure that all projects being proposed for inclusion can be delivered within the timeframe and budget stated prior to programme entry. Resource capacity and size of the programme will need to be assessed annually as part of the budget setting process.

3.3 Delivery of the programme will be overseen by the established governance boards as outlined in Section 6. The Council will operate a clear and transparent corporate approach to the prioritisation of capital spending. The investment principles are set out below:

**a) Invest to improve and maintain Council assets**

The Council will improve and maintain the condition of its core assets to extend their life where appropriate

**b) Investing for sustainable, inclusive, economic growth**

The Council will expand its capacity to grow the economy in an inclusive manner, whilst delivering whole system solutions to demographic, social and environmental challenges sustainably

**c) Invest to save and to generate income**

The Council will invest in projects which will:

- Reduce running costs
- Avoid costs (capital or revenue) that would otherwise arise
- Generate a financial return

**d) Risk awareness**

The risks of the project have been fully assessed, consulted, communicated and are at an acceptable level.

3.4 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and central government grants. In developing subsequent capital schemes, it will be with a view to ensuring the capital financing costs are less than 15% as a proportion of General Fund net revenue budget over the medium and long term. Table 2 shows the proportion of financing costs to net revenue stream, future years are available in Appendix A.

Table 2: Prudential Indicator: Proportion of financing costs to net revenue stream

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
<u>General Fund</u>				
Net Financing costs (£m)	1.6	1.8	1.7	1.7
Proportion of net revenue stream	8%	9%	9%	9%
<u>Housing Revenue Account</u>				
Net Financing costs (£m)	1.3	1.4	1.6	1.1
Proportion of net revenue stream	6%	7%	7%	7%

#### 4. Financing the Capital Investment Programme

4.1 The Council's capital programme is approved as part of the annual budget setting process. The capital programme is scrutinised by the Corporate Scrutiny Committee, recommended to Council by Cabinet, and then approved by Council. The capital programme is funded from a range of sources, principally:

- Grants
- Developer Contributions
- Capital Receipts
- Revenue and Reserves
- Prudential Borrowing

- 4.2 The first call on available capital resources will always be the financing of spending on live projects, including those carried forward from previous years.
- 4.3 For the General Fund, in the medium term, for 2023/24 onwards it was agreed that there would be no new borrowing to fund capital investments that were not yet in the live approved capital programme. This was due to the budget pressures facing the Council and the pressures of debt repayment internally and externally that had a revenue implication. For a capital investment to move from the Development Pool to the 'Active' capital programme, a funding source other than borrowing will need to be identified. This is to ensure the Council does not create additional revenue pressures in the future arising from interest and capital repayment costs.
- 4.4 The planned financing of the capital expenditure is summarised in Table 3 below and full details are available in Appendix B:

Table 3: Capital Financing in £ millions

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
External sources	3.7	5.9	0.7	0.7
Capital receipts	6.3	5.2	2.6	2.4
Revenue resources	14.0	12.6	10.6	6.6
Debt	3.8	1.9	8.1	8.2
<b>TOTAL</b>	<b>27.8</b>	<b>25.6</b>	<b>22.0</b>	<b>17.9</b>

#### Grants

- 4.5 The Council receives grants from government, partners, and other organisations to finance capital investment. Grants can be split into two categories:
- Un-ringfenced – resources which are delivered through grants that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose).
  - Ring-fenced – resources which are ringfenced to a particular service area and therefore have restricted uses.

#### Developer/External Contributions

- 4.6 Significant developments across the district are often liable for contributions to the Council in the form of S106 contributions. If contributions reduce the funding, timing of the planned programme will need reviewing. Following achievement of the targeted contributions, the Council can consider further projects which can utilise this funding stream.

#### Capital Receipts

- 4.7 Capital receipts come from the sale of Council's assets. The Council will adhere to statutory guidance in relation to capital receipts. In considering asset disposals, the Council will comply with its Asset Management Strategy and Disposals Policy.
- 4.8 If the disposal is within the Housing Revenue Account (HRA) land or property, the new government policy states that all of the receipt is now available to support the capital programme in the building and/or procurement of new houses.

- 4.9 The current strategy is for the assumed receipts from sale/disposal of assets to be taken into consideration when assessing the total value of receipts targeted to fund the overarching capital programme and planned flexible use of receipts (Appendix D).
- 4.10 Where the asset has been temporarily funded from prudential borrowing a review will be undertaken to determine whether the most cost-effective option is to utilise the receipt to repay the debt, considering the balance sheet position of the Council.
- 4.11 Where the sale of an asset leads to a requirement to repay grant the capital receipt will be utilised for this purpose. Once the liability has been established and provided for, the residual capital receipt will be available to support the capital programme as a corporate resource.
- 4.12 Appropriations of land between the General Fund and HRA will be considered on a site-by-site basis. The HRA 'pays' for the land through an increase in the HRA Capital Financing Requirement (CFR). The General Fund benefits from a corresponding decrease in its CFR. The CFR adjustments should be based on the market value of land but taking into account the intended use for social or other submarket housing. The Council has the discretion whether to appropriate land on this basis or sell it on the open market. More information on the Council's CFR is available in the Treasury Management Strategy Statement 2025/26.

#### Revenue and Reserves

- 4.13 The Council may choose to utilise revenue contributions to capital and finance its capital investment. This would be through contributions from the Council's revenue budget or from reserves.
- 4.14 Two reserves will be available to finance the capital programme:
- a) MTFP Reserve - will be used for managing risks over the medium term, investing in projects to make the Council more efficient, reducing its operating costs (e.g. making our building more energy efficient to reduce ongoing costs), generating more income and funding the capacity for the Council to deliver its financial plans.
  - b) Business Rates Reserve –The Business Rates Reserve includes the additional business rates revenues from growth in the district (including contributions from Business Rates Pool and Freeport) in excess of that included in the revenue budget to fund on-going services. This additional growth will be prioritised to fund the capital programme and projects. The reserve will also be used to manage the cashflow implications between the timing of payments received into the collection fund and government grants for business rates relief announced by HM Treasury in recent years to support businesses through cost of living crises. The growth in business rates will not be used to fund the capital programme until the growth has materialised.

#### Prudential Borrowing

- 4.15 Table 3 above sets out how the Council will finance its capital expenditure. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve long or short-term loans, or using cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 4.16 In planning for long term capital investment it is essential the long-term revenue financing cost is affordable. Any long-term investment is paid over the life of the asset.

It is essential that the Council is able to meet the costs of borrowing and MRP over the life of the asset.

- 4.17 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP. More information is available in the Council's Minimum Revenue Provision Strategy. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows and future years are available in Appendix C.

Table 4: Replacement of prior years' debt finance in £ millions

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
General Fund MRP	1.4	1.4	1.3	1.3
Housing Revenue Account MRP	1.3	1.4	1.6	1.1
Capital receipts	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>	<b>2.4</b>

- 4.18 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to reduce by £0.7m during 2025/26. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
General Fund	34.8	33.7	32.5	31.4
Council housing (HRA)	54.7	55.1	61.7	68.7
<b>TOTAL CFR</b>	<b>89.5</b>	<b>88.8</b>	<b>94.2</b>	<b>100.1</b>

- 4.19 In taking out new external borrowing, the Council will consider a range of different options such as Public Works Loan Board (PWLB), Market Loans, Private Placement and Bonds (Public, Pooled, Community Municipal Investment and Retail). More information is available in the Council's Borrowing Strategy which is included within the Treasury Management Strategy Statement 2025/26.
- 4.20 Any borrowing taken out is secured against the Council as an entity rather than against specific assets for which it is borrowed for. The Council is required to demonstrate to the PWLB in advance of borrowing that it is affordable.

#### Housing Revenue Account (HRA)

- 4.21 The HRA Capital and Revenue Investment Programme is entirely funded from the ring-fenced HRA. The investment programme is driven by the 30-year HRA Business Plan. Key areas of housing include planned and cyclical works, zero carbon works and new supply. The programme also includes development and special projects. The HRA capital programme is funded from:
- HRA Self-Financing (the Major Repairs Reserve)
  - Capital Receipts (HRA – Right to Buy and other asset sales)

- Revenue and Reserves (HRA contributions from revenue)
- Capital grants from government and other bodies
- Borrowing.

4.22 Prior to 2018 the HRA had a limit to how much it was allowed to borrow, known as the HRA borrowing cap, which is more stringent than the value of their assets, in order to control public borrowing levels. The HRA borrowing cap was abolished in late 2018. Further borrowing may be undertaken within the HRA, subject to overall affordability and the requisite business cases which should consider all risks including loss through right to buy.

4.23 The Council can use the “one for one” element of Right to Buy (RTB) receipts to fund building new homes. The receipt must be used within five years. If not, the receipt is paid to DLUHC with interest.

4.24 Generally capital expenditure would be funded from capital sources however in exception revenue resources are able to be used to fund capital. The main exception is the use of housing rents to fund capital expenditure within the HRA.

## **5. Asset management:**

5.1 To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The strategy takes an assumption that assets will only be retained where they provide greater value for money than the alternatives. New methods of service delivery, flexible working arrangements, shared services and developments in information technology are likely to make the Council less dependent on fixed assets in future years. The strategy has six key drivers:

- Making a strong link between corporate objectives and the policy on fixed assets
- Ensuring the full involvement of key service areas
- Keeping a clear distinction between strategic and operational decision making on fixed assets
- Establishing key drivers for fixed asset decisions amongst officers and elected members
- Maintaining clear reporting lines to a strong corporate centre
- Integrating the Council’s capital strategy and asset planning policy

5.2 Asset disposals: when a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets. The Authority is currently also permitted to spend capital receipts “flexibly” on service transformation projects up until and including 2029/30. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £5.2m of capital receipts (mostly HRA Right to buy receipts) in the coming financial year as follows:

Table 6: Capital receipts receivable in £ millions

	<b>2024/25 forecast</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>	<b>2027/28 budget</b>
Asset sales	6.3	5.2	2.6	2.4
Loans etc repaid	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>6.3</b>	<b>5.2</b>	<b>2.6</b>	<b>2.4</b>

## **6. Governance of the Capital Strategy**

### Approval of Capital Strategy and Capital Programme

- 6.1 The Capital Strategy is agreed annually alongside the TMSS. The Capital Programme is agreed annually by Full Council as part of the budget setting process. Variations to the Capital Programme or in-year additions, subject to delegation by Full Council, will be agreed by Cabinet including moving schemes from the Development Pool to the Active Programme as long as the scheme is within the budget approved by Council and there are sufficient reserves available. Quarterly monitoring of the Capital Programme will be presented to Corporate Scrutiny and Cabinet.

### Strategic Oversight and Delivery

- 6.2 The Capital Strategy Group (CSG) leads on the development and maintenance of the Capital Strategy that is consistent with the relevant code of practice, Corporate Strategy and core regulatory functions, MTFP and TMSS.
- 6.3 The CSG has an oversight and stewardship role for the development and delivery of the Council's capital expenditure within affordable limits, which will include both the Capital Programme and capital investments; as well as providing strategic direction to the programme and projects, where necessary.

### Capital Programme and Project Delivery

- 6.4 The delivery of individual capital projects and programmes are managed through project boards in each directorate and for services which do not have a specific projects board delivery is managed through the CSG. The Project Boards are responsible for developing, managing and progressing capital projects; as well as reporting into the CSG.

### Scrutiny

- 6.5 The formal scrutiny process will be used to ensure effective challenge via the quarterly Performance Report. The Corporate Scrutiny Committee is also engaged when setting the Capital programme prior to its consideration by Cabinet and approval by Full Council. It should be noted that business cases seeking Cabinet approval will follow the standard decision pathway and, as such, can be subject to Scrutiny as part of that process.

### Managing Schemes Through Their Capital Lifecycle

- 6.6 The management of capital schemes through their lifecycle is an important aspect of delivering a successful capital investment programme. The approach should balance cost/funding certainty, risk, clarity of commitment to scheme, robust governance and transparent decision making.
- 6.7 An important aspect of the Council's capital governance framework is at which point schemes are in their development stage and when they are sufficiently developed to



enter the approved capital programme. The capital programme is split into three broad components:

- **Mandate:** The initial concept and need for a capital scheme. Schemes will require prioritisation to ensure strategic fit and there are sufficient resources/capacity/capability to deliver the scheme.
- **Development Pool:** A priority capital scheme in its early/developmental stages, typically outline business case (OBC) and full business case (FBC). At this stage, costs/funding/risks are uncertain, gaining certainty as more in-depth work is undertaken.
- **Approved Capital Programme:** This refers to a capital scheme which has been through OBC and FBC stages and is developed to an acceptable level of certainty to be formally approved in the programme for delivery/implementation.

#### Key Decision-Making Considerations

- 6.8 All capital investment decisions will be underpinned by a robust business case that sets out any expected financial return alongside the broader outcomes/impacts, including economic, environmental and social benefits.
- 6.9 Throughout the decision-making process the risks and rewards for each project are reviewed and revised and form part of the monitoring of the capital programme. The CSG receives monthly updates detailing financial forecasts and risks.
- 6.10 There may be occasions when the nature of a particular proposal requires additional support in the production of the business case or for example in performing of a value for money or due diligence review. In these circumstances the Council may seek external advice.
- 6.11 The capital programme is reported to Cabinet and Council as part of the annual budget setting process which will take into consideration any material changes to the programme and the investment. The in-year position is monitored monthly, with quarterly budget monitoring reports to Cabinet with capital reports incorporated. Within that monitoring report minor new investment proposals will be included and variations such as slippage and the need for acceleration. Major new capital investment decisions will be subject to an individual report to Cabinet.
- 6.12 The Chief Finance Officer (Strategic Director of Resources) should report explicitly on the affordability and risk associated with the capital strategy. Where appropriate, the Chief Finance Officer will have access to specialised advice to enable them to reach their conclusions and ensure sufficiency of reserves should risk or liabilities be realised.

### **9. Risk Management**

- 9.1 One of the Council's key investment principles is that all investment risks should be understood with appropriate strategies to manage those risks. Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy. All projects are required to maintain a risk register and align reporting to the Council's reporting framework.
- 9.2 In managing the overall programme of investment there are inherent risks associated such as changes in interest rates or credit risk of counter parties.

- 9.3 Accordingly, the Council will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.
- 9.4 No project or investment will be approved where the level of risk is unacceptable – this is determined by the Cabinet or Chief Financial Officer as appropriate.

## **10. Skills and Knowledge**

- 10.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director of Resources (Section 151 Officer) and Head of Finance (Deputy Section 151 Officer) are both qualified accountants and the Head of Property Services and Economic Regeneration is a qualified surveyor. The Council pays for junior staff to study towards relevant professional qualifications including Chartered Institute of Public Finance and Accountancy (CIPFA), Association of Accounting Technicians (AAT) and Royal Institute of Chartered Surveyors (RICS).
- 10.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, and Wilks, Head and Eve as valuation consultants. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 10.3 Appropriate training will be provided for all those charged with investment responsibilities. This includes all those involved in making investment decisions such as members of CSG as well as those involved in scrutiny and governance such as relevant scrutiny committees and the audit committee. Training will be provided either as part of the meetings or by separate ad-hoc arrangements.
- 10.4 When considering complex and ‘commercial’ investments, the Council will ensure that appropriate specialist advice is taken. If this is not available internally it will be commissioned externally to inform decision making and appropriate use will be made of the Council’s Treasury Management advisers.

## Capital Strategy Prudential Indicators

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget	2029/30 budget
General Fund	11.9	10.0	6.9	2.1	1.2	1.4
Council housing (HRA)	15.9	15.6	15.1	15.8	12.2	14.7
<b>TOTAL</b>	27.8	25.6	22.0	17.9	13.4	16.1

Table 2: Prudential Indicator: Proportion of financing costs to net revenue stream

	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget	2029/30 budget
<u>General Fund</u>						
Net Financing costs (£m)	1.6	1.8	1.7	1.7	1.7	1.6
Proportion of net revenue stream	8%	9%	9%	9%	9%	8%
<u>Housing Revenue Account</u>						
Net Financing costs (£m)	1.3	1.4	1.6	1.1	1.4	1.6
Proportion of net revenue stream	6%	7%	7%	5%	6%	6%

Capital financing in £ millions

	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget	2029/30 budget
<u>General Fund</u>						
External sources	3.7	1.9	0.7	0.7	0.7	0.7
Capital receipts	0.1	0.0	0.0	0.0	0.0	0.0
Revenue resources	8.1	8.1	6.2	1.4	0.5	0.7
Debt	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>11.9</b>	<b>10.0</b>	<b>6.9</b>	<b>2.1</b>	<b>1.2</b>	<b>1.4</b>
<u>Housing Revenue Account</u>						
External sources	0.0	4.0	0.0	0.0	0.0	0.0
Capital receipts	6.2	5.2	2.6	2.4	2.3	2.3
Revenue resources	5.9	4.5	4.4	5.2	4.4	4.3
Debt	3.8	1.9	8.1	8.2	5.4	8.1
<b>TOTAL</b>	<b>15.9</b>	<b>15.6</b>	<b>15.1</b>	<b>15.8</b>	<b>12.1</b>	<b>14.7</b>
<u>Total</u>						
	-	-	-	-	-	
External sources	3.7	5.9	0.7	0.7	0.7	0.7
Capital receipts	6.3	5.2	2.6	2.4	2.3	2.3
Revenue resources	14.0	12.6	10.6	6.6	4.9	5.0
Debt	3.8	1.9	8.1	8.2	5.4	8.1
<b>TOTAL</b>	<b>27.8</b>	<b>25.6</b>	<b>22.0</b>	<b>17.9</b>	<b>13.3</b>	<b>16.1</b>

## Replacement of prior years' debt finance in £ millions

	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget	2029/30 budget
General Fund MRP	1.4	1.4	1.3	1.3	1.3	1.2
Housing Revenue Account MRP	1.3	1.4	1.6	1.1	1.4	1.6
Capital receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>	<b>2.4</b>	<b>2.7</b>	<b>2.8</b>

## Flexible Use of Capital Receipts Strategy 2025/26

### 1. Introduction

- 1.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of assets to fund the revenue costs of service reform and transformation. Guidance on the use of this flexibility was issued in March 2016 which applied to the financial years 2016/17 through to 2019/20.
- 1.2 In December 2017, the Secretary of State announced that this flexibility would be extended for a further three years (until 2021-2022) and in February 2021 an additional extension of three years was announced. The latest extension focused on the use of capital receipts to fund transformation or other projects that produce long-term savings or reduce the costs of service delivery.
- 1.3 The Autumn Policy Statement made clear Governments intention to extend flexible use of capital receipts to 2030. The government will also remove the restriction with respect to redundancy costs, imposed from April 2022, that limits the use of the flexibility to statutory redundancy costs only. This will support authorities in taking forward transformation and invest-to-save projects

### 2. The Guidance

- 2.1 Local Government Act 2003 specifies that:
  - Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use their existing stock of capital receipts to finance the revenue costs of reform.
  - Local authorities cannot borrow to finance the revenue costs of the service reforms.
  - The expenditure for which the flexibility can be applied (known as ‘Qualifying Expenditure’) should be the up-front (set up or implementation) costs that will generate future ongoing savings and/or transform service delivery to reduce costs or the demand for services in future years. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
  - The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority’s net service expenditure.
  - In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.
- 2.2 To make use of this flexibility, the Council is required to prepare a “Flexible use of capital receipts strategy” before the start of the year, to be approved by Full Council. This can form part of the budget report to Council. This Strategy therefore applies to the financial year 2025/26, which commences on 1 April 2025.

### 3. Examples of qualifying expenditure

- 3.1 There are a wide range of projects that could generate qualifying expenditure and the list

below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others);
- Integrating public facing services across two or more public sector bodies to generate savings or to transform service delivery.

#### **4. The Council's 2025/26 Budget Proposal**

- 4.1 The Government has provided a definition of expenditure which qualifies to be funded from capital receipts: "Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."
- 4.2 The 2025/26 budget proposal does not include any proposal to utilise the flexible use of capital receipts. However, if during the year projects are identified as "qualifying expenditure" these will be considered by Cabinet, and approval for the use of capital receipts will be requested through the relevant channels in line with the Council's Budget and Policy Framework Rules.

#### **5. Impact on Prudential Indicators**

- 5.1 The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. Capital receipts which are allocated to fund the Council's capital programme will be monitored throughout the year and will not be subsequently used to fund qualifying expenditure. Therefore, there will

be no change to the council's Prudential Indicators that are contained in the Treasury Management Strategy Statement.



### North West Leicestershire District Council

## Treasury Management Strategy Statement 2025/26

### 1 Introduction

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 Investments held locally for service purposes, local regeneration, local investment, and profit to be spent on local public services are considered in a different document, the Investment Strategy.

### 2 External Context (Provided by Arlingclose, Treasury Management Advisors)

- 2.1 **Economic background:** The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Council's treasury management strategy for 2025/26.
- 2.2 The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.
- 2.3 The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS).
- 2.4 Office of National Statistics (ONS) figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a

forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

- 2.5 The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 2.6 The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.
- 2.7 Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.
- 2.8 **Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.
- 2.9 Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.
- 2.10 Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the

authority's treasury adviser.

- 2.11 Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 2.12 **Interest rate forecast (December 2024):** The Authority's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.
- 2.13 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.
- 2.14 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 2.15 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.27%, and that new long-term loans will be borrowed at an average rate of 5.87%.

### 3 Local Context

- 3.1 On 31 December 2024, the Council held £55.77 million of borrowing and £41.0 million of treasury investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below. Please note that due to the 2023/24 accounts not yet being finalised this forecast uses financial data from the 2022/23 Statement of Accounts. Where available these figures have been updated with current positions, but the overall position is still subject to some change.

Table 1: Balance sheet summary and forecast.

	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
Capital financing requirement	88.8	94.2	100.1	103.1	108.6
Less: External borrowing *	59.3	65.8	72.9	76.9	83.5
<b>Internal borrowing</b>	<b>29.5</b>	<b>28.4</b>	<b>27.2</b>	<b>26.2</b>	<b>25.1</b>
Less: Balance sheet resources	-62.8	-63.8	-65.5	-67.2	-69.0
<b>Treasury investments</b>	<b>33.3</b>	<b>35.4</b>	<b>38.3</b>	<b>41.0</b>	<b>43.9</b>

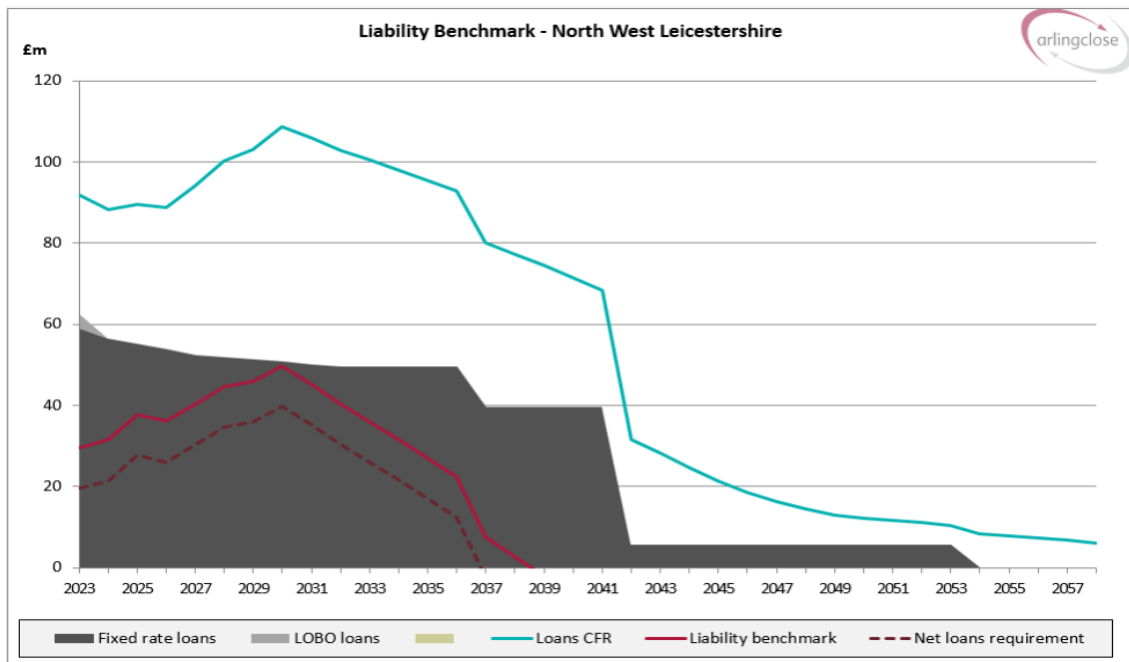
\* shows only loans to which the Council is committed and excludes optional refinancing

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. In other words, the CFR is the total historic outstanding capital expenditure which has not yet been paid for. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2025/26 and beyond.
- 3.4 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk. This also allows the Council to maintain its professional investor status (known as MIFID) which allows for higher levels of advice from its treasury advisors and investment in a more diverse range of sources.
- 3.5 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

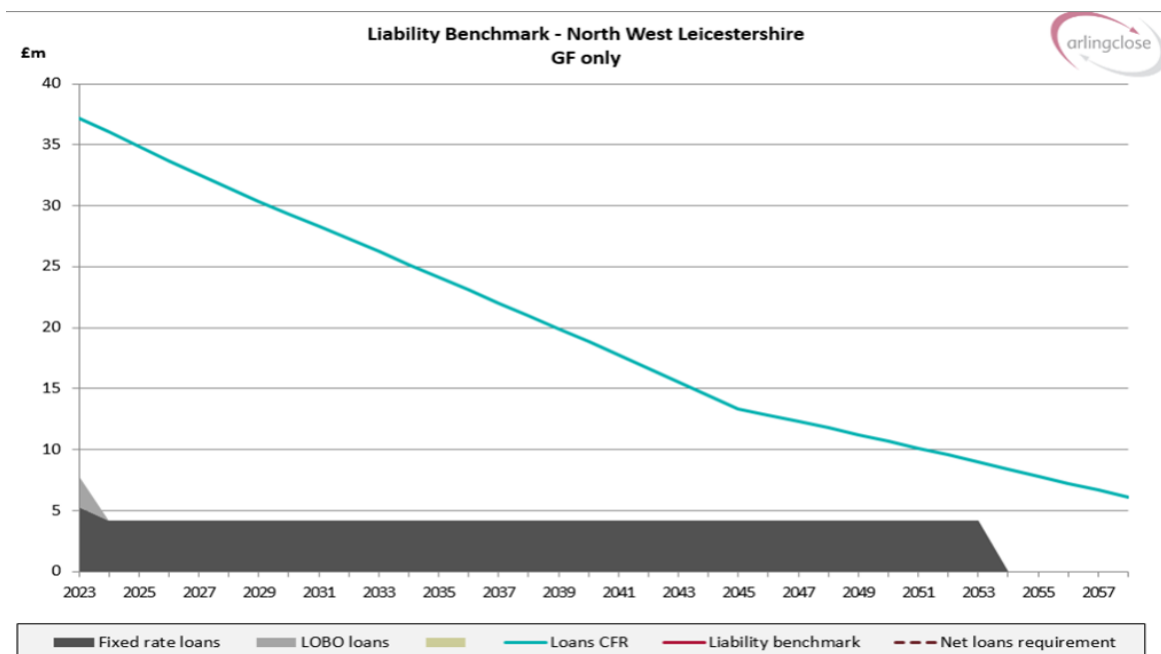
	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
Loans CFR	88.8	94.2	100.1	103.1	108.6
Less: Balance sheet resources	-62.8	-63.8	-65.5	-67.2	-69.0
Net loans requirement	26.0	30.4	34.6	35.9	39.6
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	36.0	40.4	44.6	45.9	49.6

- 3.6 Following on from the medium-term forecasts in Table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing only for the HRA, minimum revenue provision on new capital expenditure based on local decisions on asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This measure is shown in the charts below initially for the Council as a whole and then split into the General Fund and HRA together with the maturity profile of the Council's existing borrowing.

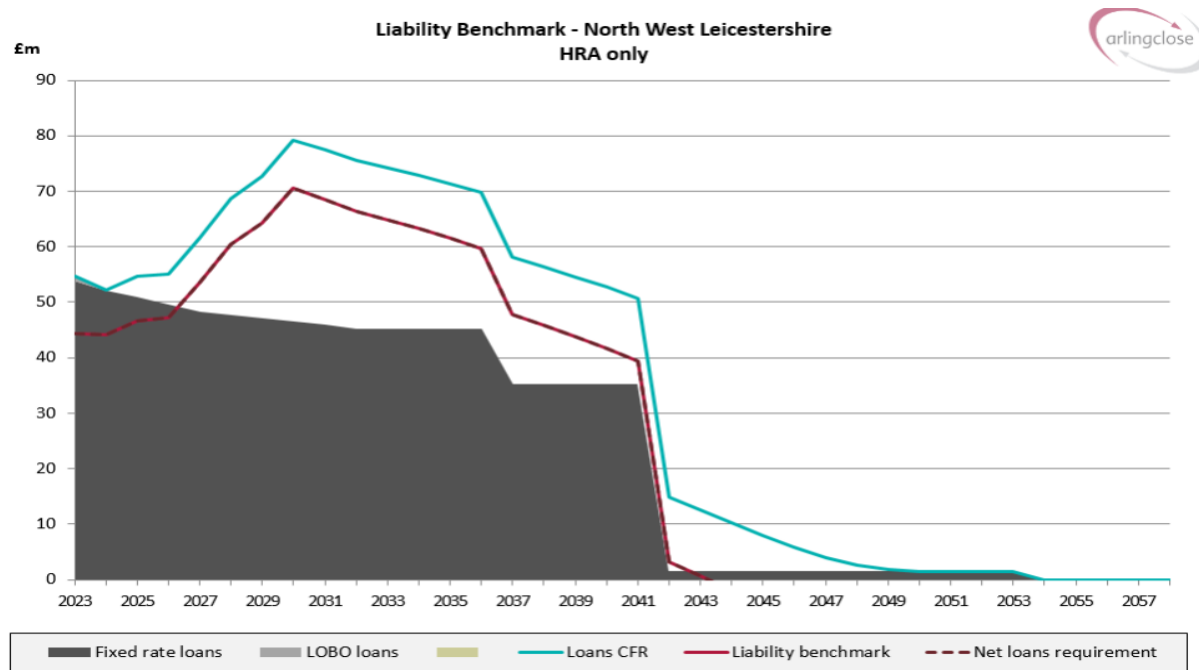


3.7 The above graph demonstrates the Council's overall forecast borrowing requirement and anticipated underlying need to borrow. It shows that the Council is funding its CFR through a mixture of both internal and external borrowing.

3.8 The following graph shows the Liability Benchmark position for the general fund only. This graph demonstrates that the general fund does not need to borrow in the short term. This situation is subject to change due to a variety of internal and external circumstances.



3.9 The following graph shows the Liability Benchmark position for the HRA. This shows that the HRA will likely require borrowing from 2024/25 to fund the capital programme. As discussed previously this is subject to change and reflects the forecasted position.



#### 4 **Borrowing Strategy**

- 4.1 On 31 December 2024, the Council held £55.77 million of borrowing (a decrease of £0.6m from the start of the year) and £41.0 million of treasury investments (an increase of £11 million compared to the start of the financial year). As part of its strategy for funding previous years' capital programmes, the balance sheet forecast in Table 1 shows that the Council's CFR in 2025/26 is £88.8m a decrease of £0.7m from 2024/25, this will reduce the need to be financed through internal or external borrowing. The Council may borrow additional sums to pre-fund future years' requirements, providing this does not exceed the forecast CFR plus any cashflow requirements. This is represented with the authorised limit for borrowing of £100.8 million as outlined below.
- 4.2 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.
- 4.3 Leases limits came into effect in the 2024/25 financial year with the implementation of IFRS16.

Table 3: Authorised limit and operational boundary for external debt in £m

	31.3.26 Limit	31.3.27 Limit	31.3.28 Limit	31.3.29 Limit	31.3.30 Limit
Operational boundary – borrowing	88.8	94.2	100.1	103.1	108.6
Operational boundary – PFI and leases	2.0	2.0	2.0	2.0	2.0
<b>Operational boundary – total external debt</b>	90.8	96.2	102.1	105.1	110.6
Authorised Limit – borrowing	98.8	104.2	110.1	113.1	118.6
Authorised Limit – PFI and leases	2.0	2.0	2.0	2.0	2.0
<b>Authorised Limit – total external debt</b>	100.8	106.2	112.1	115.1	120.6

- 4.4 **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.5 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators, see below.
- 4.6 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.7 The Council has previously raised most of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long-term loans from other sources including banks, pensions, and local authorities, and will investigate the possibility of issuing bonds and similar instruments, to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity to retain its access to PWLB loans.
- 4.8 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.9 In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
- 4.10 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
  - Any institution approved for investments (see below)
  - Any other bank or building society authorised to operate in the UK.
  - Any other UK public sector body
  - UK public and private sector pension funds (except Leicestershire County Council Pension Fund)
  - Capital market bond investors.
  - retail investors via a regulated peer-to-peer platform
  - UK Municipal Bonds Agency plc and other special purpose companies created to

enable local Council bond issues.

4.11 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase.
- Private Finance Initiative
- Sale and leaseback
- Similar asset-based finance.

4.12 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

4.13 **Lender's Option Borrower's Option (LOBOs):** The Council holds no LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

4.14 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

4.15 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## **5 Treasury Investment Strategy**

5.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since 31 March 2024, the Council's treasury investment balance has ranged between £46.6 million and £26.3 million. These levels are expected to gradually reduce over the coming year due to planned capital expenditure, use of reserves and repayment of debt.

5.2 **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return



that is equal or higher than the prevailing rate of inflation, to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

- 5.3 **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 5.4 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 5.5 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship
- 5.6 Where practical when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon net zero by 2050 will be favoured by the council.
- 5.7 **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 5.8 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in Table 4 below, subject to the limits shown.

Table 4: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	5 years	£60m	n/a
Local authorities & other government entities	5 years	£5m	£60m
Secured investments*	5 years	£5m	£60m
Banks (unsecured) *	13 months	£2.5m	£60m
Building societies (unsecured) *	13 months	£2.5m	£5m

Registered providers (unsecured) *	5 years	£2.5m	£12.5m
Money market funds *	n/a	£5m	£60m
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£5m	£12.5m
Other investments *	5 years	£2.5m	£5m

\*This table must be read in conjunction with the notes below:

- 5.9 **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.
- 5.10 For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5 million per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.
- 5.11 **UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to five years.
- 5.12 **Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.
- 5.13 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 5.14 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.15 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for

Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 5.16 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. A £60 million sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.17 **Strategic pooled funds:** Bond, equity and property funds, including exchange traded funds, that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date but can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 5.18 **Real estate investment trusts (REIT):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 5.19 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 5.20 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2.5 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 5.21 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- No new investments will be made,
  - Any existing investments that can be recalled or sold at no cost will be, and
  - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.22 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made

with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 5.23 **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.24 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will, therefore, be considered when making investment decisions.
- 5.25 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 5.26 **Investment limits:** The Council's revenue reserves available, if required, to cover investment losses are forecast to be £22 million on 31 March 2025 and £22.1 million on 31 March 2026. In order that no more than 50% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will remain at £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 5.27 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £2.5 million in operational bank accounts count against the relevant investment limits.
- 5.28 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as detailed in the table below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 5: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£12.5m per manager
Negotiable instruments held in a broker's nominee account	£12.5m per broker

5.29 **Liquidity management:** The Council forecasts its cashflow using an excel spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

5.30 The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## 6 **Treasury Management Prudential Indicators**

6.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

6.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A-

6.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2.5m

6.4 **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	External Borrowing Limit	Internal Borrowing Limit
Upper limit on one-year revenue impact per a 1% <u>rise</u> in interest rates	£550,000	£600,000
Upper limit on one-year revenue impact per a 1% <u>fall</u> in interest rates	£550,000	£600,000
Interest rate risk indicator	External Borrowing Limit	Internal Borrowing Limit
Upper limit on one-year revenue impact per a 1% <u>rise</u> in interest rates	£466,083	£600,000
Upper limit on one-year revenue impact per a 1% <u>fall</u> in interest rates	-£466,083	-£600,000

6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

6.6 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Lower limit	Upper Limit	Position as at 01/04/2025
Under 12 months	0%	70%	37%
12 months and within 24 months	0%	30%	2%
24 months and within 5 years	0%	30%	2%
5 years and within 10 years	0%	30%	1%
10 years and within 20 years	0%	90%	51%
20 years and above	0%	30%	7%
<b>TOTAL</b>			<b>100%</b>

*\*includes internal borrowing*

6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.8 The figures above include internal borrowing. The assumption is made that internal borrowing matures in one working day so the full amount of £30.6 million is all represented in the 'under 12 months' row.

6.9 **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£60m	£10m	£10m	£10m

6.10 The section named 'no fixed date' refers to longer dated investments which have no set maturity point but are anticipated to be held for a period longer than a year e.g., strategic property funds.

## **7**      **Related Matters**

- 7.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 7.2 **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6 **Housing Revenue Account:** In 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.
- 7.7 **External Funds:** The Council manages S106 funds. These funds contribute towards the investment balances. Therefore, interest earned on S106 balances are repaid to the S106 fund. The value of the S106 funds as at 31 December 2024 equals £6.2 million. Reducing the Council's overall interest earned forecast by an estimated £253,000.
- 7.8 Additionally, the Council holds funds for the Chairman's Charity which is gathered throughout the year and apportioned out to selected charities. These amounts are negligible.

7.9 **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Finance believes this to be the most appropriate status.

## **8 Financial Implications**

8.1 The risk adjusted budget for investment income in 2025/26 is £697,000, based on an average investment portfolio of £21.8 million at an interest rate of 3.19%. Deductions largely consisting of S106 Balances will reduce this by £253,000 leaving a total forecast interest income of £440,000.

8.2 The allocations of interest to the General Fund and HRA will be worked out based on the average notional investment balances of both funds throughout the financial year the percentage of which will be applied to the overall interest received after deductions. The forecasted notional balances of each fund throughout the year result in a split of 34% for the general fund totalling £150,000 and 66% for the HRA totalling £294,000.

8.3 This interest forecast is subject to a great deal of change as it is impacted by cashflow timings, delivery of capital programmes and their subsequent forecasts, grant payments, grant repayments and growth in council tax, business rates and social housing rents. It is also dependent on our base rate forecast being accurate (shown in appendix A and paragraph 2.14) which in turn is impacted by economic factors such as inflation which are notoriously difficult to predict. Therefore, this forecast is likely to evolve throughout the year and can change on a daily basis. As a result of the changeable nature of investment return the above interest income forecast is risk adjusted to be reduced by 20% of actual projections to reduce the risk to the Council's budget of the possible changes.

8.4 The budget for debt interest paid in 2025/26 is £2.2 million. Of this £0.2 million refers to the General Fund and £2 million to the HRA. This is based on an average debt portfolio of £58.8 million at an average interest rate of 3.66%. £54.6 million of this forecast is HRA Borrowing and £4.2 million is General Fund.

8.5 If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

8.6 Where investment income exceeds budget, e.g., from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g., from cheap short-term borrowing, then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years. This option will be at the discretion of the Chief Financial Officer and will not be taken in periods of outstanding financial pressures or uncertainties.

## **9 Other Options Considered**

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Cabinet Member for



Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Narrative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default. however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

### **Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2024**

#### **Underlying assumptions:**

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

#### **Forecast:**

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>5yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>10yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>20yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>50yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

## Appendix B

### Existing Investment & Debt Portfolio Position - 31 December 2024

	31/12/2024 Actual portfolio £m	31/12/2024 Average rate %
<b>External borrowing:</b>		
Public Works Loan Board	51.77	3.39%
LOBO loans from banks	0.0	0.00%
Other loans	3.94	4.74%
Hinckley & Bosworth	0.06	3.14%
<b>Total external borrowing</b>	<b>55.77</b>	<b>3.49%</b>
<b>Treasury investments:</b>		
The UK Government	16.00	4.73%
Local authorities	0.00	0.00%
Banks (unsecured)	25.00	4.74%
Money market funds	0.00	0.00%
<b>Total treasury investments</b>	<b>41.00</b>	<b>4.74%</b>
<b>Net debt</b>	<b>14.77</b>	

### North West Leicestershire District Council Minimum Revenue Provision Statement 2025/26

#### 1. Annual Minimum Revenue Provision Statement 2025/26

- 1.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Council to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the Ministry of Housing, Communities and Local Government (MHCLG) Guidance) most recently issued in April 2024.
- 1.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits.
- 1.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP, but not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
- 1.4 MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Council's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Expenditure in Local Authorities*, 2021 edition.

#### General Fund

- Capital expenditure funded by borrowing incurred before 1 April 2008 MRP will be determined in accordance with the former regulations that applied on 31 March 2008, incorporating an "Adjustment A" of £606k.
- For capital expenditure funded by borrowing incurred between 1 April 2008 and 31 March 2019, MRP will be determined as 4% of the capital financing requirement in respect of that expenditure. This will be charged on a straight-line basis over 25 years.
- For capital expenditure funded by borrowing incurred after 31 March 2019, MRP will be determined by charging the expenditure over the expected life of the relevant asset. This will be on a straight-line basis for financial years 2020/21 and 2021/22, then on the remaining balance, as the principal repayment on an annuity equal to the average relevant PWLB rate for year of expenditure, starting in the

financial year 2022/23. MRP in purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For capital expenditure funded by borrowing incurred after 31 March 2022, MRP will be determined by charging the expenditure over the expected life of the relevant asset as the principal repayment on an annuity equal to the average relevant PWLB rate for year of expenditure, starting in the year after the asset becomes operational. MRP in purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For transferred debt from Hinckley and Bosworth Borough Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

### **Capital loans**

- For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loans principal received during the year, with the capital receipts so arising applied to finance the expenditure instead.
- For capital expenditure on loans to third parties which are primarily for service purposes, the Council will make nil MRP expect as detailed below for credit losses. Instead, the Council will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
- For capital loans made on or after 7 May 2023 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.
- For capital loans made before May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

### Housing Revenue Account (HRA)

- No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged instead in line with regulations.
  - MRP in respect of the £80 million payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.
- 1.5 Capital expenditure incurred during 2025/26 will not be subject to a MRP charge until 2026/27.
- 1.6 MRP will only be charged once the asset is fully operational and will not be charged whilst the asset is under construction. The MRP charge will commence the year after the asset becomes operational.
- 1.7 Based on the Council's latest estimate of its capital financing requirement (CFR) on 31 March 2025, the budget for MRP has been set as follows:

	<b>31.03.2026 Estimated CFR</b>	<b>2025/26 Estimated MRP</b>
	<b>£m</b>	<b>£m</b>
Capital expenditure funded by borrowing before 01.04.2008	7.2	0.4
Capital expenditure funded by borrowing between 01.04.2008 and 31.03.2019	3.9	0.2
Unsupported capital expenditure after 31.03.2019	22.6	0.7
<b>Total General Fund</b>	<b>33.7</b>	<b>1.4</b>
Assets in the Housing Revenue Account	5.7	0.0
HRA subsidy reform payment	49.4	1.4
<b>Total Housing Revenue Account</b>	<b>55.1</b>	<b>1.4</b>
<b>Total</b>	<b>88.8</b>	<b>2.8</b>

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# North West Leicestershire District Council

## Non-Treasury Investment Strategy Report 2025/26

### 1. Introduction

1.1 The Council invests its money for three broad purposes:

- Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- To support local public services by lending to or buying shares in other organisations (**service investments**), and
- To earn investment income (known as **Commercial investments** where this is the main purpose). It is important to stress that the primary goal of the commercial investments held by the Council and discussed in this report is not generation of profit but instead supporting local growth, local regeneration and the efficient use of local assets. Investment income is a secondary objective which is reinvested in local services.

1.2 Although not classed as a category of investment the Council also invests its own funds to finance capital expenditure funded through borrowing. This is known as internal borrowing.

1.3 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

1.4 The statutory guidance defines investments as “all of the financial assets of a local council as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

### 2. Treasury Management Investments

2.1 The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £13.3 million and £26.9 million during the 2025/26 financial year.

2.2 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

2.3 **Further details:** Full details of the Council's policies and its plan for 2025/26 for treasury management investments are covered in a separate document, the Treasury Management Strategy Statement 2025/26.

### 3. **Service Investments: Loans**

3.1 **Contribution:** The Council does not currently, but may in the future, lend money to various organisations including its subsidiaries or trading companies, suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

3.2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2024 actual			2025/26
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	Nil
Suppliers	Nil	Nil	Nil	Nil
Parish councils	Nil	Nil	Nil	Nil
Local businesses	Nil	Nil	Nil	Nil
Local charities	Nil	Nil	Nil	Nil
Housing associations	Nil	Nil	Nil	Nil
Local residents	Nil	Nil	Nil	Nil
Employees	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

3.3 Loans made for service purposes will be undertaken on a case-by-case basis and require approval by Full Council. Therefore, there is no approved limit for these loans outlined in the above table, but the option is available following a proper risk and benefit review.

3.4 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.5 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by:

- Requesting a business case to support the service loan and reviewing the business case for validity and robustness;
- Completing a financial appraisal of the business case;
- Seeking external advice where necessary to ensure compliance with for example state aid/subsidy law and creditworthiness of the counterparty seeking a service loan;
- Monitoring and undertaking regular reviews of counterparties for credit risk.

#### 4. **Service Investments: Shares**

4.1 **Contribution:** The Council does not currently, but may in the future, invest in the shares of its subsidiaries or trading companies, its suppliers, and local businesses to support local public services and stimulate local economic growth.

4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2024 actual			2025/26
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	Nil
Suppliers	Nil	Nil	Nil	Nil
Local businesses	Nil	Nil	Nil	Nil
<b>TOTAL</b>	Nil	Nil	Nil	Nil
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

4.3 As in Table 1 there are no approved limits for investments of this kind. Applications will be dealt with on a case-by-case basis and require approval by Full Council following a comprehensive review.

4.4 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares by:

- Requesting a business case to support the investment and reviewing the business case for validity and robustness;
- Completing a financial appraisal of the investment;
- Seeking external advice where necessary to ensure the creditworthiness of the counterparty; and
- Monitoring and maintain regular review of counterparties for credit risk.

4.5 **Liquidity:** To maintain liquidity, the council determines the maximum period for which funds may be prudently committed through financial planning in the Medium-Term Financial Strategy and the Treasury Management Strategy Statement. The Council's cash flow is monitored and reviewed to inform these strategies.

4.6 **Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

## 5. **Commercial Investments: Property**

5.1 **Contribution:** The Council invests in local commercial property with the primary aim of supporting local growth, regeneration and efficient use of local assets. The secondary aim is investment income that will be spent on local public services. Currently the Council only holds commercial investments within the district boundaries in line with these aims.

5.2 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. A different analysis will be required for project subject to a finance lease. An assessment of the Council's investment property portfolio is undertaken each year in the Final Accounts year-end process.

- Where the value in the accounts is at or above purchase cost: the property investment is deemed to be secure as the property could be sold to cover the purchase cost.
- Where the value in the accounts is below the purchase cost: the investment property portfolio is no longer sufficient to provide security against loss.

5.3 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments by:

- Assessment of the business case on a case by case basis, reviewing for validity and robustness;
- Financial appraisal of the business case;
- Seeking external expertise and advice where necessary; and
- Assessing the market competition including barriers to entry or exit; market needs; nature and level of competition; ongoing investments required;
- The council will also take into consideration any impact on local businesses before entering into new investments. This is to protect local business's interest in the local market.

5.4 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are

needed, for example to repay capital borrowed, the Council has minimised this risk by holding a minimal investment portfolio.

## **6. Loan Commitments and Financial Guarantees**

6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risk to the Council and are included here for completeness.

6.2 The Council has contractually committed to make up to £Nil million of loans.

## **7. Borrowing in Advance of Need**

7.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council does not have any plans to borrowing in advance of need in 2025/26.

## **8. Capacity, Skills and Culture**

8.1 **Elected members and statutory officers:** The Council recognises the importance of ensuring that all Elected Members and Officers involved in investment decisions are fully equipped to undertake the duties and responsibilities allocated to them and have the appropriate capacity, skills and information to enable them to make informed decisions e.g. as to whether to enter into a specific investment. There is a requirement to understand:

- The context of the Council's corporate objectives;
- The Council's risk appetite and risk assessment framework;
- The Prudential Framework;
- The regulatory regime within local authorities operations.

8.2 The Council will, therefore, seek to appoint individuals who are both capable and experienced and provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The following measures are in place:

- Identification of officer training needs on commercial investment related issues through the reflection process;
- Attendance at relevant training events, seminars and workshops; and
- Support from the Council's treasury management advisors, Arlingclose.

8.3 Elected members' training needs are assessed through the Member Development Group. The Council will also specifically address this important issue by:

- Periodically facilitating workshops or other training for members on commercial investment issues; and
- Interim reporting and advice to members.

- 8.4 Where necessary the Council will engage external advisers for investment advice, property surveys and due diligence checks. The cost of any such advice will be taken into account when developing business cases and when assessing the overall viability of projects.
- 8.5 **Commercial deals:** The Council has a decision-making framework which is aligned to the requirements of the Statutory Guidance relating to Local Authority Investments. A Commercial Board would be constituted if the requirement arises. The Commercial Board will consider any future commercial opportunities. The guiding principles that will be used will require future commercial projects to:
- Meet the Council's corporate priorities;
  - Deliver community benefit
  - Require minimum investment for maximum return;
  - Be primarily within the District boundaries, consideration will be given to opportunities outside these boundaries if the benefit to the Council or North West Leicestershire is significant;
  - Grow the business base;
  - Deliver a diversified portfolio of projects that balance risk and return.
- 8.6 The Commercial Board will assess future commercial investment against the Investment Strategy. All investments will be subject to rigorous scrutiny and successful schemes will result in the provision of a report to Council for approval. Schemes will be considered for investment against the following criteria;
- Economic Impact – in particular; jobs, business growth and new housing;
  - Impact on Market Towns – in terms of vibrancy, footfall and heritage;
  - Financial Implications – value for money, affordability and return of investment; and
  - Deliverability – the ability to deliver the proposals and the associated risks.
- 8.7 **Corporate governance:** It is important that the Council has sound arrangements in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's values. In terms of governance, the Commercial Board will consider all new commercial investment proposals. The Commercial Board may determine an application under delegated powers or may recommend a project to Council for approval. Full Council is responsible for the approval of the Investment Strategy and for monitoring performance against it.
- 8.8 The Council's values include transparency in decision-making. To facilitate that, the following arrangements are in place:
- This Corporate Investment Strategy will be made available on the Council's website;
  - Meetings of the Full Council will be open to the public and the agendas and minutes from such meetings will be shown on the Council's website.

## 9. Investment Indicators

9.1 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

9.2 **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 3: Total investment exposure in £ millions

Total investment exposure	01.12.2024 Actual £m	31.03.2025 Forecast £m	31.03.2026 Forecast £m
Treasury management investments	26.2	15.4	13.3
Commercial investments: Property	8.5	8.5	8.5
<b>TOTAL INVESTMENTS</b>	<b>34.7</b>	<b>23.9</b>	<b>21.8</b>
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
<b>TOTAL EXPOSURE</b>	<b>34.7</b>	<b>23.9</b>	<b>21.8</b>

9.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

9.4 These figures have been worked out by using the actual and forecast percentage of the overall capital financing requirement (CFR) that is funded by external borrowing and applying that to the value of the investments in Table 4.

Table 4: Investments funded by borrowing in £ millions

Investments funded by borrowing	31.03.2024 Actual £m	31.03.2025 Forecast £m	31.03.2026 Forecast £m
Treasury management investments	4.2	3.6	3.4
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	1.4	2.0	2.2
<b>Total Funded by Borrowing</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>

9.5 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government

accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2023/24 Actual</b>	<b>2024/25 Forecast</b>	<b>2025/26 Forecast</b>
Treasury management investments	6%	5%	4%
Commercial investments: Property	1%	2%	3%



## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – THURSDAY, 20 FEBRUARY 2025



<b>Title of Report</b>	<b>GENERAL FUND BUDGET AND COUNCIL TAX 2025/26</b>	
<b>Presented by</b>	Councillor Nick Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<p><b>Council 22 February 2024:</b> <a href="#">General Fund Budget and Council Tax 2024/25</a></p> <p><b>Corporate Scrutiny 7 January 2025:</b> <a href="#">Minutes</a></p> <p><b>Cabinet 9 January 2025:</b> <a href="#">Draft 2025/26 General Fund Budget and Council Tax</a></p> <p><b>Cabinet 28 January 2025:</b> <a href="#">General Fund and Council Tax 2025/26</a></p>	<b>Public Report: Yes</b>
<b>Financial Implications</b>	<p>This report sets out the General Fund Revenue budget and Capital Programme and the Special Expenses budget for 2025/26 to 2029/30, which are needed for the Council to continue to deliver its services to residents, tenants and businesses.</p> <p><b>Signed off by the Section 151 Officer: Yes</b></p>	
<b>Legal Implications</b>	<p>There are no direct legal implications arising from this report.</p> <p><b>Signed off by the Monitoring Officer: Yes</b></p>	
<b>Staffing and Corporate Implications</b>	<p>The report and its appendices set out plans to create new posts and remove vacant posts from the establishment.</p> <p><b>Signed off by the Head of Paid Service: Yes</b></p>	
<b>Purpose of Report</b>	To allow the Council to approve the 2025/26 budgets.	
<b>Recommendations</b>	<p><b>THAT COUNCIL:</b></p> <p><b>1. APPROVES THE GENERAL FUND REVENUE BUDGET FOR 2025/26 AS SUMMARISED IN SECTION 2 OF THIS REPORT. THIS INCLUDES INCREASING THE DISTRICT COUNCIL'S SHARE OF COUNCIL TAX IN 2025/26 BY 2.5%.</b></p>	

	<p><b>2. NOTES THE GENERAL FUND REVENUE INDICATIVE BUDGET FOR 2026/27 TO 2029/30 (APPENDIX 1).</b></p> <p><b>3. NOTES THE GENERAL FUND FEES AND CHARGES APPROVED BY CABINET ON 28 JANUARY 2025 (APPENDIX 3).</b></p> <p><b>4. APPROVES THE PROPOSED GENERAL FUND CAPITAL PROGRAMME (APPENDIX 4) FOR 2025/26 AND PLANNED FINANCING, AS SET OUT IN SECTION 3 OF THIS REPORT.</b></p> <p><b>5. NOTES THE REMAINING ELEMENTS OF THE GENERAL FUND CAPITAL PROGRAMME 2026/27 – 2029/30.</b></p> <p><b>6. APPROVES THE SPECIAL EXPENSES REVENUE BUDGET FOR 2025/26 (APPENDIX 6) AS SUMMARISED IN SECTION 4, INCLUDING SETTING THE SPECIAL EXPENSE BAND D COUNCIL TAX AT THE LEVELS DETAILED IN TABLE 4 OF THIS REPORT.</b></p> <p><b>7. APPROVES THE CONTINUATION OF NWLDC IN THE LEICESTER AND LEICESTERSHIRE BUSINESS RATES POOL IN 2025/26.</b></p> <p><b>8. NOTES THE CONTRIBUTION TO A CONTINGENCY BUDGET AS DETAILED IN THE GENERAL FUND BUDGET SUMMARY 2025/26 TO 2029/30 (APPENDIX 1)</b></p> <p><b>9. APPROVES THE ALLOCATION OF £100,000 FROM THE MTFP RESERVE TO CREATE AN EARMARKED RESERVE TO SUPPORT NECESSARY WORK TO UNDERSTAND THE WIDER IMPLICATIONS OF THE ENGLISH DEVOLUTION WHITE PAPER AS SET OUT IN PARAGRAPH 2.2.2 OF THE REPORT.</b></p>
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## **1.0 BACKGROUND AND DISCUSSION**

- 1.0.1 The Medium-Term Financial Plan (MTFP) sets out the financial strategic direction for the Council and is updated as it evolves and develops throughout the year, to form the framework for the Council's financial planning.
- 1.0.2 The purpose of the MTFP is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are effectively managed and are able to deliver the aspirations of the Council, as set out in the Council Plan, over the medium term.

## 1.1 Context

1.1.1 The Council is setting its budget at a time when it continues to face a range of issues to contend with. In broad terms these can be split into three categories: economic, local government and locally in North West Leicestershire. Each of these is explored below:

## 1.2 Economic

1.2.1 The recent report by the Office of Budget Responsibility (OBR) in respect of the Economic and Fiscal Outlook describes how the economy is expected to grow by just over 1% this year rising to 2% in 2025 before falling to 1.5%, slightly below its estimated potential growth rate of 1 ⅓ % over the remainder of the forecast. The recent decisions made in the Government's Autumn Budget 2024 should push up inflation by around ½ a percentage point at their peak, meaning it is projected to rise 2.6% in 2025, and then gradually fall back to target. The latest data as at Q3 2024 shows the UK economy is currently experiencing stagnant growth.

## 1.3 Local Government

1.3.1 Local authorities in the UK are grappling with a range of financial challenges that impact their ability to deliver essential services and support their communities. Since 2010-11 core funding for local government has fallen significantly, forcing councils to make difficult decisions about which services to prioritise.

1.3.2 The demand for local government services, particularly in social care, housing and homelessness has increased substantially. An aging population and rising numbers of vulnerable individuals mean that councils are under pressure to provide more support with fewer resources.

1.3.3 Local Government Association (LGA) analysis shows that by 2026/27 these pressures will have increased the cost of delivering services by 12% since 2024/25, leaving councils facing a funding gap of £6.2bn across 2025/26 and 2026/27, just to sustain services at 2024/25 levels. These pressures come on top of the fact that councils have already absorbed a 22.2% real terms reduction in core spending power from 2010/11 to 2024/25.

1.3.4 The scale of the pressures facing the sector was demonstrated in February 2024 when the then Department for Levelling Up, Housing and Communities took the unprecedented step of announcing that 18 councils would receive Exceptional Financial Support in 2024/25 to address financial pressures that the councils considered unmanageable. All but two of these councils had social care responsibilities. This meant that the sector entered 2024/25 with more than one in 10 social care councils dependent on a significant one-off relaxation of the financial framework to secure their financial sustainability. The sheer scale of this intervention by the Government indicates the risk of financial failure is potentially becoming systemic. Furthermore, the final local government finance settlement announced on 3 February 2025, announced that six authorities would be permitted to higher council tax thresholds in support of the financial difficulties they are facing.

1.3.5 The LGA is calling for the need for a significant and sustained increase in overall funding to stem the emerging risk of system-wide financial failure and to ensure that councils can meet growing demand for the vital services needed by their communities.

1.3.6 The Housing, Communities and Local Government Committee has launched an inquiry looking at whether the local government finance system in England is fit for purpose, recognising that the state of many councils' finances in England is at breaking point.

- 1.3.7 The Autumn Budget 2024, announced in October 2024, contained some important funding announcements for local government in 2025/26 including:
- a 3.2% real-terms increase in Core Spending Power for the whole sector in 2025/26. This includes £1.3bn additional grant funding, of which at least £600m will be directed to social care.
  - £233m new funding for homelessness prevention. This is in addition to the £1.3bn grant funding.
  - £1bn to extend the Household Support Fund and Discretionary Housing Payments into 2025/26.
  - £1.1bn new funding through implementation of the Extended Producer Responsibility scheme for recycling.
- 1.3.8 The additional funding support for homelessness is welcome, however, the Government has not acted to increase the housing benefit subsidy cap for temporary accommodation or to uprate Local Housing Allowance rates again. This is likely to mean that significant temporary accommodation financial pressures will remain for councils.
- 1.3.9 Ahead of the Provisional Local Government Finance Settlement, the Government released a Policy Statement 2025 to 2026 on 28 November 2024. It set out the Government's intentions for the Local Government Finance Settlement 2025/26, alongside longer-term plans for reforming local authority funding. It also confirms that 2026/27 will be the first multi-year funding settlement for local government in 10 years.
- 1.3.10 In addition, the Statement confirmed that all local authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves and Council Tax levels through a funding guarantee. Core Spending Power includes revenue from Council Tax, business rates, grants and other sources.

#### 1.4 Local – North West Leicestershire

- 1.4.1 The Council continues to face significant pressures. The latest forecast for 2024/25 indicates that the Council must incur agency costs to fill essential positions and ensure service delivery. This challenge is not unique to North West Leicestershire; it is a national issue highlighted in a recent LGA report. Specific difficulties are evident in the planning and finance departments, with particular challenges in recruiting key technical finance roles. Despite these challenges, the council maintains a robust level of reserves and is not in the same position as some councils that have to apply for exceptional financial hardship.
- 1.4.2 Forecasting income from planning remains challenging due to the volatility in planning applications. The budget proposals for 2025/26 aim to address the issues identified in 2024/25. This includes addressing the pay award, adjusting the budget for unachievable income targets in specific services, and investing in corporate services to support recruitment and retention. While the government has acknowledged the pressures on homelessness, additional funding will not be known until later in the year.
- 1.4.3 The projected overspend for 2024/25 reported to Cabinet on 9 January 2025 can be funded from MTFP reserve. Historically, the Council has relied on business rates growth and reserves to fund ongoing expenditure, a strategy that is not sustainable. Sustainable financial management requires long-term planning and budgeting. Reliance on reserves in previous years has hindered the development of a balanced budget and long-term financial strategy. However, the budget proposals for 2025/26 will contribute to putting the Council on a stable footing regarding its finances. The Council maintains a robust level of reserves, ensuring its financial sustainability. Unlike many local authorities facing significant financial challenges, the Council is not in a precarious position. This financial

health allows the Council to continue delivering essential services without the immediate risk of financial distress.

- 1.4.4 The multi-year settlement due to be announced this year will provide the Council with some certainty on the funding available over the medium-term from which it can develop a robust medium term financial plan. The one-year settlements seen in recent years have hampered medium-term financial planning for the sector.
- 1.4.5 The Council's external auditors recently issued disclaimed opinions in respect of the financial statements for 2021/22 and 2022/23, however, they did not highlight a risk of significant weakness in arrangements for financial sustainability.
- 1.4.6 The highest financial risk for the Council, as Government has indicated, is that it is looking to reset the business rates growth baseline and redistribute resources to councils across the country. This is alongside the funding review which is expected to be implemented in 2026/27.
- 1.4.7 The Council continues to review its financial management arrangements, with a focus on improvements to the financial system to improve reporting.

## 1.5 Principles Underpinning the Budget Strategy

- 1.5.1 The Council's principles as a basis for financial management and budget planning as follows:

Guiding Principles	Key Strategies for Developing Budget 2025/26 and MTFP 2025-30
Financial Stability and Sustainability	<ul style="list-style-type: none"> <li>• Plan ahead for potential Government funding changes (including Business Rates Reset)</li> <li>• Do not become overly reliant on Business Rates funding for on-going service provision</li> <li>• Use future surpluses in Business Rates funding for future one off investment to reduce ongoing revenue costs or generate income</li> </ul>
Resources Focussed on Priorities	<ul style="list-style-type: none"> <li>• Align resources to Council Delivery Plan objectives</li> </ul>
Maximising Our Sources of Income	<ul style="list-style-type: none"> <li>• Fees and Charges maximised in accordance with the Corporate Charging Policy (increased by inflation)</li> </ul>
Managing our Risks	<ul style="list-style-type: none"> <li>• Acceptable level of risk tolerance</li> <li>• Review of reserves strategy and position</li> </ul>

## 1.6 Budget Assumptions

- 1.6.1 The following budget assumptions have been built into the forecast:

- Pay award
  - 2024/25 – additional 1%, increasing from 3% to 4%
  - 2025/26 – additional 1%, increasing from 2% to 3%
  - 2026/27 onwards to remain as 2%
- Contracts price increases have been linked to the Consumer Price Index (CPI)/Retail Prices Index (RPI) as per individual agreements

- Inflation – fuel and utilities inflation are very volatile. After reviewing the current prices and future indications based on the best information available, and allowing for reviewing utility contracts, a minimal level of inflation has been included.

Cost	Increase in Budget 2025/26
Fuel	5%
Gas	5%
Electricity	5%
Water	5%

- Fees and charges – increased by the CPI as at September 2024. Using the CPI, ensures the Council's fees and charges keeps pace with inflation, covering the costs of providing services. See section 2.4 for more detailed information on fees and charges.
- In broad terms, other expenditure has not had any inflationary factor applied with a few exceptions where material costs have had to be increased to keep up with rising prices (e.g. Grounds Maintenance).

## 2.0 GENERAL FUND BUDGET 2025/26

### 2.1 General Fund Budget Summary

2.1.1 Appendix 1 shows the general fund budget position for 2024/25 and the budget for approval for 2025/26, as well as an indicative budget for 2026/27 to 2029/30.

2.1.2 Table 1 below highlights that in 2025/26 the net revenue expenditure has increased by £920k compared to 2024/25 and the anticipated funding has also increased by £1,663k.

**Table 1: Changes to the General Fund budget from the previous year**

	2024/25 £'000	2025/26 £'000	Movement £'000
Total Funding	(17,411)	(19,074)	(1,663)
Net Revenue Expenditure	18,163	19,083	920
<b>Funding (surplus)/deficit</b>	<b>752</b>	<b>9</b>	<b>(743)</b>
Contributions to/(from) reserves	(752)	(488)	264
Contribution to Contingency Budget	0	479	479

2.1.3 The surplus of £479k in 2025/26 is to be set aside in a contingency budget, this will be utilised to fund any unexpected in-year pressures. Within the Net Revenue Expenditure, £488k are one-off expenditure proposals which are discussed in further detail in section 2.2 below and are being met from the Medium-Term Financial Plan (MTFP) reserve and Business Rates Reserve (BRR).

2.1.4 The forecast financial position for the medium term is set out in Appendix 1. Although the Council currently has a balanced budget for 2025/26 with the surplus of £479k being set aside in a contingency budget, there is uncertainty for the future as the budget gap for 2026/27 is £578k increasing to £3,587k in 2029/30. It is not part of the Council's financial strategy to continue to use the BRR to fund revenue expenditure as detailed above in section 1.5.1. This situation arises amidst funding uncertainty for local authorities. The Government has stated that a multi-year settlement will not be provided until 2026/27,

complicating medium-term forecasting. Additionally, proposals for a business rates reset and the associated uncertainties have led the Council, along with other local authorities, to rely on Pixel, a specialist in local government finance analysis, to project funding based on available information.

2.1.6 The budget options proposed for 2025/26 have helped to reduce the base funding position. However, there is still a funding gap over the medium-term coupled with an uncertain economic climate and ambiguity in respect of the local government finance funding regime.

2.1.7 A robust corporate and financial plan is required to bridge the funding gap and ensure the Council can balance its budget for 2026/27 and over the medium term. This plan should initially focus on being more efficient with the aim of having the same service outcomes at a lower cost. However, it needs to be flexible enough to adapt to potential national changes to local government funding which may require reductions in service levels in the future. There is a Transformation Programme planned to support this which is detailed in section 2.3.1 below.

## **2.2 Budget Changes to the MTFP**

2.2.1 Appendix 2 sets out the most significant planned changes to the general fund budgets for 2025/26 to 2029/30.

2.2.2 Focusing on 2025/26, the budget changes from the previous year indicate a total saving of (£386k) and include:

- **Unavoidable cost pressures £1,412k including:**

- Pay related costs which are due to increase by £378k due to a combination of funding the unbudgeted balance of the pay award for 2024/25 and an additional 1% being included in 2025/26.
- National Insurance increases of £351k were expected to be funded from additional central government funding. Alongside the Provisional Settlement published on 18 December 2024, the Government indicated that £515m will be available to support the initial costs. However, in the final settlement, the Council has been awarded £170k i.e. a funding shortfall of £181k.
- Service pressures of £493k which includes £80k for one off-costs funded from reserves. Other pressures include £50k increase on general inflation for utilities, business rates and fuel, and £215k to remove unachievable income or savings budgets.
- Technical adjustments of £190k which is mainly a reduction in HRA recharge income due to changes in the apportioning.

- **Additional Capacity £1,082k including:**

- Creation of a contingency budget in 2025/26 only of £479k to assist with any in-year pressures.
- Contribution to feasibility project costs of £100k funded from BRR.
- Additional short-term resource in Internal Audit, Insurance, Property and Finance graduate totalling £198k to be funded from the MTFP reserve
- Additional resources in Legal, HR, Planning and Property services totalling £153k

- In light of the recent publication of the Government's English Devolution White Paper, it is considered prudent to set aside a sum of £100k to undertake any necessary work required to understand the wider implications for North West Leicestershire. This allocation will enable thorough analysis and strategic planning, ensuring that the Council is well-prepared to navigate the changes and opportunities that devolution and any associated reorganisation proposals may bring. This will be funded from the MTFP reserve.
- **Savings Agreed (£573k) including:**
  - Funding of Regeneration salaries from capital of (£500k)
  - Deletion of vacant posts within Community Services of (£71k)
- **Reserve Contributions (£488k)** – see Appendix 2 for detailed breakdown of which costs are being funded from the reserves
- **UKSPF Grant** – the Council has been awarded £790k for 2025/26, revenue of £644k and capital of £146k.
- **Food Waste Roll Out** – the Council has not received confirmation of the revenue grant award for transitional funding. No cost pressure has been included in the budgets.

## 2.3 The Year Ahead by Service Area

### 2.3.1 Transformation

2.3.1.1 In June 2024, the Council approved its Transformation Delivery Plan, which serves as a comprehensive blueprint for addressing the critical challenges of financial sustainability currently faced by the Council. This Plan is not merely a fiscal roadmap; it also represents a commitment to enhancing service delivery and aligning the Council's functions with the needs of the community it serves. The Transformation Delivery Plan is a pivotal element in the Council's dedication to achieving service excellence and operational effectiveness.

2.3.1.2 The Transformation Steering Group has approved several initiatives, including a review of how the Council interacts with its customers. The £500k allocated in the 2024/25 budget is intended to support a range of these initiatives. Additionally, the Council has recently appointed a Transformation Officer to manage and support the Transformation Programme.

### 2.3.2 ICT

2.3.2.1 Moving to a hybrid/agile working operating model has meant that the service supports 500 officers, including Councillors and remote offices, which is a pressure on ICT services. There is a greater focus on IT security and IT audits, this will continue over the medium to long term, to ensure that the Council is compliant with ICT standards and practices. IT is a fundamental core pillar for the organisation.

2.3.2.2 There are a large number of ICT systems which require upgrades as the software reaches end of life or end of contract.

2.3.2.3 There are likely to be several projects emerging from the Transformation Programme which will require ICT support, for example artificial intelligence (AI).



2.3.2.4 The service is in the process of reviewing the numerous ICT contracts in places across the Council with a view to moving them to cloud services, to reduce operating cost as well as ensuring that the systems deliver value for money.

### **2.3.3 Finance and Internal Audit**

2.3.3.1 The Finance Team has continued to face recruitment and retention challenges, a trend reflected nationally and highlighted in the recent Local Government Association Report. Despite these issues, the team successfully completed the Statements of Accounts for 2021/22 and 2022/23 ahead of the Government's backstop date.

2.3.3.2 Significant enhancements have also been made to the Unit 4 financial system and other associated systems to improve processes. In the next financial year, the focus will be on completing the Statements of Accounts for 2023/24 and 2024/25, as the Council aims to rebuild assurance in its financial reporting. Additionally, there will be a focus on improving the exchequer and financial planning systems and processes.

2.3.3.3 The resources of the Internal Audit team were reviewed in 2024 to ensure that appropriate audit coverage was provided to the Council, both in terms of General Fund and Housing Revenue Account (HRA) and provide the appropriate level of assurance to Audit and Governance Committee. It is proposed to add an additional auditor post to the establishment in 2025/26. This will increase the number of audit days per year from 315 to 502, It is necessary to review the level of recharges to the HRA to ensure that they are commensurate with the number of audit days provided to the Housing Service.

### **2.3.4 Legal and Support Services**

2.3.4.1 Priorities for the Democratic Services Team in 2025/26 will be to conduct the County Council Elections in May 2025, implement the outcome of the Local Government Boundary Commission Review of Electoral Arrangements and conduct a Community Governance Review for the District.

2.3.4.2 The Legal Services Team has recently restructured to align resources to the needs of the organisation and an additional solicitor post was added to the establishment in 2024 to meet demand.

### **2.3.5 Organisational Development**

2.3.5.1 A key focus for the Human Resources team in the next few years will be recruitment and retention issues affecting parts of the workforce and ensuring the Council remains an attractive employer to both new applicants while retaining existing employees. The Council will also be seeking to achieve greater efficiency through the reduction of sickness absences.

### **2.3.6 Strategic Housing**

2.3.6.1 There continues to be increasing demand for the Council's statutory homelessness service. This has led to increasing expenditure in relation to emergency accommodation. This year the Council has begun to implement the new Homelessness Strategy and revised the allocations policy; this will really begin to have an impact once supported accommodation has been fully commissioned. This will be done in partnership with East Midlands Housing (EMH) to provide better quality accommodation with support and more preventative focussed services to those who the Council has a statutory obligation to house. This plan to provide a better service and reduce the use of bed and breakfast accommodation should deliver financial savings once fully implemented. Though this should be considered against a predicted 25% increase in homelessness applications from last year.

### **2.3.7 Community Services**

- 2.3.7.1 This is a front-facing function within the Council incorporating waste, parks, car parks, toilets, burials, leisure, markets, licencing, environmental health, community safety, community focus, environmental protection and fleet management.
- 2.3.7.2 Plans are in train to roll out mandatory food waste collections to all households in the district in 2025/26. A review of the waste service can now progress since the new government has now confirmed what is acceptable under the Environment Act.
- 2.3.7.3 The service also intends to see changes to its car parking provision with the addition of a new 150 space car park in Ashby. This is still subject to Cabinet approval.
- 2.3.7.4 Work continues with zero carbon measures across the Council and new schemes will be rolled out as business cases are developed for the Council's fleet and buildings particularly in order that the Council can meet its aspiration to be zero carbon by 2030 for its own operations.

### **2.3.8 Planning and Development**

- 2.3.8.1 The key service issue for the Planning Policy team is to continue to progress the Local Plan Review. There are associated risks with this work, including any unanticipated requirement for additional evidential work over and above that currently budgeted for. As a result of proposed upcoming changes to Regulations, the Local Plan will now need to be submitted by December 2026 rather than June 2025. Following consultation earlier this year and policy changes proposed by the new government, including changes to housing requirements, it is likely that the Council will incur additional costs for preparing the local plan as a result of new or updated evidence requirements. It is likely that the Local Plan examination will take place in early 2027 and if the Local plan was to be found to be not sound at Examination, or if it is not possible to submit by December 2026, then it would be necessary to revisit and update evidence at significant cost to the Council.
- 2.3.8.2 The key service issue for the Planning and Development Team is to maintain the high level of performance achieved in meeting government targets for the determination of planning applications. Planning application fee income dropped significantly in the first two quarters of 2024/25. Fee increases of 35% for major applications and 25% for all other applications that came into force on 6 December 2023 have had some impact in meeting projected fee income. A few major applications have been received, any additional fee income received over and above the projected budget will be put in reserve to manage workload peaks and troughs and to balance the Planning and Development budget in future years.

### **2.3.9 Property Services and Economic Regeneration**

- 2.3.9.1 The Council's portfolio of commercial properties offers an opportunity to generate significant income, but the stock needs investment if potential is to be maximised. Consideration will also need to be given to investment in energy efficient measures to meet government regulations.
- 2.3.9.2 The continuing prioritisation of Regeneration Projects across the District creates a need for capital investment. Central Government grant support for this work would be welcomed and would unlock economic growth.

## 2.4 Fees and Charges

2.4.1 The Council provides a large number of services to local residents that incur a fee. Appendix 3(a) to 3(c) sets out key changes to fees and charges for 2025/26. Charges were approved by Cabinet in January 2025. The fees and charges have been increased by 1.7% which was the CPI as at September 2024.

## 2.5 Funding

2.5.1 The Provisional Local Government Finance Settlement 2025/26 was published late December 2024, with the final settlement announced in February 2025. The information is provided by Pixel, the Council's technical funding adviser and from local intelligence, for example of anticipated business rates growth. The key funding changes are:

- **New Homes Bonus (£679k) increase** – for 2025/26 only. No further years' income has been budgeted or is expected. The Medium Term Financial Plan assumes that the Council will no longer receive this funding beyond 2026/27.
- **Minimum Funding Guarantee (MFG) £630k decrease** - This grant is to ensure the Council is not significantly affected by the reduced New Homes Bonus (NHB) Grant. As the NHB grant has continued for another year, MFG has been reduced accordingly.
- **Increase in Business Rates** - Growth in the District is expected to result in an increase in business rate income. It is recommended that the additional income is not used to fund ongoing revenue spend and instead, is set aside within the business rates reserve to fund the capital programme. This is due to the risk North West Leicestershire faces from a potential business rates reset which could happen in 2026/27. North West Leicestershire has seen the biggest growth above its business rates baseline in all local authorities in England and therefore, could face a significant reduction in funding if and when such a policy is implemented.
- **Revenue Support Grant (£51k) increase** – an increase in 2025/26, with a decrease of £27k expected in 2026/27. The Revenue Support Grant for 2026/27 onwards has been updated since the report to Cabinet on 28 January 2025 due to change of funding allocation forecasted by Pixel.
- **Services Grant £15k decrease** – this grant has now ceased from the Government's Autumn Statement stating it will be repurposed.
- **Council Tax income is assumed to decrease by £48k**– although there is taxbase growth in the district, the Council Tax increase has been set at 2.5%, instead of the previously forecast 2.75%. This has been set based on the council tax base calculated for 2025/26.
- **Extended Producer Responsibility Grant (£1,574k) increase** – this is a new grant for 2025/26. There is no certainty of future years grant, therefore, a 20% annual reduction has been assumed in the MTFP. In 2025/26 it has been paid as a separate grant, however, the Government has indicated that it will be mainstreamed into the core funding settlement which provides an additional level of uncertainty.
- **National Insurance Increases (£170k)** – new grant to partly fund the increases to National Insurance. There is uncertainty whether funding will be received in 2026/27 onwards, the budget has assumed we will not receive the grant after 2025/26.

## 2.6 General Fund Reserves

2.6.1 The Medium-Term Financial Plan (MTFP) reserve is to help manage deficits and funding volatility. The value of this reserve is forecast to be £4.3m as at 31 March 2026.

2.6.2 In addition to these reserves, the Council also has earmarked reserves estimated to be £4.4m as at 31 March 2026, falling to £4.0m by 31 March 2030 and general balances of £1.5m. A summary of these reserves can be found in Table 2 below.

**Table 2: Summary of estimated reserves 2025/26 – 2029/30**

Reserve Name	Estimated Balance as at 1/4/25 £000	Commitments & Budget Proposals 25/26 £000	Estimated balance as at 31/3/26 £000	Future (use)/contribution incl budget proposals 26/27 to 29/30 £000	Estimated Balance 31/3/30 £000
Earmarked Reserves - General Fund	4,968	(576)	4,392	(293)	4,099
MTFP Reserve	4,484	(195)	4,289	(157)	4,132
Business Rates Reserve	12,549	876	13,425	16,935	30,360
General Balance (minimum level of reserves)	1,544	0	1,544	0	1,544
<b>Total Reserves</b>	<b>23,545</b>	<b>105</b>	<b>23,651</b>	<b>16,485</b>	<b>40,135</b>

2.6.3 Earmarked reserves are those reserves that have been earmarked for a specific purpose. The estimated balances include items currently committed. A table showing details by service can be found in Appendix 5.

2.6.4 The MTFP reserve is expected to be £4.3m after taking into account the funding of one-off budgets for 2025/26. It will be used to mitigate unbudgeted pressures (including anticipated Government funding reduction), pump-priming invest to save opportunities and the transformation programme and funding the capacity to deliver a medium-term financial plan.

2.6.5 Contributions into the business rates reserve are expected to be net £0.9m in 2025/26 and £17m across 2026-2030. As mentioned above in paragraph 2.5.1, this is due to Business Rates growth, Leicestershire Business Rates Pool allocations and Freeport allocations. It is proposed to use this reserve to fund the capital programme. The figures in Table 2 are net of forecast funding of the capital programme.

2.6.6 General balances are the minimum level of reserves that is prudent to hold.

## 2.7 Changes between Draft and Final 2025/26 Budget

2.7.1 Appendix 8 provides a reconciliation between the draft revenue budget presented to Cabinet on the 9 January, the final presented to Cabinet on the 28 January and this version presented for approval.

## 3.0 CAPITAL PROGRAMME 2025/26 TO 2029/30

### 3.1 General Fund and Special Expenses Capital Programme

### 3.1.1 Capital Strategy

3.1.2 The Capital Strategy includes a few key changes and improvements for the 2025/26 and future years' programme.

3.1.3 A key change introduced in 2023/24, is the reduction in the use of external borrowing to fund programmes. This will minimise the Council's exposure to increases in interest rates. Schemes would be funded from internal sources such as reserves, (mainly the MTFP and the Business Rates Reserves), capital receipts, and revenue contributions. External grant applications would be made for schemes which qualify for such funding.

3.1.4 The capital programme is divided into two parts – active projects and schemes in a development pool. The active projects are schemes which have been approved by Council (in-year or in previous years) and currently being delivered. Some new schemes have been added to the active pool as part of the budget process.

3.1.5 Projects in the development pool are subject to a full business case being developed before moving to the active category. The business case is scrutinised by the Capital Strategy Group before going onto Cabinet or Council for full approval in line with the Constitution.

3.1.6 These planned improvements to managing schemes through their project lifecycle will contribute towards better financial management and governance.

3.1.7 The Capital Strategy is available within the Capital Strategy, Treasury Strategy and Prudential Indicators report on the same agenda.

### 3.2.1 2025/26-2029/30 Capital Programme

3.2.2 The proposed General Fund capital programme is outlined in Appendix 4. The five-year programme totals £21.640 million, a reduction of £332k when compared with the previous five-year programme. A summary of the higher value schemes are:

#### Active Programme

- **Marlborough Centre purchase and renovation:** The Council acquired the Marlborough centre property in 2022/23. The building will be redeveloped at an estimated cost of £2.953m over the next three years from 2025/26 and the project is to provide residential apartment properties and commercial units. The residential units will be sold after completion to generate capital receipts and the commercial units will be let to businesses to generate income to support service provision.
- **Food Waste Collections:** This is a £2.2m project jointly funded by the Council and Department for Environment, Food and Rural Affairs (DEFRA). The project aims to divert food wastes from landfill or incineration to recycling via an anaerobic digestion facility in Atherstone where it is used to produce green energy and a bio-fertiliser for use on farmland. The trial of this project has proved successful. The Government has mandated all councils that food waste collections are rolled out to all residents by April 2026. The £1.154m in the Council's capital budget for 2025/26 is to cover the purchase of food waste collection vehicles food waste containers.
- **Capitalisation of Salaries:** The salaries and on costs of the Economic Development and Regeneration Team who are supporting the implementation of Coalville Regeneration Projects will be capitalised. This is estimated to be £500k per year. This represents a change to the capital programme from the final budget presented to Cabinet on the 28 January 2025.

### Development Pool (require further Cabinet approval)

- **Coalville Regeneration Project:** Investment of £1.5m in 2025/26 to deliver projects set out in the Coalville regeneration framework document which is in the strategic business objective of the Council.
- **Fleet replacement programme:** A programme to replace old vehicles with environmentally friendly fleet for services such as waste, parks and housing. The old vehicles would be sold and the receipts from sales re-invested in the programme. This is year three of this programme. A business case is currently in progress for investment required for future years.
- **Stenson Square public realm:** This is a £2m investment across the next two years from 2025/26 to create a new public realm. This scheme will invest in Council-owned land at Stenson Square and London Road car park to create improved facilities for the general public.
- **Enterprise Park:** This is a £3.7m project across two years from 2025/26 which is to create serviced employment land and the Council in turn will rent or sell to end users thereby generating capital receipts and/or ongoing income.

### 3.3 Funding the Capital Programme

3.3.1 The capital programme is funded from a variety of sources, including revenue, reserves, grants and borrowing. Table 3 below summarises the current identified funding sources for each year of the general fund capital programme.

**Table 3: Sources of funding for the General Fund capital programme**

<b>Funding Sources</b>	<b>2025/26 £ '000</b>	<b>2026/27 £ '000</b>	<b>2027/28 £ '000</b>	<b>2028/29 £ '000</b>	<b>2029/30 £ '000</b>	<b>Total £ '000</b>
Grants / Contributions	1,878	670	670	670	670	4,559
Capital Receipts	21	-	-	-	-	21
Revenue Contributions	22	-	-	-	-	22
Business Rates Reserve	8,097	6,248	1,441	560	692	17,038
Earmarked Reserves	-	-	-	-	-	-
<b>Total</b>	<b>10,018</b>	<b>6,918</b>	<b>2,111</b>	<b>1,230</b>	<b>1,362</b>	<b>21,640</b>

3.3.2 The monies set out in the Reserves line in the table above will be drawn down from the Business Rates Reserve. As per paragraph 2.5.5, there is forecast to be sufficient monies in the reserve to finance the capital programme commitments.

### 4.0 SPECIAL EXPENSES 2025/26

4.1 The Council currently operates six special expense accounts where it provides additional services specific to some areas of the district. The Council's Special Expense Policy sets out the criteria and services that are classified as special expenses.

- 4.2 The special expenses budget includes a five-year Planned and Preventative Maintenance (PPM) programme which should provide sufficient budget to cover future planned maintenance along with a programme for play equipment replacement. The PPM programme has been reviewed and updated as part of the budget preparation.
- 4.3 It should be noted any increases in council tax for special expense areas are considered as part of the District Council's proportion of the council tax when calculating and considering the Referendum Principles for increases in Council Tax.
- 4.4 As part of the budget process the net expenditure requirements for each special expense area have been reviewed against the level of funding available through precepts, grants, S106 Funding and earmarked reserves. In line with statutory requirements for the Council it is important that each special expense area produces a balanced budget and is financially sustainable. A key element of good practice financial sustainability is to have a minimum level of balances for each special expense area, which is recommended at circa 10% of reoccurring expenditure.

#### **4.5 2025/26 Budget Setting**

- 4.5.1 A budget requirement covering the period 2025/26 to 2029/30 has been produced for each special expense area and is available at Appendix 6. Also included in Appendix 6, is the movement from the 2024/25 to 2025/26 base budget and details of the Planned and Preventative Maintenance (PPM) included in the budget.
- 4.5.2 All of the special expense areas include a budget for PPM which should provide sufficient funding to cover future planned maintenance along with a programme for play equipment replacement (where applicable). The PPM programme has been updated as part of the budget preparation.

#### **4.6 Special Expense Precepts 2025/26**

- 4.6.1 The Council is required to set a balanced budget for each special expenses account. It is good practice to have a minimum level of balances, which is recommended at circa 10% of reoccurring expenditure. With the exception of Whitwick, Oakthorpe, Donisthorpe and Acresford, all special expense accounts have sufficient balances forecast for 2025/26.
- 4.6.2 In relation to Oakthorpe, Donisthorpe and Acresford, there is a deficit balance brought forward from 2022 due to the replacement of fencing at the play area. The proposal is to increase the precept to enable the recovery of the deficit over the next two years. For Whitwick, the deficit has arisen due to a forecasted reduction in burial fee income and a forecasted reduced increase in the council tax base figures. The proposal is to increase the precept to enable the recovery of the deficit over the next five years.
- 4.6.3 Table 4 below shows the proposed Band D Council Tax for the special expense areas.

**Table 4 – Band D Annual Precept for each Special Expense Area**

<b>Special Expense Area</b>	<b>Council Tax Band D 2024/25</b>	<b>Increase/ (Decrease)</b>	<b>Council Tax Band D 2025/26</b>
Coalville	78.98	2.22	81.20
Coleorton	3.51	(0.63)	2.88
Hugglescote/Donington-le-Heath	8.83	1.10	9.93
Oakthorpe, Donisthorpe and Acresford	12.20	0.00	12.20
Ravenstone with Snibston	1.16	(0.12)	1.04
Whitwick	6.65	1.76	8.41

4.6.4 Special expense budgets, just like all council budgets, are subject to the inflationary pressures of the current economic environment. To ensure a balanced budget is proposed and mitigate any funding gaps, action has been taken to minimise PPM expenditure. As well as seeking to increase income from Section 106 contributions and fees and charges.

4.6.5 There are potential risks in these mitigating actions. For example, minimising PPM expenditure in 2025/26 by deferring non-essential spend to future years, may lead to higher routine maintenance in the short term. This may take time to implement the impact of reductions in service levels which could lead to short term cost pressure on the wider general fund.

## 5.0 KEY RISKS TO THE BUDGET

5.1 Table 5 below provides an assessment of the key risk areas to determine the robustness of the estimates and adequacy of reserves included in the General Fund budgets:

**Table 5: Key Risks to the Budget**

Area	Y/N	Comments
Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?	Y	The 2024/25 financial monitoring is showing a projected overspend of £2,133k on the General Fund. This is expected to be funded from reserves. The on-going and unavoidable pressures, alongside potential reductions in reserve levels, have been factored into budget plans for 2025/26 and the medium term.
Are arrangements for monitoring and reporting performance against the savings plans robust?	Y	Delivery of savings/efficiencies will be monitored throughout the financial year and reported to stakeholders alongside the financial monitoring reports on a quarterly basis. As part of the Council's Transformation Programme, project management principles will be adopted with a suite of guidance and templates to support good practice, which, in turn will help the Council manage and monitor large scale transformation programmes.
The reasonableness of the underlying budget assumptions	Y	All budget proposals have been justified by service managers, reviewed by finance and subject to budget challenge sessions in the new process. External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.
The alignment of resources with the Council's service and organisational priorities	Y	Resources are aligned to the current priorities of the Council. The Council Delivery Plan (CDP) was approved by Council on 14 November 2023. The CDP is aligned to the resources available and risks faced by the Council. The Council's ambition to be carbon neutral by 2030 is likely to require additional investment, however, the Council will look to



Area	Y/N	Comments
		maximise grant funding made available to it to support this priority.
A review of the major risks associated with the budget	Y	The major risks within the budget have been assessed and are set out in the budget report, including mitigations and strategies about how these are being managed.
The availability of un-earmarked reserves to meet unforeseen cost pressures	Y	<p>The Council has a minimum level of reserves for General Fund of (£1.5m). In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of Council's net spending as a prudent level for risk-based reserves.</p> <p>The General Fund position has been risk assessed to take account of potential unforeseen pressures.</p>
Have realistic income targets been set and 'at risk' external funding been identified?	Y	<p>An assessment of income targets has been undertaken as part of the development of the draft budget.</p> <p>Fees and charges have been increased, where it is appropriate to do so, in accordance with the Council's Corporate Charging Policy.</p>
Has a reasonable estimate of demand cost pressures been made?	Y	The enhanced budget process used in the development of the draft budget has improved the reasonableness of estimates.
Has a reasonable estimate of future income been made?	Y	The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.
Have one-off cost pressures been identified?	Y	All pressures have been reviewed to assess if they are one-off or ongoing in nature. One-off proposals are to be funded from reserves. Services will need to ensure exit plans exist for one off expenditure.
Are arrangements for monitoring and reporting performance against the budget plans robust?	Y	<p>From 2023/24, quarterly financial reporting to Cabinet and Scrutiny Committee has been introduced. Quarter 2 was presented to Cabinet on the 9 January 2025 and will be presented to Corporate Scrutiny on the 13 March 2025.</p> <p>The new finance system has been developed to include a budget monitoring solution, intended to bring enhanced financial reporting for budget holders to support robust and regular monitoring of budgets.</p>

Area	Y/N	Comments
		The Council will also need to enhance its development, monitoring and delivery of its plans to deliver balanced budgets over the medium term.
Is there a reasonable contingency available to cover the financial risks faced by the Council?	Y	The Council has incorporated estimates for pay award, inflation and demand pressures into its budget. It has also made provisions for key income streams not materialising for business rates and council tax.
Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?	Y	The Council has a range of earmarked, MTFP and minimum levels of reserves to ensure its financial stability.
The strength of the financial management function and reporting arrangements?	N	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Further enhancements have been and are also being implemented to the system to deliver this.</p> <p>A review of the Financial Procedures Rules is planned.</p>
Have the previous years Accounts been signed off by external audit to verify balances?	N	The Council's Accounts for 2022/23 have been approved by Audit and Governance Committee. The audit completion date for the 2023/24 final account has not been set. Budget estimates and reserves balances for 2024/25 and beyond are based on the latest information incorporated into the 2022/23 and 2023/24 accounts.
Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?	Y	<p>There has been a continuation of the improvements introduced to the budget setting process last year.</p> <p>This has included a series of budget challenge sessions between the Directors and Heads of Service, as well as engagement with Corporate Leadership Team, Portfolio Holders, Strategy Group and an all Councillor briefing.</p>

## 6.0 CONSULTATION

### 6.1 Consultation with Members

6.1.1 The Corporate Scrutiny Committee considered the draft general fund budget at the meeting on the 7 January 2025. Members asked a number of questions around the proposals, and more detail can be seen in the minutes for the meeting, which are included as a background paper to this report.

## **6.2 Public Consultation**

- 6.2.1 As part of the budget consultation, the Council launched an online survey on 13 January 2025 until the 26 January 2025 to seek the views of residents and businesses on the main changes within the budget. The survey was promoted via social media and set out the key changes to the budget and asked responders to state the extent to which they supported the proposed changes. Residents could also provide additional comments if they wanted to.
- 6.2.2 As part of the budget consultation, officers also wrote to representatives of the trade unions, parish and town councils and the federation of small businesses. These groups were asked to provide written comments or to complete the online survey in line with the timescales for the public consultation.
- 6.2.3 The budget consultation responses are detailed in Appendix 7.
- 6.2.4 No responses were received direct from trade unions, parish and town councils or the federation of small businesses.

## **7.0 CONCLUSIONS**

- 7.1 Based on the assumptions made in the Budget 2025/26 and MTFP 2025-30 for income and expenditure, the Council can set a balanced proposed budget for 2025/26.
- 7.2 Further work will need to be carried out going forward on balancing the budget gap for future years from 2026/27 onwards.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	Equality impact assessments have been conducted by services on relevant proposals during the budget setting period.
Customer Impact:	Customers are likely to be impacted by the changes to fees and charges and District and special expenses precepts set out in this report.
Economic and Social Impact:	The General Fund capital programme allocates £4.6m to investing in Coalville Regeneration Projects over five years.
Environment and Climate Change:	There is £235k investment to support carbon zero initiatives.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 7 January 2025 Public consultation ran from 13 January to 26 January 2025 Parish and town councils, trade unions and the Federation of Small Businesses - 13 January to 26 January 2025.
Risks:	The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered. Key risks to the budget are discussed in further detail in section 5 of the report.
Officer Contact	Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL GENERAL FUND SUMMARY BUDGET 2025/26

2024/25 Budget £	Service	2025/26 Indicative £	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £	2029/30 Indicative £
201,490	Chief Executive	201,490	201,490	201,490	201,490	201,490
732,700	Human Resources	756,780	759,270	761,930	761,930	761,930
1,873,460	Legal & Support Services	1,996,860	2,003,380	2,009,000	2,009,000	2,009,000
<b>2,807,650</b>	<b>Total Chief Executive</b>	<b>2,955,130</b>	<b>2,964,140</b>	<b>2,972,420</b>	<b>2,972,420</b>	<b>2,972,420</b>
137,970	Strategic Director of Place	137,970	137,970	137,970	137,970	137,970
1,279,120	Property & Economic Regeneration	717,755	718,915	720,110	720,110	720,110
1,070,580	Planning	1,099,730	1,099,730	1,107,585	1,107,585	1,107,585
(2,890)	Joint Strategic Planning	(4,600)	(6,340)	(8,120)	(9,930)	(9,930)
<b>2,484,780</b>	<b>Total Place</b>	<b>1,950,855</b>	<b>1,950,275</b>	<b>1,957,545</b>	<b>1,955,735</b>	<b>1,955,735</b>
110,990	Director of Communities	110,990	110,990	110,990	110,990	110,990
6,514,950	Community Services	6,339,090	6,123,370	5,932,560	5,733,660	5,733,660
540,188	Strategic Housing	540,188	542,188	542,188	542,188	542,188
<b>7,166,127</b>	<b>Total Community Services</b>	<b>6,990,267</b>	<b>6,776,547</b>	<b>6,585,737</b>	<b>6,386,837</b>	<b>6,386,837</b>
237,130	Strategic Director of Resources	237,130	237,130	237,130	237,130	237,130
1,009,760	Customer Services	1,011,180	1,012,630	1,014,110	1,014,110	1,014,110
1,052,640	Finance	1,110,460	1,053,990	1,055,590	1,055,590	1,055,590
1,170,850	Revenues & Benefits	1,211,620	1,233,230	1,255,710	1,255,710	1,255,710
1,221,640	ICT	1,252,280	1,252,280	1,262,280	1,262,280	1,262,280
570,090	Business Change	0	0	0	0	0
<b>5,262,110</b>	<b>Total Resources</b>	<b>4,822,670</b>	<b>4,789,260</b>	<b>4,824,820</b>	<b>4,824,820</b>	<b>4,824,820</b>
115,140	Non Distributed - Revenue Expenditure on Surplus Assets	116,120	117,120	118,140	118,140	118,140
69,980	Non Distributed - Retirement Benefits	71,330	72,710	74,120	74,120	74,120
92,500	Corporate & Democratic Core	108,500	113,500	113,500	113,500	113,500
526,781	Pay Award, Employers NI and Utilities Contingency	1,656,601	2,094,511	2,542,531	3,000,971	3,470,121
0	Contingency	478,573	0	0	0	0
<b>18,525,068</b>	<b>NET COST OF SERVICES</b>	<b>19,150,046</b>	<b>18,878,063</b>	<b>19,188,813</b>	<b>19,446,543</b>	<b>19,915,693</b>
(1,859,136)	Net Recharges from General Fund	(1,714,066)	(1,714,066)	(1,714,066)	(1,714,066)	(1,714,066)
<b>16,665,932</b>	<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>17,435,980</b>	<b>17,163,997</b>	<b>17,474,747</b>	<b>17,732,477</b>	<b>18,201,627</b>
	<b>CORPORATE ITEMS AND FINANCING</b>					
	<b>Corporate Income and Expenditure</b>					
1,906,878	Net Financing Costs	1,788,070	1,739,498	1,702,267	1,701,701	1,615,941
(410,200)	Investment Income	(150,360)	(150,360)	(150,360)	(150,360)	(150,360)
<b>18,162,610</b>	<b>NET REVENUE EXPENDITURE</b>	<b>19,073,690</b>	<b>18,753,135</b>	<b>19,026,654</b>	<b>19,283,818</b>	<b>19,667,208</b>
(770,805)	Budget Proposals Funded from Reserves - One-Off	0	0	0	0	0
19,448	Contribution to/(from) Balances/Reserves	0	0	0	0	0
<b>17,411,253</b>	<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>19,073,690</b>	<b>18,753,135</b>	<b>19,026,654</b>	<b>19,283,818</b>	<b>19,667,208</b>
<b>0</b>	<b>ANTICIPATED BASELINE FUNDING GAP</b>	<b>0</b>	<b>578,135</b>	<b>1,616,354</b>	<b>2,592,998</b>	<b>3,587,330</b>

2024/25 Budget £	Service	2025/26 Indicative £	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £	2029/30 Indicative £
	<b>Financed By</b>					
(918,476)	New Homes Bonus	(679,330)	0	0	0	0
(11,470)	Council Tax - Previous year's Surplus/(Deficit)	0	0	0	0	0
(6,041,652)	Council Tax	(6,268,350)	(6,519,420)	(6,780,540)	(7,052,120)	(7,334,580)
(8,619,604)	Non Domestic Rates	(8,673,560)	(10,292,320)	(9,563,070)	(8,821,480)	(8,137,398)
(1,707,118)	Minimum Funding Guarantee	(1,577,320)	0	0	0	0
0	Extended Producer Responsibility	(1,574,000)	(1,259,000)	(1,007,000)	(806,000)	(645,000)
(16,782)	2022/23 Services Grant	0	0	0	0	0
(96,151)	Revenue Support Grant	(131,200)	(104,260)	(59,690)	(11,220)	37,100
-	National Insurance Grant	(169,930)	0	0	0	0
<b>(17,411,253)</b>	<b>TOTAL FUNDING AVAILABLE</b>	<b>(19,073,690)</b>	<b>(18,175,000)</b>	<b>(17,410,300)</b>	<b>(16,690,820)</b>	<b>(16,079,878)</b>

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**North West Leicestershire District Council**  
**General Fund Budget Amendments to the MTFP 2025/26 to 2029/30**

Proposal Description & Service Impact	Directorate	Service	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Reserve
<b>Unavoidable Cost Pressures</b>								
Increase in contract prices – Microsoft Licences, Firewall renewal, data centre	Resources	ICT	29					
Unachievable budgeted staff staffings	Resources	ICT	64					
Reducing Legal Income budget	Chief Executive	Legal	45					
Additional IT licenses - Legal	Chief Executive	Legal	6					
Additional subscription - Legal	Chief Executive	Legal	1					
Reducing Pubic Conveniences income budget	Community Services	Community Services	11					
Additional IT licenses - Waste - customer reporting software	Community Services	Community Services	7					
Reducing Waste Clearance income budget	Community Services	Community Services	106					
Additional property costs inc. security, facilities management, landlord costs and maintenance	Place	Property and Economic Regeneration	46					
Additional subscription - Finance	Resources	Finance	5					
Development of Unit 4 finance system	Resources	Finance	50	(50)				MTFP Reserve
Additional IT licenses - Finance systems	Resources	Finance	21					
Pay Award - additional 1% in 24/25 and 25/26	Various	Corporate	378	8	17	23	402	
National Insurance Increase	Various	Corporate	351	7	7	8	7	
Two Independent Member posts approved an allowance by the Remuneration Panel.	Chief Executive	Democratic Services	2					
Reducing government grant due to Universal Credit transfer to Department of Works and Pension	Resources	Finance	20					
Inflation on utilities, business rates and fuel	Various	Corporate	50	52	55	57	60	
Delivery of Asset Management Plans – play area equipment, changing pavilions and closed churchyards.	Community Services	Community Services	30	(30)				Business Rates Reserve
Technical budget adjustments and HRA recharges	Corporate	Corporate	190	7				
			<b>1,412</b>	<b>(6)</b>	<b>79</b>	<b>88</b>	<b>469</b>	
<b>Additional Capacity</b>								
Increase in Internal Audit resources to enable adequate audit coverage and assurance	Resources	Internal Audit	60	60	(120)			MTFP Reserve
Additional solicitor post – to adequately resource the team.	Chief Executive	Legal	62					
Increase of Senior Human Resources Advisor hours from 21.75 to 36.25	Resources	HR	22					
To recruit a "superuser" post for the new Capital Asset Facilities Management system	Place	Property and Economic Regeneration	43					
Creation of an Insurance Officer post, to manage the insurance contract including annual renewal.	Resources	Finance	53	53	(106)			MTFP Reserve
Upgrading the Financial Services Team Leader post to a Team Manager.	Resources	Finance	9					
Recruitment of a Principal Officer to lead the implementation of Council development projects	Place	Property and Economic Regeneration	63	(63)				Business Rates Reserve
Reversal of Ashby Toilets asset transfer decision made in February 2024.	Community Services	Community Services	26					
CCTV changes to manned hours. (Sunday hours)	Community Services	Community Services	7					
Recruit a finance graduate through the Local Government Association Graduate Programme	Resources	Finance	22	44	(66)			MTFP Reserve
Additional hours for Senior Planning Officer within the planning and development team	Place	Planning and Infrastructure	26					
Additional hours for Senior Planning Officer within the planning policy team.	Place	Planning and Infrastructure	5					
Increased planning application income to fund above	Place	Planning and Infrastructure	(5)					
Contribution to feasibility costs	Resources	Finance	100	(100)				Business Rates Reserve
Love Your Neighbourhood	Community Services	Community Services	10	(10)				MTFP Reserve
Devolution proposal	Corporate	Corporate	100	(100)				MTFP Reserve
Contingency Budget	Corporate	Corporate	479	(479)				
			<b>1,082</b>	<b>(595)</b>	<b>(292)</b>	<b>0</b>	<b>0</b>	
<b>Savings Agreed</b>								
Deletion of Leisure Officer at Measham Leisure Centre.	Community Services	Community Services	(18)					
Deletion of Community Focus post.	Community Services	Community Services	(53)					
Funding of regeneration salaries – capitalisation of salaries which provides a saving on the revenue budget	Place	Property and Economic Regeneration	(500)					
Disabled Facilities Grant service provision saving	Community Services	Community Services	(1)					
Everyone Active changes in line with contract	Community Services	Community Services	26	(38)				
De minimis budgets ranging from £2k to £10k including subscriptions and additional income	Various	Various	(27)					
			<b>(573)</b>	<b>(38)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Proposal Description & Service Impact	Directorate	Service	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Reserve
<b>Corporate</b>								
Treasury			(38)	0	0	28	(86)	
			<b>(38)</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>(86)</b>	
<b>Funding</b>								
Extender Producer Responsibility Payment			(1,574)	315	252	201	161	
Business Rates							684	
National Insurance			(170)	170				
Council Tax			48	36	39	42	(282)	
Core Funding			(85)	278	0	0	49	
			<b>(1,781)</b>	<b>799</b>	<b>291</b>	<b>243</b>	<b>612</b>	
<b>Net Changes to MTFP</b>			<b>102</b>	<b>160</b>	<b>78</b>	<b>359</b>	<b>995</b>	
MTFP Reserve			(295)	3	292			
Business Rates Reserve			(193)	193				
<b>Total Reserve</b>			<b>(488)</b>	<b>196</b>	<b>292</b>	<b>0</b>	<b>0</b>	
<b>Total</b>			<b>(386)</b>	<b>356</b>	<b>370</b>	<b>359</b>	<b>995</b>	



**North West Leicestershire District Council**  
**Proposed Fees & Charges 2025/26 - Place Directorate**

Service	Fee/Charge	Charging Policy	2024/25 Proposed Fees	2025/26 Proposed Fees	Percentage Change in	
					Fees	Basis for Change
Property	Rent of Commercial Property	Rent agreement	No change	No change	n/a	Where new lease negotiated.
Property	Maintenance Charge for Commercial Property	% of rent	Various	Various	n/a	Where new lease negotiated.
Property	Service Charges for Commercial Property	Actual cost	No change	No change	n/a	Based on actual costs
Planning	Copy Planning/ Planning App Documents		No change	No change	0%	
Planning	Search fees CON29		No change	No change	0%	
Planning	Planning Application Fees	Set Nationally	Various	Various	n/a	Set Nationally
Planning	Planning Conditions Discharge	Set Nationally	Various	Various	n/a	Set Nationally
Planning	Pre-application fees	Individually determined	Individually determined	Individually determined	n/a	Individually determined

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**North West Leicestershire District Council**  
**Proposed Fees & Charges 2025/26 - Communities Directorate**

Service	Fee/Charge	Charging Policy	2024/25 Fees	2025/26 Proposed Fees	Percentage Change in Fees	Basis for Change
Waste Services	Bulky Collections	Full Cost Recovery	£25 For 1-3 items, £6.20 for each additional item	£25 For 1-3 items, £6.20 for each additional item	0.0%	No increase
Waste Services	POP's Collections	Full Cost Recovery	£37.50 For 1-3 items, £7.80 for each additional item up to a maximum of 6 items	£38.00 For 1-3 items, £7.90 for each additional item up to a maximum of 6 items	1.7%	September CPI
Waste Services	Trade Refuse	Full Cost Recovery	between £10.00 to £21.20 for 240l, 360l, 1100l bins (per bin per collection)	between £10.20 to £21.60 for 240l, 360l, 1100l bins (per bin per collection)	1.7%	September CPI
Waste Services	Trade Sacks	Full Cost Recovery	£3.40 per sack (min 50 sacks)	£3.50 per sack (min 50 sacks)	1.7%	September CPI
Waste Services	Trade Recycling	Full Cost Recovery	between £4.30 to £7.30 for 240l, 360l, 1100l bins (per bin per collection)	between £4.40 to £7.40 for 240l, 360l, 1100l bins (per bin per collection)	1.7%	September CPI
Waste Services	Additional Garden Waste bin collection	Subsidised/Full Cost Recovery	£57.00	£58.00	1.7%	September CPI
Waste Services	Emptying of litter bins	Full Cost Recovery	between £3.80 to £6.70 (per bin per wk)	between £3.90 to £6.90 (per bin per wk)	1.7%	September CPI
Waste Services	MOT's - Staff vehicles	Subsidised	£40.00	£41.00	1.7%	September CPI
Waste Services	Air Con Service - Staff vehicles	Full Cost Recovery	£43.00	£44.00	1.7%	September CPI
Leisure Services	Football pitch fees	Subsidised	<b>Per match</b> - Junior £35.00, Adult £60.00. <b>Per season</b> - Junior £334.00, Adult £602.00	<b>Per match:</b> Junior £36, Adult £61. <b>Per season:</b> Junior £340, Adult £612	1.7%	September CPI
Leisure Services	3G Pitch fees (Hermitage Rec Grd)	Subsidised/Full Cost Recovery	Between £34.00 to £85.00 depending on pitch size and Adult/Junior	Between £35 to £86 depending on pitch size and Adult/Junior	1.7%	September CPI
Environmental Prot (Leisure Services -Special Expenses)	Burial fees	Full Cost Recovery	Fees vary from £79.00 to £2,244.00	Fees vary from £80 to £2,279.00	1.7%	September CPI
Environmental Protection	Public Conveniences - Ashby & Coalville	Full Cost Recovery	flat rate of £0.30p	flat rate of £0.30p	0.0%	No increase
Environmental Protection	EV	Profit Generating	70p kwh	70p kwh	1.7%	September CPI
Environmental Protection	New Market	Full Cost Recovery	Fees vary from £17.50 to £60	Fees vary from £17.50 to £60	0.0%	No increase
Environmental Protection	Private Sector Housing	Full Cost Recovery	From £113 to £508	From £115 to £517	1.7%	September CPI
Environmental Protection	Scrap Metal Dealers - Licenses	Full Cost Recovery	Fees vary from £41 to £592	Fees vary from £42 to £602	1.7%	September CPI
Environmental Protection	High Hedges	Full Cost Recovery	£592.00	£602.00	1.7%	September CPI
Environmental Protection	Noise surveys	Full Cost Recovery	£483.00	£491.00	1.7%	September CPI
Environmental Protection	Caravans/Mobile Homes	Full Cost Recovery	Fees vary from £85 to £441	Fees vary from £86 to £448	1.7%	September CPI
Environmental Health	Licensing	Subsidised/Full Cost Recovery	Fees vary between £3.21 and £64,000	Fees vary between £3.30 and £64,000	1.7%	September CPI

Service	Fee/Charge	Charging Policy	2024/25 Fees	2025/26 Proposed Fees	Percentage Change in Fees	Basis for Change
Environmental Health	Health and Food Safety	Full Cost Recovery	Fees vary between £5.50 and £172	Fees vary between £5.50 and £175	1.7%	September CPI
Environmental Health	Border Inspection Post	Full Cost Recovery	Fees vary between £10 and £199	Fees vary between £10 and £204	1.7%	September CPI
Environmental Health	Pest Control	Subsidised/Full Cost Recovery	Fees vary between £19.80 and £220	Fees vary between £20.10 and £224	1.7%	September CPI
GF Housing	Caravan Site Rental	Rental Agreement	£43.39 from April 2023 on anniversary of individual rental agreement	£44.13 from April 2023 on anniversary of individual rental agreement	1.7%	September CPI
GF Housing	Lifelines for Private Customers - Basic	Contract	£5.10 pw	£5.19 pw	1.7%	September CPI
GF Housing	Lifelines Private Customers - Enhanced	Contract	£7.68 pw	£7.81 pw	1.7%	September CPI
GF Housing	Lifelines for Registered Providers - Basic	Contract	£2.33 to £4.07 pw	£2.37 to £4.14 pw	1.7%	September CPI

**North West Leicestershire District Council**  
**Proposed Fees & Charges 2025/26 - Resources & Chief Executive Directorates**

Service	Fee/Charge	Charging Policy	2024/25 Fees	2025/26 Proposed Fees	Percentage Change in Fees	Basis for Change
Legal	Legal fees various		Various	Various	0	No Change
Democratic Services	Electoral Registration sale of register	Statutory	Data - per 1000 electors or part thereof £1.50 + handling fee £20 Printed copy per 1000 electors or part thereof £5 + handling fee £10 Certificate of Registration (subject to review) £0.	Data - per 1000 electors or part thereof £1.50 + handling fee £20 Printed copy per 1000 electors or part thereof £5 + handling fee £10	1.7%	September CPI
Democratic Services	Address Management		Renaming existing Property £46.50. Naming/numbering existing property £46.50. Naming/numbering a development of up to 5 plots £46.50 per plot. Naming/numbering a development of more than 5 plots £232.50 + £24.50 for each plot from 6 onwards. Naming a street £174. Change to development after notification: Admin £61.25 plus £31.25 per plot Street re-naming at residents request £305 plus all compensation met by applicant Confirmation of postal address details £31.25 Number a new flat complex £31.25 per flat.	Renaming existing Property £47.00. Naming/numbering existing property £47.00. Naming/numbering a development of up to 5 plots £47.00 per plot. Naming/numbering a development of more than 5 plots £236.00 + £25.00 for each plot from 6 onwards. Naming a street £177. Change to development after notification: Admin £62.00 plus £32.00 per plot Street re-naming at residents request £310 plus all compensation met by applicant Confirmation of postal address details £32.00 Number a new flat complex £32.00 per flat.	1.7%	September CPI
ICT	Print Room Sales	Cost plus 25%	Mono 7p + paper and finishing Colour 8p + paper and finishing +25% for external customers	Mono 7p + paper and finishing Colour 8p + paper and finishing +25% for external customers	1.7%	September CPI
Finance - Fin Planning	External charges (Insurance)	Cost	Cost	Cost	Various	As per cost
Revs & Bens	Council Tax Summons/Liability Orders	Cost	£69.50	£70.50	1.7%	September CPI
Revs & Bens	NNDR Summons/Liability Orders	Cost	£89.00	£90.00	1.7%	September CPI

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## General Fund 2025/26 Capital Programme

PROJECT	2025/26 For Approval £	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £	2029/30 Indicative £	Total Indicative £	Grants/ Contributions	Capital Receipts	Revenue	Business Rates Reserve	Ear- Marked Reserves	Total
<b>ACTIVE PROJECTS</b>												
<b>Coalville Regeneration Projects</b>												
Marlborough Square Improvements	61,039	-	-	-	-	61,039	-	-	-	61,039	-	61,039
Marlborough Centre Purchase and Renovation	500,000	2,400,000	52,923	-	-	2,952,923	-	-	-	2,952,923	-	2,952,923
Capitalisation of Salaries	500,000	500,000	500,000	500,000	500,000	2,500,000	-	-	-	2,500,000	-	2,500,000
<b>Total Coalville Regeneration Projects</b>	<b>1,061,039</b>	<b>2,900,000</b>	<b>552,923</b>	<b>500,000</b>	<b>500,000</b>	<b>5,513,962</b>	-	-	-	<b>5,513,962</b>	-	<b>5,513,962</b>
<b>Vehicle, Plant and Equipment</b>												
Food Waste Collections	1,154,138	-	-	-	-	1,154,138	1,062,066	-	-	92,072	-	1,154,138
<b>Total - Vehicle, Plant and Equipment</b>	<b>1,154,138</b>	-	-	-	-	<b>1,154,138</b>	<b>1,062,066</b>	-	-	<b>92,072</b>	-	<b>1,154,138</b>
<b>New Construction or Renovation</b>												
The Courtyard Roof Repair	200,000	-	-	-	-	200,000	-	-	-	200,000	-	200,000
<b>Total - New Construction or Renovation</b>	<b>200,000</b>	-	-	-	-	<b>200,000</b>	-	-	-	<b>200,000</b>	-	<b>200,000</b>
<b>TOTAL ACTIVE PROGRAMME</b>	<b>2,415,177</b>	<b>2,900,000</b>	<b>552,923</b>	<b>500,000</b>	<b>500,000</b>	<b>6,868,100</b>	<b>1,062,066</b>	-	-	<b>5,806,034</b>	-	<b>6,868,100</b>
<b>DEVELOPMENT PROGRAMME</b>												
<b>Coalville Regeneration Projects</b>												
Coalville Regeneration Framework	1,500,000	-	-	-	-	1,500,000	-	-	-	1,500,000	-	1,500,000
Demolition of Council Offices	120,000	-	-	-	-	120,000	-	-	-	120,000	-	120,000
<b>Total Coalville Regeneration Projects</b>	<b>1,620,000</b>	-	-	-	-	<b>1,620,000</b>	-	-	-	<b>1,620,000</b>	-	<b>1,620,000</b>
<b>UK Shared Prosperity Investment Plan Programme (UKSPF)</b>												
UK Shared Prosperity Investment Plan Programme	145,859	-	-	-	-	145,859	145,859	-	-	-	-	145,859
<b>Total - UK Shared Prosperity Investment Plan Programme (UKSPF)</b>	<b>145,859</b>	-	-	-	-	<b>145,859</b>	<b>145,859</b>	-	-	-	-	<b>145,859</b>
<b>Zero Carbon</b>												
Electrical Vehicle (EV) Charging Infrastructure Strategy	40,000	-	-	-	-	40,000	-	-	-	40,000	-	40,000
Solar Panels - Ashby & Coalville Leisure Centres	195,000	-	-	-	-	195,000	-	-	-	195,000	-	195,000
Solar EV Hub Moneyhill												
<b>Total -Zero Carbon</b>	<b>235,000</b>	-	-	-	-	<b>235,000</b>	-	-	-	<b>235,000</b>	-	<b>235,000</b>
<b>Systems / ICT Schemes</b>												
Laptop Replacement	92,000	49,000	49,000	60,000	92,000	342,000	-	-	-	342,000	-	342,000
Replacement Windows Server	50,000	-	-	-	50,000	100,000	-	-	-	100,000	-	100,000
Wide Area Network (WAN)	50,000	-	-	-	50,000	100,000	-	-	-	100,000	-	100,000
<b>Total Systems / ICT Schemes</b>	<b>192,000</b>	<b>49,000</b>	<b>49,000</b>	<b>60,000</b>	<b>192,000</b>	<b>542,000</b>	-	-	-	<b>542,000</b>	-	<b>542,000</b>
<b>Vehicle, Plant and Equipment</b>												
Refuse Bins and Recycling Containers	200,000	200,000	202,000	-	-	602,000	-	-	-	602,000	-	602,000
Fleet Replacement Programme	591,000	99,000	637,000	-	-	1,327,000	-	20,760	-	1,306,240	-	1,327,000
<b>Total - Vehicle, Plant and Equipment</b>	<b>791,000</b>	<b>299,000</b>	<b>839,000</b>	-	-	<b>1,929,000</b>	-	<b>20,760</b>	-	<b>1,908,240</b>	-	<b>1,929,000</b>
<b>New Construction or Renovation</b>												
Hermitage Leisure Centre Demolition	146,068	-	-	-	-	146,068	-	-	-	146,068	-	146,068
Hermitage Recreational Ground 3G Pitch	-	150,000	-	-	-	150,000	-	-	-	150,000	-	150,000
Stenson Square Public Realm	1,000,000	1,000,000	-	-	-	2,000,000	-	-	-	2,000,000	-	2,000,000
Enterprise Park	1,850,000	1,850,000	-	-	-	3,700,000	-	-	-	3,700,000	-	3,700,000
Moira Furnace	266,741	-	-	-	-	266,741	-	-	-	266,741	-	266,741
Service Road Resurfacing	500,000	-	-	-	-	500,000	-	-	-	500,000	-	500,000
Car Park Resurfacing	164,000	-	-	-	-	164,000	-	-	-	164,000	-	164,000
<b>Total - New Construction or Renovation</b>	<b>3,926,809</b>	<b>3,000,000</b>	-	-	-	<b>6,926,809</b>	-	-	-	<b>6,926,809</b>	-	<b>6,926,809</b>

PROJECT	2025/26 For Approval £	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £	2029/30 Indicative £	Total Indicative £	Grants/ Contributions	Capital Receipts	Revenue	Business Rates Reserve	Ear- Marked Reserves	Total
<b>TOTAL DEVELOPMENT PROGRAMME</b>	<b>6,910,668</b>	<b>3,348,000</b>	<b>888,000</b>	<b>60,000</b>	<b>192,000</b>	<b>11,398,668</b>	<b>145,859</b>	<b>20,760</b>	<b>-</b>	<b>11,232,049</b>	<b>-</b>	<b>11,398,668</b>
<b>REFCUS</b>												
Disabled Facilities Grants	670,310	670,310	670,310	670,310	670,310	3,351,550	3,351,550	-	-	-	-	3,351,550
<b>TOTAL REFCUS</b>	<b>670,310</b>	<b>670,310</b>	<b>670,310</b>	<b>670,310</b>	<b>670,310</b>	<b>3,351,550</b>	<b>3,351,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,351,550</b>
<b>SPECIAL EXPENSES</b>												
Coalville Cemetery - Meadow Lane (Broomley's)	22,000	-	-	-	-	22,000	-	-	22,000	-	-	22,000
<b>TOTAL SPECIAL EXPENSES</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>22,000</b>
<b>TOTAL</b>	<b>10,018,154</b>	<b>6,918,310</b>	<b>2,111,233</b>	<b>1,230,310</b>	<b>1,362,310</b>	<b>21,640,317</b>	<b>4,559,475</b>	<b>20,760</b>	<b>22,000</b>	<b>17,038,082</b>	<b>-</b>	<b>21,640,317</b>



**North West Leicestershire District Council**  
**Estimated Reserves 2025/26 to 2029/30**

TEAM	Estimated Balance as at 1/4/25  £	Commitments & Budget Proposals 25/26  £	Estimated balance as at 31/3/26  £	Future commitment incl budget proposals 26/27 to 29/30  £	Estimated Balance 31/3/30  £
<b>Earmarked Reserves:</b>					
Chief Executive	100,000	- 75,000.00	25,000	- 25,000.00	0
Human Resources	30,000	0	30,000	0	30,000
Legal & Support Services	45,000	45,000	90,000	(90,000)	0
Community Services	636,067	(124,630)	511,437	0	511,437
Strategic Housing	404,158	0	404,158	0	404,158
Planning & Infrastructure	742,239	(62,250)	679,989	(16,645)	663,344
Property and Economic Regeneration	2,032,754	(221,500)	1,811,254	(85,000)	1,726,254
Joint Strategic Planning	181,341	0	181,341	0	181,341
Director of Resources	69,327	0	69,327	0	69,327
Customer Services	11,678	(3,360)	8,318	(2,045)	6,273
Business Change	548,103	(233,803)	314,300	(74,464)	239,836
Finance	166,638	100,000	266,638	0	266,638
MTFP Reserve	4,484,227	(195,000)	4,289,227	(157,000)	4,132,227
Business Rates Reserve	12,549,466	875,748	13,425,214	16,934,723	30,359,937
<b>Total earmarked reserves - General Fund</b>	<b>22,000,996</b>	<b>105,205</b>	<b>22,106,201</b>	<b>16,484,569</b>	<b>38,590,770</b>
<b>Other reserves General Fund:</b>					
General Balance (minimum level of reserves)	1,544,493	0	1,544,493	0	1,544,493
<b>Total other Reserves - General Fund</b>	<b>1,544,493</b>	<b>0</b>	<b>1,544,493</b>	<b>0</b>	<b>1,544,493</b>
<b>TOTAL ALL RESERVES - GENERAL FUND</b>	<b>23,545,489</b>	<b>105,205</b>	<b>23,650,694</b>	<b>16,484,569</b>	<b>40,135,263</b>
<b>Total earmarked reserves - Special Expenses</b>	<b>12,124</b>	<b>(12,124)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other reserves Special Expenses:</b>					
General Balance	60,996	(7,509)	53,487	0	53,487
<b>Total other Reserves - Special Expenses</b>	<b>60,996</b>	<b>(7,509)</b>	<b>53,487</b>	<b>0</b>	<b>53,487</b>
<b>TOTAL ALL RESERVES - SPECIAL EXPENSES</b>	<b>73,120</b>	<b>(19,633)</b>	<b>53,487</b>	<b>0</b>	<b>53,487</b>

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## SPECIAL EXPENSES BUDGET SUMMARY 2024/25-2029/30

<b>COALVILLE</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Cemetery	(14,440)	(8,120)	(7,210)	(6,270)	(5,310)	(4,340)
Planned Preventative Maintenance (Cemetery)	12,090	29,450	7,670	7,900	13,130	8,370
Other Expenses	5,000	5,000	5,000	5,000	5,000	5,000
Parks, Recreation Grounds & Open Spaces	292,140	312,220	317,200	326,860	332,240	337,730
Planned Preventative Maintenance (Parks/Recreation Grounds)	24,400	14,450	189,660	75,180	69,260	77,700
Events	96,860	98,340	99,090	99,850	100,600	101,390
<b>Net Cost of Services</b>	<b>416,050</b>	<b>451,340</b>	<b>611,410</b>	<b>508,520</b>	<b>514,920</b>	<b>525,850</b>
Service & Committee Management	90,030	92,710	94,550	96,430	98,340	100,310
<b>Net Cost of Services after Recharges</b>	<b>506,080</b>	<b>544,050</b>	<b>705,960</b>	<b>604,950</b>	<b>613,260</b>	<b>626,160</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	34,696	31,008	(97,514)	28,867	47,011	61,667
Precept (Council Tax)	(540,776)	(575,058)	(599,386)	(624,757)	(651,211)	(678,767)
<b>Total Funding</b>	<b>(506,080)</b>	<b>(544,050)</b>	<b>(696,900)</b>	<b>(595,890)</b>	<b>(604,200)</b>	<b>(617,100)</b>

<b>WHITWICK</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Cemetery	(4,440)	8,960	9,780	10,610	11,460	12,320
Open Space and Car Park	4,220	4,330	4,420	4,510	4,600	4,690
Planned Preventative Maintenance	4,730	9,100	12,200	4,600	3,400	3,500
<b>Net Cost of Services</b>	<b>4,510</b>	<b>22,390</b>	<b>26,400</b>	<b>19,720</b>	<b>19,460</b>	<b>20,510</b>
Service Management	14,130	14,550	14,840	15,130	15,440	15,750
<b>Net Cost of Services after Recharges</b>	<b>18,640</b>	<b>36,940</b>	<b>41,240</b>	<b>34,850</b>	<b>34,900</b>	<b>36,260</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	(299)	(13,770)	(11,874)	2,367	12,273	23,514
Precept (Council Tax)	(18,341)	(23,170)	(29,366)	(37,217)	(47,173)	(59,774)
<b>Total Funding</b>	<b>(18,640)</b>	<b>(36,940)</b>	<b>(41,240)</b>	<b>(34,850)</b>	<b>(34,900)</b>	<b>(36,260)</b>




<b>HUGGLESCOTE &amp; DONINGTON-LE-HEATH</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Cemetery	(190)	5,540	6,380	7,230	8,100	8,980
Planned Preventative Maintenance	9,980	38,080	22,160	16,240	2,820	2,900
<b>Net Cost of Services</b>	<b>9,790</b>	<b>43,620</b>	<b>28,540</b>	<b>23,470</b>	<b>10,920</b>	<b>11,880</b>
Service Management	14,770	15,220	15,530	15,840	16,160	16,480
<b>Net Cost of Services after Recharges</b>	<b>24,560</b>	<b>58,840</b>	<b>44,070</b>	<b>39,310</b>	<b>27,080</b>	<b>28,360</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	(1,372)	(32,605)	(14,402)	(5,748)	10,872	14,565
Precept (Council Tax)	(23,188)	(26,235)	(29,668)	(33,562)	(37,952)	(42,925)
<b>Total Funding</b>	<b>(24,560)</b>	<b>(58,840)</b>	<b>(44,070)</b>	<b>(39,310)</b>	<b>(27,080)</b>	<b>(28,360)</b>

<b>COLEORTON</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Open Space	1,010	1,100	1,120	1,140	1,160	1,180
Planned Preventative Maintenance	1,300	0	0	0	0	0
<b>Net Cost of Services</b>	<b>2,310</b>	<b>1,100</b>	<b>1,120</b>	<b>1,140</b>	<b>1,160</b>	<b>1,180</b>
Service Management	0	0	0	0	0	0
<b>Net Cost of Services after Recharges</b>	<b>2,310</b>	<b>1,100</b>	<b>1,120</b>	<b>1,140</b>	<b>1,160</b>	<b>1,180</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	(239)	593	275	12	(211)	(400)
Precept (Council Tax)	(2,071)	(1,693)	(1,395)	(1,152)	(949)	(780)
<b>Total Funding</b>	<b>(2,310)</b>	<b>(1,100)</b>	<b>(1,120)</b>	<b>(1,140)</b>	<b>(1,160)</b>	<b>(1,180)</b>

<b>OAKTHORPE, DONISTHORPE &amp; ACRESFORD</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Play Areas	4,250	4,370	4,450	4,540	4,630	4,720
Planned Preventative Maintenance	1,660	0	0	0	2,200	0
<b>Net Cost of Services</b>	<b>5,910</b>	<b>4,370</b>	<b>4,450</b>	<b>4,540</b>	<b>6,830</b>	<b>4,720</b>
Service Management	0	0	0	0	0	0
<b>Net Cost of Services after Recharges</b>	<b>5,910</b>	<b>4,370</b>	<b>4,450</b>	<b>4,540</b>	<b>6,830</b>	<b>4,720</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	5,424	7,305	7,408	7,514	5,419	7,724
Precept (Council Tax)	(11,334)	(11,675)	(11,858)	(12,054)	(12,249)	(12,444)
<b>Total Funding</b>	<b>(5,910)</b>	<b>(4,370)</b>	<b>(4,450)</b>	<b>(4,540)</b>	<b>(6,830)</b>	<b>(4,720)</b>

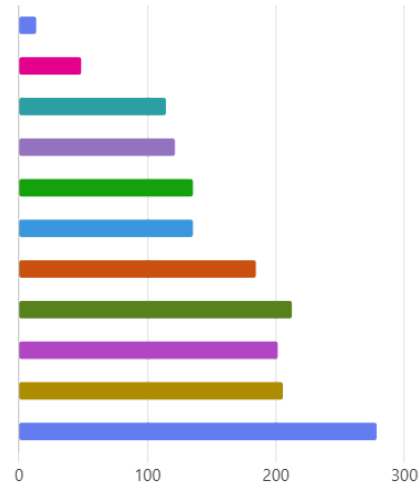
<b>RAVENSTONE</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>	<b>2029/30 Budget</b>
Open Space	480	490	500	510	520	530
Planned Preventative Maintenance	640	660	680	700	720	740
<b>Net Cost of Services</b>	<b>1,120</b>	<b>1,150</b>	<b>1,180</b>	<b>1,210</b>	<b>1,240</b>	<b>1,270</b>
Service Management	0	0	0	0	0	0
<b>Net Cost of Services after Recharges</b>	<b>1,120</b>	<b>1,150</b>	<b>1,180</b>	<b>1,210</b>	<b>1,240</b>	<b>1,270</b>
<b>Funded By:</b>						
Contribution To/ (From) Reserves	117	(39)	(167)	(285)	(395)	(505)
Precept (Council Tax)	(1,237)	(1,111)	(1,013)	(925)	(845)	(765)
<b>Total Funding</b>	<b>(1,120)</b>	<b>(1,150)</b>	<b>(1,180)</b>	<b>(1,210)</b>	<b>(1,240)</b>	<b>(1,270)</b>

Responses Overview Closed

<p>Responses</p> <p><b>1646</b> </p>	<p>Average Time</p> <p><b>10:03</b> </p>	<p>Duration</p> <p><b>14</b> Days </p>
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1. Please select your age group.

● 18 - 24	13
● 25 - 29	48
● 30 - 34	114
● 35 - 39	121
● 40 - 44	135
● 45 - 49	135
● 50 - 54	184
● 55 - 59	212
● 60 - 64	201
● 65 - 70	205
● 70 +	278



2. Please enter the postcode of your address without spaces (for example LE673PD).

1646  
Responses

Latest Responses  
 "DE12 6DW"  
 "LE65 2JH"  
 "LE673SN"  
 ...

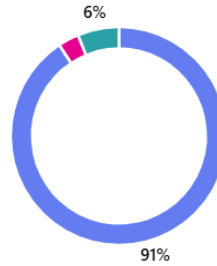
132 respondents (9%) answered LE67 for this question.

 Update



3. Are you a resident, business owner or council tenant (tick all that apply)?

● Resident	1544
● Business owner	53
● Council tenant	105



4. We're planning to increase council tax by 2.5%.

This means most households in the district will pay an increase of £4.07 or less this year for district council services.

- A band D bill will increase by £4.07\*\*
- 70% of homes in North West Leicestershire are in Band A – D

\*\*This increase is for the district council part of the bill only. Other organisations that share the council tax income - Leicestershire County Council, Leicestershire Police, Leicestershire Fire and Rescue Service and town and parish councils - may increase their parts of the bill to different degrees, increasing the overall bill by more than that stated.

Just like household expenses, the cost of providing services such as waste collection increases over time due to inflation.

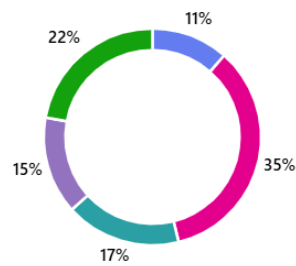
As our community grows, so does the demand for services. More residents mean more resources are needed to ensure everyone receives the support they need.

Sometimes, changes in government funding mean councils receive less money from central government. Increasing council tax helps bridge this gap to continue providing vital services.

Council tax makes up around a quarter of our total income. This increase is important to balance the budget for the coming year.

Do you agree with this proposal?

● Strongly agree	189
● Agree	570
● Neither agree or disagree	283
● Disagree	240
● Strongly disagree	364



**5. We're planning to increase what we charge for some services in line with inflation to help with the cost of providing these services. For example:**

- People who have more than one garden waste bin and pay for the extra collection service will pay £1 more a year for 24 collections each year.
- Businesses will pay slightly more for waste and recycling collections and bags (between 10p and 40p more per collection, depending on the waste being collected).
- It will cost £1 more per match to hire one of our football or 3G pitches.

You can see a full list of the proposed fees and charges for each service area here: [www.nwleics.gov.uk/budget2025](http://www.nwleics.gov.uk/budget2025)

These small increases will contribute towards a balanced budget for the coming year.

**Do you agree with this proposal?**



**6. We're planning to spend almost £3 million to renovate the Marlborough Centre in Coalville town centre (funded from the Business Rates Reserve).**

This latest investment will restore the historic front of the shops that go from Marlborough Square, down Belvoir Road and onto Owen Street.

We will create apartments on the upper floor to sell once they're complete, which will offset some of the development costs.

We fund one-off projects like this using money from our reserves, which we've built up over a number of years using our income from business rates.

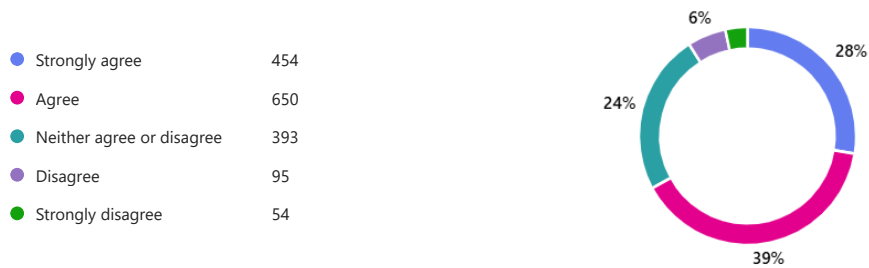
**Do you agree with this proposal?**



**7. Fees for renting a stall at Newmarket and Marlborough Square will stay the same as last year.**

This is to support local businesses, particularly small businesses and start-ups, to establish a regular market in Coalville.

**Do you agree with this proposal?**



**8. We’re planning to invest £3.7 million over the next two years to create a new enterprise park to support the creation and growth of small businesses across the district (funded using one-off money from our Business Rates Reserve).**

Once this employment land is developed, we will rent or sell the units.

This project aims to support business growth whilst paying back the development costs and providing an ongoing income to help address our funding pressures.

We fund one-off projects like this using money from our reserves, which we’ve built up over a number of years using our income from business rates.

**Do you agree with this proposal?**



**9. We’re planning to spend £1.3 million to update vehicles and equipment, making them low or zero carbon wherever possible.**

Old vehicles will be sold and the money reinvested in services.

**Do you agree with this proposal?**





**10. We're planning to increase rents for our council homes by 2.7%**

For most of our tenants, this will mean they pay between £3.07 and £3.65 more per week for their home.

Those tenants who are more vulnerable are protected with increases in their benefits above this level, so they will not be negatively impacted.

Our housing service is funded using a separate budget to all other services (the Housing Revenue Account).

Our rental income is ringfenced and can only be spent within our housing service, maintaining and investing in our homes.

**Do you agree with this proposal?**



**11. We plan to spend £4.5 million improving our tenants' homes through our Home Improvement Programme.**

This is in addition to other regular improvements and maintenance

This is being funded through one-off money in our housing-specific reserves, built up from rental income.

Our housing service is funded using a separate budget to all other services (the Housing Revenue Account) and the money can only be spent in this service.

**Do you agree with this proposal?**



12. **We're planning to spend £4 million making zero carbon improvements to our council homes.**

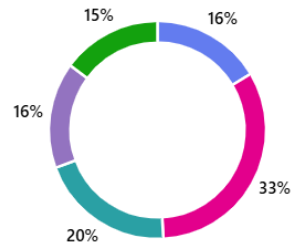
This work will make council homes more environmentally friendly and reduce energy bills for our tenants.

This is being funded using a government grant that can only be spent on council housing.

Our housing service is funded using a separate budget to all other services (the Housing Revenue Account) and cannot be spent on other services.

**Do you agree with this proposal?**

● Strongly agree	270
● Agree	539
● Neither agree or disagree	333
● Disagree	259
● Strongly disagree	245



13. **Do you have any comments on any other parts of the budget proposals for 2025/26?**

You can read all the proposals at [www.nwleics.gov.uk/budget2025](http://www.nwleics.gov.uk/budget2025)

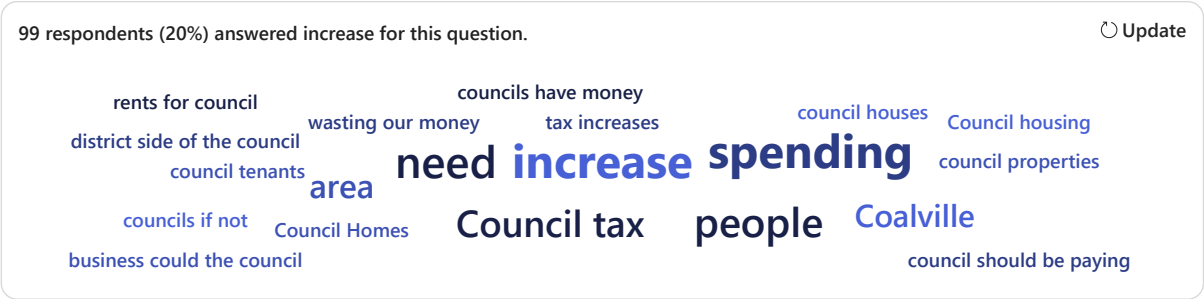
**538**  
Responses

Latest Responses

"No. However the large amount of money spent on the 'metal tree' sculpture on N..."

"As usual, improving Tourism in Ashby and rail links is not mentioned. Save on cou..."

...



Service	Cabinet Draft 09/01/2025	Cabinet Final 28/01/2025	Changes Draft to Final	Council Final 20/02/2025	Changes Cabinet to Council	Comments
Chief Executive	201,490	201,490	-	201,490	-	
Human Resources	756,780	756,780	-	756,780	-	
Legal & Support Services	1,996,860	1,996,860	-	1,996,860	-	
<b>Total Chief Executive</b>	<b>2,955,130</b>	<b>2,955,130</b>	<b>-</b>	<b>2,955,130</b>	<b>-</b>	
Strategic Director of Place	137,970	137,970	-	137,970	-	
Property & Economic Regeneration	717,255	717,255	-	717,755	500	De minimis change
Planning	1,073,730	1,073,730	-	1,099,730	26,000	Additional hours for Senior Planning Officer within the Planning and Development Team
Joint Strategic Planning	- 4,600	- 4,600	-	- 4,600	-	
<b>Total Place</b>	<b>1,924,355</b>	<b>1,924,355</b>	<b>-</b>	<b>1,950,855</b>	<b>26,500</b>	
Director of Communities	110,990	110,990	-	110,990	-	
Community Services	6,339,090	6,339,090	-	6,339,090	-	
Strategic Housing	540,188	540,188	-	540,188	-	
<b>Total Community Services</b>	<b>6,990,267</b>	<b>6,990,267</b>	<b>-</b>	<b>6,990,267</b>	<b>-</b>	
Strategic Director of Resources	237,130	237,130	-	237,130	-	
Customer Services	1,011,180	1,011,180	-	1,011,180	-	
Finance	1,110,460	1,110,460	-	1,110,460	-	
Revenues & Benefits	1,211,620	1,211,620	-	1,211,620	-	
ICT	1,252,280	1,252,280	-	1,252,280	-	
<b>Total Resources</b>	<b>4,822,670</b>	<b>4,822,670</b>	<b>-</b>	<b>4,822,670</b>	<b>-</b>	
Non Distributed - Revenue Expenditure on Surplus Assets	116,120	116,120	-	116,120	-	
Non Distributed - Retirement Benefits	71,330	71,330	-	71,330	-	
Corporate & Democratic Core	108,500	108,500	-	108,500	-	
Pay Award, National Insurance and Utilities Contingency	1,305,461	1,305,461	-	1,656,601	351,140	Additional contingency to cover the increase in Employers National Insurance. The two reports presented to Cabinet had assumed 100% grant.
Contingency	660,563	686,283	25,720	478,573	- 207,710	Changes in Contingency due to additional Council Tax and funding the Planning Officer and Employers National Insurance.
<b>NET COST OF SERVICES</b>	<b>18,954,396</b>	<b>18,980,116</b>	<b>25,720</b>	<b>19,150,046</b>	<b>169,930</b>	
Net Recharges from General Fund	- 1,714,066	- 1,714,066	-	- 1,714,066	-	
<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>17,240,330</b>	<b>17,266,050</b>	<b>25,720</b>	<b>17,435,980</b>	<b>169,930</b>	
<b>CORPORATE ITEMS AND FINANCING</b>						
<b>Corporate Income and Expenditure</b>						
Net Financing Costs	1,788,070	1,788,070	-	1,788,070	-	
Investment Income	- 150,360	- 150,360	-	- 150,360	-	
<b>NET REVENUE EXPENDITURE</b>	<b>18,878,040</b>	<b>18,903,760</b>	<b>25,720</b>	<b>19,073,690</b>	<b>169,930</b>	
<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>18,878,040</b>	<b>18,903,760</b>	<b>25,720</b>	<b>19,073,690</b>	<b>169,930</b>	

Service	Cabinet Draft 09/01/2025	Cabinet Final 28/01/2025	Changes Draft to Final	Council Final 20/02/2025	Changes Cabinet to Council	Comments
<b>Financed By</b>						
New Homes Bonus	- 679,330	- 679,330	-	- 679,330	-	
Council Tax - Previous year's Surplus/(Deficit)	-	-	-	-	-	
Council Tax	- 6,242,630	- 6,268,350	- 25,720	- 6,268,350	-	Additional Council Tax due to the finalisation of the Council Tax Base.
Non Domestic Rates	- 8,673,560	- 8,673,560	-	- 8,673,560	-	
Minimum Funding Guarantee	- 1,577,320	- 1,577,320	-	- 1,577,320	-	
Extended Producer Responsibility	- 1,574,000	- 1,574,000	-	- 1,574,000	-	
2022/23 Services Grant	-	-	-	-	-	
Revenue Support Grant	- 131,200	- 131,200	-	- 131,200	-	
Damping payment	-	-	-	-	-	
National Insurance Grant	-	-	-	- 169,930	- 169,930	
<b>TOTAL FUNDING AVAILABLE</b>	<b>- 18,878,040</b>	<b>- 18,903,760</b>	<b>- 25,720</b>	<b>- 19,073,690</b>	<b>- 169,930</b>	

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL  
COUNCIL – THURSDAY, 20 FEBRUARY 2025



<b>Title of Report</b>	<b>HOUSING REVENUE ACCOUNT BUDGET AND RENTS 2025/26</b>	
<b>Presented by</b>	Councillor Andrew Woodman Housing, Property & Customer Services Portfolio Holder	
<b>Background Papers</b>	<p><b>Council 22 February 2024:</b> <a href="#">Housing Revenue Account (HRA) Budget and Rent Setting 2024/25</a></p> <p><b>Corporate Scrutiny 7 January 2025:</b> <a href="#">Minutes</a></p> <p><b>Cabinet 9 January 2025:</b> <a href="#">Draft 2025/26 Housing Revenue Account (HRA) Budget and Rent Setting</a></p> <p><b>Cabinet 28 January 2025:</b> <a href="#">Housing Revenue Account Budget and Rents 2025/26</a></p>	<b>Public Report: Yes</b>
<b>Financial Implications</b>	<p>This report sets out the Housing Revenue Account (HRA) budget including both capital and revenue for the period 2025/26 to 2029/30.</p> <p>It also sets out the proposed increase in rents along with other planned changes to the fees and charges levied by the Council for some services delivered within the scope of the HRA.</p> <p><b>Signed off by the Section 151 Officer: Yes</b></p>	
<b>Legal Implications</b>	<p>No direct legal implications arising.</p> <p><b>Signed off by the Monitoring Officer: Yes</b></p>	
<b>Staffing and Corporate Implications</b>	<p>No direct Staffing and Corporate implications arising.</p> <p><b>Signed off by the Head of Paid Service: Yes</b></p>	

<b>Purpose of Report</b>	To allow the Council to approve the 2025/26 Housing Revenue Account budget and rents.
<b>Recommendations</b>	<p><b>THAT COUNCIL:</b></p> <ol style="list-style-type: none"> <li><b>1. APPROVES THE HOUSING REVENUE ACCOUNT (HRA BUDGET FOR 2025/26 (APPENDIX 1) AS SUMMARISED IN SECTION 2 OF THIS REPORT, INCLUDING THE INCREASING OF RENTS BY 2.7%.</b></li> <li><b>2. NOTES THE FEES AND CHARGES APPROVED BY CABINET ON 28 JANUARY 2025 (APPENDIX 3).</b></li> <li><b>3. NOTES THE HRA BUDGET FOR 2026/27 TO 2029/30 (APPENDIX 1).</b></li> <li><b>4. APPROVES THE PROPOSED HRA CAPITAL PROGRAMME FOR 2025/26 (APPENDIX 4) AND PLANNED FINANCING, AS SET OUT IN SECTION 3 OF THIS REPORT.</b></li> <li><b>5. NOTES THE HRA CAPITAL PROGRAMME FOR 2026/27 TO 2029/30 (APPENDIX 4)</b></li> </ol>

## **1.0 BACKGROUND**

- 1.0.1 The Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) sets out the financial strategic direction for the HRA and is updated as it evolves and develops throughout the year, to form the framework for financial planning.
- 1.0.2 The purpose of the HRA MTFP is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are effectively managed and are able to deliver the aspirations of the Council, as set out in the Council Plan, over the medium term.

### **1.1 Context**

- 1.1.1 The Council is setting the HRA budget at a time when the Council and its residents face a range of issues. In broad terms, these can be split into two categories: economic and housing. Each of these is explored below:

#### **1.2 Economic**

- 1.2.1 The recent report by the Office of Budget Responsibility (OBR) in respect of the Economic and Fiscal Outlook describes how the economy is expected to grow by just over 1% this year rising to 2% in 2025 before falling to 1.5%, slightly below its estimated potential growth rate of 1 ⅓ % over the remainder of the forecast. The recent decisions made in the Government's Autumn Budget 2024 should push up inflation by around ½ a percentage point at their peak,

meaning it is projected to rise 2.6% in 2025, and then gradually fall back to target. The latest data as at Q3 2024 shows the UK economy is currently experiencing stagnant growth.

### 1.3 Housing

1.3.1 The Government published its English Devolution White paper on 16 December 2024. It put English regions centre stage in the government's plan for change with a mission to grow the economy, delivering the 1.5m homes and infrastructure.

1.3.2 The Government's ambitions for housing growth were also set out in its revised National Planning Policy Framework also published in December 2024.

1.3.3 Recognising the wider context within which the budget is being set, the Council has made improvements to financial management in the last 12 months and has continued to use processes to develop its budget plans for 2025/26 and over the medium term. This recognises the greater focus within the organisation on its finances. The process, coupled with that used in previous years, has involved:

- Services completing budget proposals to justify the need for any changes to the budget
- Budget STAR Chamber sessions between Directors and Heads of Service
- Regular reporting to the Corporate Leadership Team on the Council's overall budget position
- Engagement with councillors through Portfolio Holder briefings, Strategy Group and an all-councillor budget briefing. Further engagement is planned through scrutiny, consultation with the public and the HRA tenants' forum.

### 1.4 **Budget Assumptions**

1.4.1 The following budget assumptions have been built into the forecast:

- Pay award
  - 2024/25 – additional 1%, increasing from 3% to 4%
  - 2025/26 – additional 1%, increasing from 2% to 3%
  - 2026/27 onwards to remain as 2%
- Each budget line for the HRA has been reviewed to reflect the forecast actual value for future years, considering contract values, expected activity levels and previous years' expenditure with inflation added, as per contracts.
- Staffing requirements have been considered to ensure the delivery of an effective housing service with the best outcomes for tenants.
- Contracts have been linked to the Consumer Price Index (CPI)/ Retail Price Index (RPI) as per individual agreements.
- Inflation – fuel and utilities inflation are very volatile. After reviewing the current prices and future indications based on the best information available, and allowing for reviewing utility contracts, a minimal level of inflation has been included.
- Fees and charges have been increased by inflation and where appropriate, these have been considered where demand has changed (see section 2.4 for more detailed information on fees and charges).

- Rents are assumed to increase, as per the rent standard, at the 12-month CPI from September 2024 which was 1.7% plus 1%, giving a total increase of 2.7%.
- The number of properties sold through Right to Buy is assumed to increase from previous years' estimate of 16 to 75 for the current year (2024/25) then reducing each year thereafter. Higher numbers of homes have been sold through Right to Buy in the current financial year due to the reduction in the right to buy discount that the Government introduced in the recent budget in 2024.
- Future borrowing is assumed to cost 5.05% in interest payments.

## 2.0 HOUSING REVENUE ACCOUNT BUDGET AND MTFS 2025/26 to 2029/30

### 2.1 HRA Budget Summary

2.1.1 Appendix 1 shows the HRA budget position for 2024/25 and the budget for 2025/26 to 2029/30.

2.1.2 Table 1 below shows that in 2025/26 the budgeted total expenditure has reduced by £1.166m compared to 2024/25 and the income has increased by £217k from increased rental income.

**Table 1: Changes to the Housing Revenue Account budget from the previous year**

	2024/25	2025/26	Movement
	£'000	£'000	£'000
Income	(21,613)	(21,830)	(217)
Operating Expenditure	20,168	19,002	(1,166)
<b>Operating (surplus)/deficit</b>	<b>(1,445)</b>	<b>(2,828)</b>	<b>(1,383)</b>
Appropriations	4,063	2,766	(1,297)
<b>Net (surplus)/deficit</b>	<b>2,618</b>	<b>(62)</b>	<b>(2,680)</b>

2.1.3 The appropriations in the table are the use of the HRA working balance to fund the capital programme as well as contributing to the loan repayment reserve. These appropriations are lower in 2025/26 as the HRA balance has a lower capacity to fund capital.

### 2.2 Rents

2.2.1 As a self-financing account, the HRA's main source of income is domestic rental income. From 2016/17 to 2020/21 the Welfare Reform Act (2016) required all social rents to be reduced by 1% each year. This negatively impacted on the budget and the Council's ability to fund improvements. In 2023/24 a rent cap was imposed which capped rent increases at 7%.

2.2.2 For 2025/26, the Council proposes to increase the rent by 2.7%, which is in line with the Rent Standard of CPI +1% for 2025/26. (The rent standard is a policy that registered providers of social housing in England must comply with and is overseen by the



Regulator of Social Housing). The increase is expected to result in a total rental income of £21.02 million in 2025/26. The 2024/25 rent increased by 7.7%, which followed the same approach of CPI + 1%.

2.2.3 The average annual rent for Social and Affordable Rent properties in 2025/26 is £5,163.15 and £7,107.50 respectively (2024/25: £5,009.29; £6,480.83). The average weekly rent in 2025/26 is £103.26 and £142.15 for Social and Affordable rent respectively, (2024/25: £100.19; £138.50, respectively) which is an increase of £3.07 and £3.65 on average per week. Those tenants who are more vulnerable are protected via increases in their benefits above this level, meaning that the worst off in the district will not be negatively impacted.

## 2.3 Budget Proposals

2.3.1 Appendix 2 summarises the most significant proposed changes to the HRA budgets. Looking at 2025/26 specifically, the total budget changes of (£1,499k) include:

- **Net increase in income totalling (£480k).** This is largely due to rental increases.
- **Repairs and maintenance savings of (£1.3m).** Changes in the use of contractors and the Council's internal repairs team.
- **Pay-related increased costs of £214k** is due to £120k of budget proposals, to ensure compliance with new Consumer Standards, with the rest being the additional increase in pay award in both 2024/25 and 2025/26.

## 2.4 Fees and charges

2.4.1 In addition to the rental charges for dwellings, there are several other fees and charges in relation to services provided within the HRA. Some properties have service charges, on top of the rent, to pay for specific services relevant to their properties. The proposed fees and charges for 2025/26 are listed in Appendix 3. Most service charges increased by 1.7%, (September CPI) in line with the corporate charging policy. Whilst others have increased by contract inflation.

## 2.5 Changes between Draft and Final 2025/26 Budget

2.5.1 Appendix 5 provides a reconciliation between the draft revenue budget presented to Cabinet on the 9 January, the final presented to Cabinet on the 28 January and this version presented for approval.

## 3.0 HRA CAPITAL PROGRAMME 2025/26 TO 2029/30

3.1.1 The proposed HRA capital programme is outlined in Appendix 4. The Council has continued to ensure governance improvements by strengthening the Capital Strategy for managing the capital programme through its life cycle. The capital programme has been split into Active and Development Pool to allow development schemes in the early stages to go through further governance before being allocated an appropriate budget for each stage of development. A summary of the capital programme is shown in Table 2 below.

**Table 2: Summary Capital Programme**

	2025/26 Budget £'000	2026/27 Indicative £'000	2027/28 Indicative £'000	2028/29 Indicative £'000	2029/30 Indicative £'000	Total £'000
Stock Investment	9,715	9,715	9,465	9,465	9,215	47,575
Estate Improvements	500	500	500	500	500	2,500
Fleet Replacement	100	300	0	0	0	400
Other Capital	2,250	1,550	1,400	800	800	6,800
<b>Total Active Programme</b>	<b>12,565</b>	<b>12,065</b>	<b>11,365</b>	<b>10,765</b>	<b>10,515</b>	<b>57,275</b>
New Supply	3,013	3,066	4,433	1,396	4,189	16,097
<b>Total Development Pool</b>	<b>3,013</b>	<b>3,066</b>	<b>4,433</b>	<b>1,396</b>	<b>4,189</b>	<b>16,097</b>
<b>Housing Revenue Account Total</b>	<b>15,578</b>	<b>15,131</b>	<b>15,798</b>	<b>12,161</b>	<b>14,704</b>	<b>73,372</b>

3.1.2 Over the five-year period, the total programme totals £73.372m, an increase of £7.147m over the previous five-year programme. The difference is due to a reduction of £1.6m in the Development Pool (New Supply) and the Active Programme has a net increase of £8.75m mainly due to Major Aids and Adaptation within the Other Capital programme.

- **New Supply:** The programme has been extended to include sites being initially developed by registered providers.
- **Home Improvement Programme:** The backlog of work is on-going, and a budget has been made available for this within the capital programme.

3.1.3 Work has commenced on a revised Asset Management and Business Plan for the HRA. This will continue in 2025/26 and will inform the future programming of the HRA in future years.

## 3.2 Funding the Capital Programme

3.2.1 The capital programme is funded by a variety of sources, including revenue, grants, capital receipts and borrowing. Table 3 below summarises the funding sources identified for each year of the proposed HRA capital programme.

**Table 3: Sources of funding for the Capital Programme**

	<b>2025/26 Budget £'000</b>	<b>2026/27 Indicative £'000</b>	<b>2027/28 Indicative £'000</b>	<b>2028/29 Indicative £'000</b>	<b>2029/30 Indicative £'000</b>	<b>Total £'000</b>
Reserves	3,023	3,877	4,193	3,705	3,439	18,237
Capital Receipts	3,965	1,500	1,500	1,500	1,500	9,965
RTB Receipts	1,204	1,071	938	849	761	4,823
Revenue contributions	1,476	530	990	679	816	4,491
External Borrowing	1,909	8,152	8,177	5,428	8,189	31,855
Grants	4,000	0	0	0	0	4,000
<b>Housing Revenue Account Total</b>	<b>15,578</b>	<b>15,131</b>	<b>15,798</b>	<b>12,161</b>	<b>14,704</b>	<b>73,372</b>

3.2.2 Table 3, above, shows a borrowing requirement of £31.9m (2024/25: £28m) over five years to fund the programme. This is an increase of £3.9m when compared to the five-year plan for 2024/25. This is due to a reduction in capital receipts anticipated and at the same time an increase in the capital programme.

3.2.3 Appendix 5 shows the changes made from the first draft submitted to Cabinet on 9<sup>th</sup> January 2025 compared to the second draft submitted 28<sup>th</sup> January 2025 to this final draft.

#### **4.0 DEBT**

4.1 The loan balance for the HRA is forecast to be £50.9m at the end of 2024/25. There are annuity loan repayments of approximately £1.3m to make each year which are included in the budget (this is similar to a repayment mortgage on a house). The budget proposal includes new borrowing estimated to be £1.9m.

4.2 There are also loans to be repaid at maturity (this is similar to an interest-only loan or an endowment mortgage). The next of these to repay is a £10m repayment in 2036/37. In accordance with the strategy agreed in 2012, when self-financing for the HRA was introduced, the Council began setting aside funding each year in a Debt Repayment Reserve to ensure there would be sufficient funding to repay debt when it matures. The budget assumes £1.3m is set aside in 2025/26 from the HRA to make the scheduled repayments at maturity (see Appropriations in Appendix 1). The balance in the Debt Repayment Reserve increases each year to ensure there are sufficient funds to pay these debts as they mature. as shown in Table 4.

4.3 The HRA business plan is to be reviewed during 2025/26, and it will be investigated whether the approach of using a debt repayment reserve presents the best approach for a well-funded HRA and best use of resources. The findings will be presented to Corporate Scrutiny Committee and Cabinet.

## 5.0 RESERVES

5.1 The Council has several reserves for the use of the HRA. Most of the reserves are used for capital financing. Table 4 below shows the projected reserve balances over the MTFP period.

**Table 4: Reserve balances**

<b>Reserve</b>	<b>31/03/2026 £000</b>	<b>31/03/2027 £000</b>	<b>31/03/2028 £000</b>	<b>31/03/2029 £000</b>	<b>31/03/2030 £000</b>
Major Repairs Reserve	4,162	4,399	4,545	4,719	4,888
Capital Receipts	5,410	5,446	5,393	5,279	5,106
Debt Repayment Reserve	6,218	7,306	8,727	10,654	12,581
<b>Total Capital Reserves</b>	<b>15,790</b>	<b>17,151</b>	<b>18,665</b>	<b>20,652</b>	<b>22,575</b>
HRA Reserve	1,000	1,000	1,000	1,000	1,000
Earmarked Reserves	115	0	0	0	0
<b>Total Revenue Reserves</b>	<b>1,115</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

## 6.0 KEY RISKS TO THE BUDGET

6.1 Table 5 provides an assessment of the key risk areas to determine the robustness of the estimates and adequacy of reserves included in the HRA budgets:

**Table 5: Key Risks to the Budget**

Area	Y/N	Comments
Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?	Y	The 2024/25 Quarter 2 financial monitoring is showing a projected underspend of £1m on the HRA. This is mainly due to staff vacancies and the overachievement of income due to the reductions in voids. However, there are some costs for the housing systems that have not been interfaced into the main financial systems. Hence, a further deep dive is required to verify the underspend.
The reasonableness of the underlying budget assumptions	Y	All budget proposals have been justified by service managers, reviewed by finance and subject to budget challenge sessions in the new process. External review has also been undertaken by the treasury advisers, Arlingclose on the Treasury Management Strategy.
The alignment of resources with the Council's service and organisational priorities	Y	Resources are aligned to the current priorities of the Council. The latest Council Delivery Plan (CDP) was approved by Council on 14 November 2023. The CDP is aligned to the resources available and risks faced by the Council. The Council's ambition to be carbon neutral by 2030 is likely to require additional investment, however, the Council will look to maximise grant funding made available to it to support this priority.
A review of the major risks associated with the budget	Y	The major risks within the budget have been assessed and are set out in the budget report, including mitigations and strategies about how these are being managed.
The availability of un-earmarked reserves to meet unforeseen cost pressures	Y	The Council has a minimum level of reserves for HRA (£1m). This level is to be reviewed as part of the HRA business planning process.

Area	Y/N	Comments
Have realistic income targets been set and 'at risk' external funding been identified?	Y	An assessment of income targets has been undertaken as part of the development of the budget. The most significant area of income is from dwelling rents. The budget for this is produced with reference to current stock levels and expected stock loss, reconciling data and changes from the previous year to the current year. Fees and charges have been increased, where it is appropriate to do so, in accordance with the Council's Corporate Charging Policy.
Has a reasonable estimate of demand and cost pressures been made?	Y	The development of the budget has improved the reasonableness of estimates.
Has a reasonable estimate of future income been made?	Y	The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.
Have one-off cost pressures been identified?	Y	All pressures have been reviewed to assess if they are one-off or ongoing in nature. Services will need to ensure exit plans exist for one-off expenditure.
Are arrangements for monitoring and reporting performance against the budget plans robust?	Y	<p>From 2023/24, quarterly financial reporting to Cabinet and Scrutiny Committee has been introduced. Quarter 2 was presented to Cabinet on the 9 January 2025 and will be presented to Corporate Scrutiny on the 13 March 2025.</p> <p>The new finance system has been developed to include a budget monitoring solution, intended to bring enhanced financial reporting for budget holders to support robust and regular monitoring of budgets.</p> <p>The Council will also need to enhance its development, monitoring and delivery of its plans to deliver balanced budgets over the medium term.</p>

Area	Y/N	Comments
Is there a reasonable contingency available to cover the financial risks faced by the Council?	Y	The Council has incorporated estimates for pay award, inflation and demand pressures into its budget.
Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?	Y	The Council has a range of earmarked and minimum levels of reserves to ensure its financial stability.
The strength of the financial management function and reporting arrangements?	N	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Further enhancements to the system are required in the short-term to deliver this.</p> <p>A review of the Financial Procedures Rules is planned.</p>
Have the previous year's Accounts been signed off by external audit to verify balances?	N	The Council's Accounts for 2022/23 have been approved by Audit and Governance Committee. The audit completion date for the 2023/24 final account has not been set. Budget estimates and reserves balances for 2024/25 and beyond are based on the latest information incorporated into the 2022/23 and 2023/24 accounts.
Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?	Y	There has been a continuation of the improvements introduced to the budget setting process last year. This has included a series of budget challenge sessions between the Directors and Heads of Service, as well as engagement with Corporate Leadership Team, Portfolio Holders, Strategy Group and an all-Councillor briefing.

## **7.0 CONSULTATION**

### **7.1 Consultation with Members**

7.1.1 The Corporate Scrutiny Committee considered the draft HRA fund budget at the meeting on the 7 January 2025. Members asked a number of questions around the proposals, and more detail can be seen in the minutes for the meeting, which are included as a background paper to this report.

### **7.2 Public Consultation**

7.2.1 As part of the budget consultation, the Council launched an online survey on 13 until the 26 January 2025 to seek the views of residents, tenants and businesses on the main changes within the budget. The survey was promoted via social media and set out the key changes to the budget and asked responders to state the extent to which they supported the proposed changes. Residents could also provide additional comments if they wanted to.

7.2.2 The budget consultation responses are detailed in Appendix 7 in the General Fund and Council Tax 2025/26 report in this meeting.

7.2.3 The proposed budget was presented at the Tenant and Leaseholder Consultation Forum on 20 January 2025.



<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The budget provides funding for the Council to deliver against the priorities for the HRA.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	There have been equality impact assessments conducted by services on relevant proposals during this period.
Customer Impact:	Customers are likely to be impacted by the changes to rents and fees and charges.
Economic and Social Impact:	The HRA capital programme allocates £22.5m over five years to improve homes, and £16m on new homes to give homes to more people.
Environment and Climate Change:	The budget includes a capital programme of Zero Carbon works for dwellings worth £20m.
Consultation/Community Engagement:	Corporate Scrutiny Committee 7 January 2025 Public consultation - 13 January to 26 January 2025 Parish and town councils, trade unions and the Federation of Small Businesses - 13 January to 26 January 2025. Tenants and Leaseholders Consultation Forum – 20 January 2025 The results of the above consultations are in Appendix 7 of the General Fund and Council Tax 2025/26 in this meeting.
Risks:	The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered. Key risks to the budget are discussed in further detail in section 5 of the report.
Officer Contact	Anna Crouch Head of Finance and Deputy Section 151 Officer <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL HRA SUMMARY BUDGET 2025/26 to 2029/30

2024/25 Revised Budget	HOUSING REVENUE ACCOUNT SUMMARY	2025/26 Requested Budget	2026/27 Indicative	2027/28 Indicative	2028/29 Indicative	2029/30 Indicative
£		£	£	£	£	£
	<b>Expenditure</b>					
9,749,113	Repairs & Maintenance	8,492,780	8,773,042	8,957,276	9,100,593	9,282,604
4,314,095	Supervision & Management	4,385,000	4,528,610	4,622,619	4,695,483	4,789,393
100,000	Provision for Doubtful Debts	100,000	100,000	100,000	100,000	100,000
4,161,536	Depreciation	4,161,536	4,399,299	4,545,101	4,719,136	4,887,661
1,843,184	Capital Financing & Debt Management	1,862,408	2,087,991	2,471,161	2,788,785	3,117,954
<b>20,167,928</b>	<b>Total Expenditure</b>	<b>19,001,724</b>	<b>19,888,942</b>	<b>20,696,157</b>	<b>21,403,997</b>	<b>22,177,612</b>
	<b>Income</b>					
(21,004,680)	Rent & Service Charges	(21,483,043)	(22,390,692)	(23,208,646)	(24,091,056)	(24,969,817)
(38,900)	Non-Dwelling Rents	(40,200)	(40,200)	(40,200)	(40,200)	(40,200)
(283,252)	Other Income	(13,235)	(13,235)	(13,235)	(13,235)	(13,235)
(286,000)	Investment Income	(293,722)	(382,400)	(414,400)	(449,600)	(496,800)
<b>(21,612,832)</b>	<b>Total Income</b>	<b>(21,830,200)</b>	<b>(22,826,527)</b>	<b>(23,676,481)</b>	<b>(24,594,091)</b>	<b>(25,520,052)</b>
<b>(1,444,904)</b>	<b>Net Operating Expenditure/(Surplus)</b>	<b>(2,828,476)</b>	<b>(2,937,585)</b>	<b>(2,980,324)</b>	<b>(3,190,094)</b>	<b>(3,342,440)</b>
	<b>Appropriations</b>					
0	Debt repayment	1,290,145	1,319,347	569,205	583,927	599,031
2,492,444	Transfer to/(from) reserves	0	1,087,872	1,420,844	1,927,262	1,927,262
1,570,668	Revenue Contribution to Capital	1,476,325	530,366	990,276	678,905	816,148
<b>4,063,112</b>	<b>Total Appropriations</b>	<b>2,766,470</b>	<b>2,937,585</b>	<b>2,980,324</b>	<b>3,190,095</b>	<b>3,342,440</b>
<b>2,618,208</b>	<b>NET (SURPLUS)/DEFICIT</b>	<b>(62,005)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
(3,618,209)	Balance brought Forward	(937,995)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
2,618,208	(Surplus)/Deficit In Year	(62,005)	0	0	(0)	0
(1,000,001)	Balance Carried Forward	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)

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**North West Leicestershire District Council**  
**Housing Revenue Account- Proposed Amendments to Budgets 2025/26 to 2029/30**

Proposal Title	Proposal Description & Service Impact	2025/26	2026/27	2027/28	2028/29	2029/30
		£	£	£	£	£
Pay Changes	Salary pressures (including pay award + budget proposals)	213,727	220,780	225,417	229,023	233,604
<b>Total Pay Related Costs</b>		<b>213,727</b>	<b>220,780</b>	<b>225,417</b>	<b>229,023</b>	<b>233,604</b>
Heating contract	Inflation on heating maintenance contract	47,334	48,896	49,923	50,722	51,737
Recharges to the General Fund	Inflation on services provided to the General Fund	(145,469)	(150,270)	(153,425)	(155,880)	(158,998)
General inflation	Through Capital Charges and inflationary pressures	97,087	804,217	659,690	623,233	891,453
<b>Total Inflation Increases</b>		<b>(1,048)</b>	<b>702,844</b>	<b>556,188</b>	<b>518,075</b>	<b>784,192</b>
Other	Management Recharge to GF	(1,020)	(1,054)	(1,088)	(1,124)	(1,161)
<b>Other Budget Adjustments</b>		<b>(1,020)</b>	<b>(1,054)</b>	<b>(1,088)</b>	<b>(1,124)</b>	<b>(1,161)</b>
Repairs Backlog	Savings in Repairs and Maintenance costs	(1,250,000)	0	0	0	0
Change Consultant	Change Consultant to advise and assist with service transformation in 24/25 (Expenditure in 24/25, income 25/26)	(50,000)	0	0	0	0
<b>Cost Reductions</b>		<b>(1,300,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Investment Income	Investment income on HRA balances	(7,722)	(7,977)	(8,240)	(8,512)	(8,793)
Loan interest	Changes in loan interest due to capital financing requirements	76,357	398,771	676,864	456,936	320,236
<b>Total Other Corporate Amendments</b>		<b>68,635</b>	<b>390,794</b>	<b>668,624</b>	<b>448,424</b>	<b>311,443</b>
Dwellings Rents	Dwellings Rent (decrease)/increase	(459,619)	(741,215)	(802,557)	(869,784)	(862,738)
Service Charges	Recharge to General Fund for services delivered by HRA	(18,649)	(22,793)	(14,505)	(11,051)	(13,814)
Income	Two de minimus proposals	(1,394)	(1,704)	(1,084)	(826)	(1,033)

**North West Leicestershire District Council**  
**Housing Revenue Account- Proposed Amendments to Budgets 2025/26 to 2029/30**

Total Changes In Income	(479,663)	(765,713)	(818,146)	(881,662)	(877,585)
<u>Total Budget Amendments</u>	<u>(1,499,368)</u>	<u>547,652</u>	<u>630,994</u>	<u>312,736</u>	<u>450,493</u>

**North West Leicestershire District Council  
Proposed Fees & Charges 2025/26 - Housing Revenue Account**

Fee/Charge	2024/25 Fees	2025/26 Proposed Fees	% Change in Fees	Basis for Change
Central Heating	0 Bed: £9.01pw 1 Bed: £10.88pw 2 Bed: £12.47pw 3 Bed: £14.36pw	0 Bed: £9.46pw 1 Bed: £11.42pw 2 Bed: £13.09pw 3 Bed: £15.08pw	5.00%	Contract inflation
Garage and Site Rent	Garage: £8.63pw Garage Site: £5.53pw	Garage: £8.78pw Garage Site: £5.62pw	1.70%	Sept CPI
<b>Service charges:</b>				
Cleaning & Window Cleaning	£0.69 to £10.77	£0.70 to £10.95	1.70%	Sept CPI
Grounds Maintenance	£0.37 to £7.87	£0.38 to £8.11	3.00%	As per cost
Repairs to common parts	£0.02 to £0.42	£0.08 to £1.74 (prior year not inflated fully)	314%	As per cost
Repairs/replacement of items in Laundry	£0.10 to £8.55	£0.10 to £8.70	1.70%	Sept CPI
Admin Fee	15% of chargeable services	15% of chargeable services	1.70%	Sept CPI
Cleaning Blocks £0.87 to £11.55 pw	£0.93 to £12.32	£0.95 to £12.53	1.70%	Sept CPI
Control Centre Link Equipment	£3.39 pw	£3.45 pw	1.70%	Sept CPI
Door Entry Systems	£0.03 to £0.13	£0.04 to £0.14	1.70%	Sept CPI
Electricity	£9.15 to £13.99	£9.61 to £14.69	5.00%	Contract inflation
Older Persons Service Management Fee (incl. 15% management Fee)	£3.58 pw	£3.68 pw	2.70%	Sep RPI
Scooter Store	£0.45 to £1.11pw	£0.47 to £1.17pw	5.00%	Contract inflation
Repairs and replacement in kitchen and common rooms	Charged but not included previously in this report	£0.01 to £0.13	N/A	N/A
Health & Safety: Legionella testing	Charged but not included previously in this report	£1.08 to £2.00	N/A	N/A
Health & Safety: Fire alarm and emergency lighting checks	Charged but not included previously in this report	£0.11 to £0.28	N/A	N/A

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**NORTHWEST LEICESTERSHIRE DISTRICT COUNCIL HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2025/26-2029/30**

PROJECT	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	For Approval	Indicative	Indicative	Indicative	Indicative	
	£	£	£	£	£	

Major Repairs Reserve	Capital Receipts	RTB Receipts	RCCO	Grant	Prudential Borrowing	Total
£	£	£	£	£	£	£

**Stock Investment**

Home Improvement Programme	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000
Asbestos	400,000	400,000	400,000	400,000	400,000	2,000,000
Roofs	500,000	500,000	250,000	250,000	250,000	1,750,000
Commercial Boilers	250,000	250,000	250,000	250,000	-	1,000,000
Stock Condition Surveys	65,000	65,000	65,000	65,000	65,000	325,000
Zero Carbon	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	20,000,000
<b>Total Stock Investments</b>	<b>9,715,000</b>	<b>9,715,000</b>	<b>9,465,000</b>	<b>9,465,000</b>	<b>9,215,000</b>	<b>47,575,000</b>

18,236,421	-	-	3,808,595	-	454,983	22,500,000
-	400,000	-	-	-	1,600,000	2,000,000
-	500,000	-	-	-	1,250,000	1,750,000
-	250,000	-	-	-	750,000	1,000,000
-	65,000	-	-	-	260,000	325,000
-	6,000,000	-	683,425	4,000,000	9,316,575	20,000,000
<b>18,236,421</b>	<b>7,215,000</b>	<b>-</b>	<b>4,492,020</b>	<b>4,000,000</b>	<b>13,631,558</b>	<b>47,575,000</b>

**Estate Improvements**

Off-Street Parking	300,000	300,000	300,000	300,000	300,000	1,500,000
Estate Projects	100,000	100,000	100,000	100,000	100,000	500,000
Garage Demolition	50,000	50,000	50,000	50,000	50,000	250,000
Footpaths and Unadopted Roads	50,000	50,000	50,000	50,000	50,000	250,000
<b>Total Estate Improvement</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,500,000</b>

-	300,000	-	-	-	1,200,000	1,500,000
-	100,000	-	-	-	400,000	500,000
-	50,000	-	-	-	200,000	250,000
-	50,000	-	-	-	200,000	250,000
<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>2,500,000</b>

**Fleet Replacement**

Vehicles	100,000	300,000	-	-	-	400,000
<b>Total Fleet Replacement</b>	<b>100,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>

-	-	-	-	-	400,000	400,000
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>400,000</b>

NORTHWEST LEICESTERSHIRE DISTRICT COUNCIL HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2025/26-2029/30

**Other Capital**

Sheltered Scheme Improvements	700,000	700,000	700,000	100,000	100,000	2,300,000
Passive Fire Safety	800,000	100,000	100,000	100,000	100,000	1,200,000
Scheme Lighting	350,000	350,000	200,000	200,000	200,000	1,300,000
Tunstall System	-	-	-	-	-	-
Major Aids and Adaptations	400,000	400,000	400,000	400,000	400,000	2,000,000
Housing Management IT System	-	-	-	-	-	-
<b>Total Other Capital</b>	<b>2,250,000</b>	<b>1,550,000</b>	<b>1,400,000</b>	<b>800,000</b>	<b>800,000</b>	<b>6,800,000</b>
<b>Total Active Projects</b>	<b>12,565,000</b>	<b>12,065,000</b>	<b>11,365,000</b>	<b>10,765,000</b>	<b>10,515,000</b>	<b>57,275,000</b>

-	700,000	-	-	-	1,600,000	2,300,000
-	800,000	-	-	-	400,000	1,200,000
-	350,000	-	-	-	950,000	1,300,000
-	-	-	-	-	-	-
-	400,000	-	-	-	1,600,000	2,000,000
-	-	-	-	-	-	-
-	<b>2,250,000</b>	-	-	-	<b>4,550,000</b>	<b>6,800,000</b>
-	-	-	-	-	-	-
<b>18,236,421</b>	<b>9,965,000</b>	<b>-</b>	<b>4,492,020</b>	<b>4,000,000</b>	<b>20,581,558</b>	<b>57,275,000</b>

**DEVELOPMENT POOL**

New Supply	3,012,605	3,065,507	4,433,413	1,396,361	4,189,083	16,096,969
<b>Total Development Pool</b>	<b>3,012,605</b>	<b>3,065,507</b>	<b>4,433,413</b>	<b>1,396,361</b>	<b>4,189,083</b>	<b>16,096,969</b>
<b>TOTAL HRA CAPITAL PROGRAMME</b>	<b>15,577,605</b>	<b>15,130,507</b>	<b>15,798,413</b>	<b>12,161,361</b>	<b>14,704,083</b>	<b>73,371,969</b>

-	-	4,823,310	-	-	11,273,659	16,096,969
-	-	<b>4,823,310</b>	-	-	<b>11,273,659</b>	<b>16,096,969</b>
<b>18,236,421</b>	<b>9,965,000</b>	<b>4,823,310</b>	<b>4,492,020</b>	<b>4,000,000</b>	<b>31,855,217</b>	<b>73,371,969</b>

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL  
HOUSING REVENUE ACCOUNT SUMMARY BUDGET RECONCILIATION  
DRAFT BUDGET 2025/26 TO FINAL BUDGET 2025/26**

	2025/26				Reason for Change from Draft 1
	Cabinet - 09/01/25 Draft £	Cabinet - 28/01/25 Final	Final £	Variance £	
<b>Expenditure</b>					<p>The final budget proposes to fund more capital expenditure from RCCO instead of borrowing. By reducing the outstanding borrowing, this results in lower interest charges.</p> <p>The rental income was reviewed and updated after the draft report was published. The rental income now shows a steady annual increase, as expected. Other income was also reviewed, and reduced to the Quarter 2 forecast figure</p> <p>The above amendments have resulted in an increased surplus. This has made £861K more cash available to use to fund capital expenditure (RCCO).</p>
Repairs & Maintenance	8,492,780	8,492,780	8,492,780	0	
Supervision & Management	4,385,000	4,385,000	4,385,000	0	
Provision for Doubtful Debts	100,000	100,000	100,000	0	
Depreciation	4,161,536	4,161,536	4,161,536	0	
Capital Financing & Debt Management	1,913,336	1,862,408	1,862,408	(50,928)	
<b>Total Expenditure</b>	<b>19,052,652</b>	<b>19,001,724</b>	<b>19,001,724</b>	<b>(50,928)</b>	
<b>Income</b>					
Rent & Service Charges	(20,433,281)	(21,483,043)	(21,483,043)	(1,049,762)	
Non-Dwelling Rents	(40,200)	(40,200)	(40,200)	0	
Other Income	(253,252)	(13,235)	(13,235)	240,017	
Investment Income	(293,722)	(293,722)	(293,722)	0	
<b>Total Income</b>	<b>(21,020,455)</b>	<b>(21,830,200)</b>	<b>(21,830,200)</b>	<b>(809,745)</b>	
<b>Net Operating Expenditure/ (Surplus)</b>	<b>(1,967,803)</b>	<b>(2,828,476)</b>	<b>(2,828,476)</b>	<b>(860,673)</b>	
<b>Appropriations</b>					
Debt repayment	1,290,145	1,290,145	1,290,145	0	
Transfer to/from reserves	0	0	0	0	
Revenue Contribution to Capital (RCCO)	615,652	1,476,325	1,476,325	860,672	
<b>Total Appropriations</b>	<b>1,905,797</b>	<b>2,766,470</b>	<b>2,766,470</b>	<b>860,672</b>	
<b>NET (SURPLUS)/DEFICIT</b>	<b>(62,006)</b>	<b>(62,006)</b>	<b>(62,006)</b>	<b>0</b>	
Balance brought Forward	(937,995)	(937,995)	(937,995)	0	
(Surplus)/Deficit In Year	(62,006)	(62,005)	(62,005)	0	
Balance Carried Forward	(1,000,000)	(1,000,000)	(1,000,000)	0	

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – THURSDAY, 20 FEBRUARY 2025



<b>Title of Report</b>	<b>COUNCIL TAX RESOLUTION 2025/26</b>	
<b>Presented by</b>	Councillor Nick Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Council Tax Base</a> – Cabinet 28 January 2025	<b>Public Report:</b> Yes
<b>Financial Implications</b>	This is a statutory report which is required to set the total level of Council Tax for North West Leicestershire. It includes the precepts for Leicestershire County Council, Leicestershire Police and Crime Commissioner, Leicestershire Combined Fire Authority, North West Leicestershire District Council, Parish/Town Councils and Special Expenses. <b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no direct legal implications arising. The Council Tax resolution has been drafted to comply with legal requirements. <b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no direct staffing and corporate implications arising from this report. <b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To enable Full Council to comply with the Local Government Finance Act 1992 and the Localism Act 2011 in respect of setting Council Tax.	
<b>Recommendations</b>	<b>COUNCIL IS RECOMMENDED TO APPROVE THE COUNCIL TAX RESOLUTION 2025/26 AS SET OUT IN SECTION 2.</b>	

**1.0 BACKGROUND**

- 1.1 This report asks Council to approve the rate of Council Tax for 2025/26. Although the legal requirement is that the Council must have set a balanced budget and Council Tax charge by 11 March, it is important the Council Tax rates are approved at this meeting to allow sufficient time to produce and post Council Tax bills and meet all statutory deadlines.
- 1.2 This report sets out the resolution based on the assumption that the budget as set out in the General Fund Budget 2025/26 and Housing Revenue Account 2025/26 reports are approved.
- 1.3 Members are reminded that the individual Council Tax bill is comprised of six elements – the amount levied by North West Leicestershire District Council, the amount precepted by Leicestershire County Council, Leicestershire Police and Crime Commissioner, Leicestershire Combined Fire Authority and for properties in a parished area of the district, the amount precepted by the individual Town or Parish Council and Special Expenses.

- 1.4 The Localism Act 2011, requires the billing authority to calculate a Council Tax requirement for the year. This is to help the Council determine if it has set an excessive Council Tax increase that would in turn require a local referendum. Principles set by the Secretary of State for Housing, Communities and Local Government determines that an increase in a Council's basic rate of Council Tax of 3% or more than £5 is excessive.
- 1.5 The Council's net revenue budgets and capital programmes were recommended by the Cabinet on 28 January 2025 for approval by Council. Details appear earlier on this agenda.
- 1.6 Members are reminded that the Council must word the resolution in precise language, as directed by legislation.
- 1.7 At the time of writing this report, the precept for Leicestershire County Council is awaiting final approval at their Council meeting on the 19 February 2025 and Whitwick Parish Council at its meeting on the 13 February 2025. Therefore, if any changes are approved, these will be updated via additional papers.
- 1.8 The precept for the Police and Crime Commissioner was approved at the Leicester, Leicestershire and Rutland Police and Crime Panel meeting on the 5 February 2025 and the precept for the Leicester Combined Fire Authority as its meeting on the 5 February 2025.

## **2.0 COUNCIL TAX RESOLUTION 2025/26**

- 2.1 That it be noted that the Council Tax base for 2025/26 has been calculated:
  - a) for the whole Council area as 37,532 [Item T in the formula in Section 31B(1) of the Local Government Act 1992, as amended (the "Act")] and,
  - b) for dwellings in those part of its areas to which a Parish precept as in Appendix A.
- 2.2 That the Council Tax requirement for the Council's own purposes for 2025/26 (excluding Special Items) is calculated as £6,268,350.
- 2.3 That the following amounts be calculated for the year 2025/26 in accordance with Sections 31 to 36 of the Act:
  - a) £63,951,465 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act (gross expenditure including parish precepts, the Housing Revenue Account and the additions to reserves).
  - b) £53,827,846 being the aggregate of the amounts which the Council estimates for the items set out in 31A(3) (a) to (d) of the Act (gross income including the Housing Revenue Account and use of reserves).
  - c) £10,123,619 being the amount by which the aggregate at 2.3(a) above exceeds the aggregate at 2.3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (net expenditure to be met from Council).
  - d) £269.73 being the amount calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year

(average Council Tax for a Band D property for the District including Parish/Town Council Precepts and Special Expenses).

- e) £3,855,269 being the aggregate amount of all special items referred to in Section 34(1) of the Act (Parish/Town Council Precepts and Special Expenses).
- f) £167.01 being the amount 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 area to which no special item relates (average Council Tax for a Band D property for the District excluding Parish/Town Councils Precepts and Special Expenses), the amounts being for each of the categories of dwellings shown in Table 1.

Table 1: Basic Amount of Council Tax to which no special item relate

	<b>District Council £</b>
<b>Band A</b>	111.34
<b>Band B</b>	129.90
<b>Band C</b>	148.45
<b>Band D</b>	167.01
<b>Band E</b>	204.12
<b>Band F</b>	241.24
<b>Band G</b>	278.35
<b>Band H</b>	334.02

- g) In accordance with Section 34(3) of the Act, the basic amount of Council Tax for the year for dwellings in those parts of its area to which a special item relates are shown by addition of the amounts for Band D for the District Council in Table 2.

Table 2: District Council and Special Items Council Tax – Band D

<b>PARISH AREA</b>	<b>£</b>
APPLEBY MAGNA	217.92
ASHBY DE LA ZOUCH	295.05
ASHBY WOULD'S	264.26
BARDON	167.01
BELTON	267.97
BREEDON-ON-THE-HILL	229.56
CASTLE DONINGTON	333.60
CHARLEY	334.46
CHILCOTE	167.01
COALVILLE	248.21
COLEORTON	222.71
ELLISTOWN & BATTLEFLAT	268.34
HEATHER	210.73
HUGGLESCOTE & DONINGTON LE HEATH	245.07
IBSTOCK	277.23
ISLEY WALTON-CUM-LANGLEY	180.66
KEGWORTH	268.61
LOCKINGTON CUM HEMINGTON	275.88
LONG WHATTON and DISEWORTH	217.98
MEASHAM	258.99
NORMANTON-LE-HEATH	167.01
OAKTHORPE, DONISTHORPE and ACRESFORD	288.21
OSGATHORPE	232.45
PACKINGTON	226.81
RAVENSTONE	292.11
SNARESTONE	236.45
STAUNTON HAROLD	170.22
STRETTON-EN-LE-FIELD	167.01
SWANNINGTON	254.55
SWEPSTONE	256.10
WHITWICK	296.08
WORTHINGTON	207.57

- h) In accordance with Section 36(1) of the Act, the amounts to be taken into account for the year in respect of the categories of dwellings listed in different valuation bands are shown in Appendix B.

2.4 That it be noted that for the year 2025/26 Leicestershire County Council, Leicestershire Police and Crime Commissioner and the Leicestershire Combined Fire Authority have stated the following amounts in precepts to the Council, in accordance with Section 40 of the Local Government Act 1992, for each category of dwellings in the Council's area indicated in Table 3.



Table 3: Council Tax Precepts 2025/26

	<b>Combined Fire Authority</b>	<b>Leicestershire County Council</b>	<b>Leicestershire Police and Crime Commissioner</b>
	£	£	£
<b>Precept</b>	3,252,253.00	63,110,039.00	11,268,240.00
<b>Band A</b>	57.77	1,121.00	200.15
<b>Band B</b>	67.39	1,307.83	233.51
<b>Band C</b>	77.02	1,494.67	266.87
<b>Band D</b>	86.65	1,681.50	300.23
<b>Band E</b>	105.91	2,055.17	366.95
<b>Band F</b>	125.16	2,428.83	433.67
<b>Band G</b>	144.42	2,802.50	500.38
<b>Band H</b>	173.30	3,363.00	600.46

- 2.5 That the Council, in accordance with Sections 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix C as the amounts of Council Tax for 2025/26 for each of the categories of dwellings.
- 2.6 The Council determines that the Council's basic amount of Council Tax for 2025/26 is not excessive in accordance with principles approved under Section 52ZB and 52ZY Local Government Finance Act 1992 and Section 4ZA Local Government Finance Act 1992: Referendums relating to Council Tax increases.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The Council Tax provides funding for the Council to deliver all of its priorities.
Policy Considerations:	<p>The Council has agreed a Local Council Tax Reduction Scheme and the effect of the scheme, in particular the effect on the Council Tax Base, is taken into account in determining the District's Council Tax.</p> <p>The Council Tax Requirement of this Council includes the impact of Parish/Town Council precepts, although the Council does not have any role in the setting of these, other than determining the Tax Base for each parish.</p> <p>The Council does not have any role in the setting of Council Tax for Leicestershire County Council, Leicestershire Police and Crime Commissioner and the Leicestershire Combined Fire Authority. Their decisions do, however, feed into the overall Council Tax Resolutions.</p>
Safeguarding:	None
Equalities/Diversity:	Not applicable
Customer Impact:	Council Tax payers within the district are likely to be impacted by the increase in Council Tax.

Economic and Social Impact:	Not applicable
Environment, Climate Change and zero carbon:	There are no environmental implications arising directly from the report.
Consultation/Community Engagement:	Public consultation – 13 January to 26 January 2025
Risks:	<p>Failure to agree the Council Tax Resolution would delay the preparation of Council Tax bills and the collection of the payments from residents. The cost of such delay would be borne solely by the Council.</p> <p>There is a risk that one of the precepting bodies may amend their precept requirement after the issue of this report and that the figures quoted may differ from the provisional figures provided. Should this happen revised appendices will be circulated for approval.</p>
Officer Contact	<p>Anna Crouch  Head of Finance  <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a></p>

**APPENDIX A**

**COUNCIL TAX BASE 2025/26**

<b>PARISH / SPECIAL EXPENSE AREA</b>	<b>COUNCIL TAX BASE</b>
APPLEBY MAGNA	550
ASHBY DE LA ZOUCH	6,444
ASHBY WOULD'S	1,413
BARDON	12
BELTON	312
BREEDON-ON-THE-HILL	513
CASTLE DONINGTON	3,024
CHARLEY	77
CHILCOTE	59
COALVILLE	7,082
COLEORTON	588
ELLISTOWN & BATTLEFLAT	803
HEATHER	366
HUGGLESCOTE & DONINGTON LE HEATH	2,642
IBSTOCK	2,359
ISLEY WALTON-CUM-LANGLEY	31
KEGWORTH	1,352
LOCKINGTON CUM HEMINGTON	248
LONG WHATTON and DISEWORTH	820
MEASHAM	1,734
NORMANTON-LE-HEATH	70
OAKTHORPE, DONISTHORPE and ACRESFC	957
OSGATHORPE	216
PACKINGTON	414
RAVENSTONE	1,068
SNARESTONE	150
STAUNTON HAROLD	62
STRETTON-EN-LE-FIELD	19
SWANNINGTON	479
SWEPSTONE	275
WHITWICK	2,755
WORTHINGTON	638
<b>TOTAL</b>	<b>37,532</b>

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APPENDIX B

COUNCIL TAX 2025/26 - DISTRICT AND SPECIAL ITEMS (PARISH/TOWN COUNCILS AND SPECIAL EXPENSES)

PARISH / SPECIAL EXPENSE AREA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
APPLEBY MAGNA	145.28	169.50	193.70	217.92	266.34	314.78	363.20	435.84
ASHBY DE LA ZOUCH	196.70	229.49	262.26	295.05	360.61	426.19	491.75	590.10
ASHBY WOULD'S	176.17	205.54	234.89	264.26	322.98	381.71	440.43	528.52
BARDON	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
BELTON	178.65	208.42	238.19	267.97	327.52	387.07	446.62	535.94
BREEDON-ON-THE-HILL	153.04	178.55	204.05	229.56	280.57	331.59	382.60	459.12
CASTLE DONINGTON	222.40	259.47	296.53	333.60	407.73	481.87	556.00	667.20
CHARLEY	222.97	260.14	297.29	334.46	408.78	483.11	557.43	668.92
CHILCOTE	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
COALVILLE	165.47	193.06	220.63	248.21	303.36	358.53	413.68	496.42
COLEORTON	148.47	173.22	197.96	222.71	272.20	321.70	371.18	445.42
ELLISTOWN & BATTLEFLAT	178.89	208.71	238.52	268.34	327.97	387.61	447.23	536.68
HEATHER	140.49	163.90	187.31	210.73	257.56	304.39	351.22	421.46
HUGGLESCOTE & DONINGTON LE HEATH	163.38	190.61	217.84	245.07	299.53	353.99	408.45	490.14
IBSTOCK	184.82	215.63	246.42	277.23	338.83	400.45	462.05	554.46
ISLEY WALTON-CUM-LANGLEY	120.44	140.52	160.58	180.66	220.80	260.96	301.10	361.32
KEGWORTH	179.07	208.92	238.76	268.61	328.30	388.00	447.68	537.22
LOCKINGTON CUM HEMINGTON	183.92	214.58	245.22	275.88	337.18	398.50	459.80	551.76
LONG WHATTON and DISEWORTH	145.32	169.54	193.76	217.98	266.42	314.86	363.30	435.96
MEASHAM	172.66	201.44	230.21	258.99	316.54	374.10	431.65	517.98
NORMANTON-LE-HEATH	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
OAKTHORPE, DONISTHORPE and ACRE	192.14	224.17	256.18	288.21	352.25	416.30	480.35	576.42
OSGATHORPE	154.97	180.80	206.62	232.45	284.10	335.76	387.42	464.90
PACKINGTON	151.21	176.41	201.61	226.81	277.21	327.62	378.02	453.62
RAVENSTONE	194.74	227.20	259.65	292.11	357.02	421.94	486.85	584.22
SNARESTONE	157.63	183.91	210.17	236.45	288.99	341.54	394.08	472.90
STAUNTON HAROLD	113.48	132.40	151.30	170.22	208.04	245.88	283.70	340.44
STRETTON-EN-LE-FIELD	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
SWANNINGTON	169.70	197.99	226.26	254.55	311.11	367.69	424.25	509.10
SWEPSTONE	170.73	199.19	227.64	256.10	313.01	369.93	426.83	512.20
WHITWICK	197.39	230.29	263.18	296.08	361.87	427.68	493.47	592.16
WORTHINGTON	138.38	161.45	184.50	207.57	253.69	299.83	345.95	415.14

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## APPENDIX C

## COUNCIL TAX 2025/26 - COUNTY PRECEPT, FIRE PRECEPT, POLICE PRECEPT, DISTRICT, TOWN/PARISH COUNCIL AND SPECIAL EXPENSES

PARISH / SPECIAL EXPENSE AREA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
APPLEBY MAGNA	1,524.20	1,778.23	2,032.26	2,286.30	2,794.37	3,302.44	3,810.50	4,572.60
ASHBY DE LA ZOUCH	1,575.62	1,838.22	2,100.82	2,363.43	2,888.64	3,413.85	3,939.05	4,726.86
ASHBY WOULD'S	1,555.09	1,814.27	2,073.45	2,332.64	2,851.01	3,369.37	3,887.73	4,665.28
BARDON	1,490.26	1,738.63	1,987.01	2,235.39	2,732.15	3,228.90	3,725.65	4,470.78
BELTON	1,557.57	1,817.15	2,076.75	2,336.35	2,855.55	3,374.73	3,893.92	4,672.70
BREEDON-ON-THE-HILL	1,531.96	1,787.28	2,042.61	2,297.94	2,808.60	3,319.25	3,829.90	4,595.88
CASTLE DONINGTON	1,601.32	1,868.20	2,135.09	2,401.98	2,935.76	3,469.53	4,003.30	4,803.96
CHARLEY	1,601.89	1,868.87	2,135.85	2,402.84	2,936.81	3,470.77	4,004.73	4,805.68
CHILCOTE	1,490.26	1,738.63	1,987.01	2,235.39	2,732.15	3,228.90	3,725.65	4,470.78
COALVILLE	1,544.39	1,801.79	2,059.19	2,316.59	2,831.39	3,346.19	3,860.98	4,633.18
COLEORTON	1,527.39	1,781.95	2,036.52	2,291.09	2,800.23	3,309.36	3,818.48	4,582.18
ELLISTOWN & BATTLEFLAT	1,557.81	1,817.44	2,077.08	2,336.72	2,856.00	3,375.27	3,894.53	4,673.44
HEATHER	1,519.41	1,772.63	2,025.87	2,279.11	2,785.59	3,292.05	3,798.52	4,558.22
HUGGLESCOTE & DONINGTON LE HEA	1,542.30	1,799.34	2,056.40	2,313.45	2,827.56	3,341.65	3,855.75	4,626.90
IBSTOCK	1,563.74	1,824.36	2,084.98	2,345.61	2,866.86	3,388.11	3,909.35	4,691.22
ISLEY WALTON-CUM-LANGLEY	1,499.36	1,749.25	1,999.14	2,249.04	2,748.83	3,248.62	3,748.40	4,498.08
KEGWORTH	1,557.99	1,817.65	2,077.32	2,336.99	2,856.33	3,375.66	3,894.98	4,673.98
LOCKINGTON CUM HEMINGTON	1,562.84	1,823.31	2,083.78	2,344.26	2,865.21	3,386.16	3,907.10	4,688.52
LONG WHATTON and DISEWORTH	1,524.24	1,778.27	2,032.32	2,286.36	2,794.45	3,302.52	3,810.60	4,572.72
MEASHAM	1,551.58	1,810.17	2,068.77	2,327.37	2,844.57	3,361.76	3,878.95	4,654.74
NORMANTON-LE-HEATH	1,490.26	1,738.63	1,987.01	2,235.39	2,732.15	3,228.90	3,725.65	4,470.78
OAKTHORPE, DONISTHORPE and ACRE	1,571.06	1,832.90	2,094.74	2,356.59	2,880.28	3,403.96	3,927.65	4,713.18
OSGATHORPE	1,533.89	1,789.53	2,045.18	2,300.83	2,812.13	3,323.42	3,834.72	4,601.66
PACKINGTON	1,530.13	1,785.14	2,040.17	2,295.19	2,805.24	3,315.28	3,825.32	4,590.38
RAVENSTONE	1,573.66	1,835.93	2,098.21	2,360.49	2,885.05	3,409.60	3,934.15	4,720.98
SNARESTONE	1,536.55	1,792.64	2,048.73	2,304.83	2,817.02	3,329.20	3,841.38	4,609.66
STAUNTON HAROLD	1,492.40	1,741.13	1,989.86	2,238.60	2,736.07	3,233.54	3,731.00	4,477.20
STRETTON-EN-LE-FIELD	1,490.26	1,738.63	1,987.01	2,235.39	2,732.15	3,228.90	3,725.65	4,470.78
SWANNINGTON	1,548.62	1,806.72	2,064.82	2,322.93	2,839.14	3,355.35	3,871.55	4,645.86
SWEPSTONE	1,549.65	1,807.92	2,066.20	2,324.48	2,841.04	3,357.59	3,874.13	4,648.96
WHITWICK	1,576.31	1,839.02	2,101.74	2,364.46	2,889.90	3,415.34	3,940.77	4,728.92
WORTHINGTON	1,517.30	1,770.18	2,023.06	2,275.95	2,781.72	3,287.49	3,793.25	4,551.90

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>STATEMENT OF ACCOUNTS UPDATE</b>	
<b>Presented by</b>	Cllr N Rushton Portfolio Holder - Corporate	
<b>Background Papers</b>	<a href="#">Statement of Accounts Council 22 February 2024</a>  <a href="#">Statement of Accounts Council 5 November 2024</a>  <a href="#">Audit and Governance Committee - 5 February 2025</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications arising from this report. <b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The Accounts and Audit Regulations 2015, along with their subsequent amendments, set out detailed requirements for the preparation, approval, and publication of financial statements by local authorities and other relevant bodies in England. <b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing or corporate implications arising from this report. <b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To provide Council with an update in respect of the Council's Statement of Accounts 2023/24.	
<b>Recommendations</b>	<b>THAT COUNCIL NOTES THE UPDATE ON THE COUNCIL'S STATEMENT OF ACCOUNTS FOR 2023/24.</b>	

## 1.0 BACKGROUND

- 1.1 Reports were considered by Council on 22 February 2024 and 5 November 2024 which provided details of the Government's proposals for addressing the audit backlog, as well as outlining the Council's position in respect of its Statement of Accounts.
- 1.2 At the meeting on 5 November 2024, the Director of Resources informed Members that he had written to MHCLG to notify them that the Council would not be able to meet the backstop date for the 2023/24 unaudited accounts, which is 28 February 2025.
- 1.3 Since then, a response has been received from the Ministry for Housing Communities and Local Government (MHCLG) informing the Council of the next steps. In addition, MHCLG issued a letter to local authorities on 13 January 2025 confirming the process for local authorities to follow in respect of the 2023/24 Statement of Accounts, a copy of which is shown at Appendix One.

- 1.4 The response from MHCLG notes the challenges the Council has been facing which were highlighted in reports to Council and a letter to the Audit and Governance Committee. It states that backlog measures are likely to have uncomfortable consequences in the short term.
- 1.5 Regulation 9A (6) of the Accounts and Audit Regulations 2015, as recently amended, sets out the requirements on any (non-exempt) body that does not comply with a backstop date. These requirements include publishing an explanation, sending a copy of this to the Secretary of State and publishing audited accounts as soon as practicable. The Government intends to publish a list of bodies and auditors that do not meet the backstop dates, which will make clear where unaudited (draft) accounts have also not been published.
- 1.6 The Council successfully met the backstop date in December 2024 by signing off its unaudited accounts for the financial years 2021/22 and 2022/23. As the Council is not in a position to meet the backstop dates it will appear on the aforementioned list.
- 1.7 The Council is committed to ensuring transparency in this process and will publish an explanation for the delay on our website and send a copy to the Secretary of State as required by the regulations.
- 1.8 The Council remains dedicated to working collaboratively with our auditors and other stakeholders to address the underlying issues contributing to the audit backlog.
- 1.9 The Council has faced significant challenges due to delays in addressing the backlog of the statement of accounts. These delays have been primarily attributed to the implementation of a new financial system, which, while promising enhanced efficiency and accuracy, has introduced several complexities. One of the major issues has been the reconciliation of key ledger transactions, a critical process to ensure the accuracy and integrity of financial records. The transition to the new system has required extensive adjustments and troubleshooting, leading to unforeseen delays. Further reasons for the delay in publishing the Council's statement of accounts include challenges related to capacity and recruitment for key positions within the Council. Additionally, capacity issues faced by the previous external audit team have also contributed to the delay.
- 1.10 In response to these challenges, the Council is actively working to resolve the issues brought about by the new financial system. This includes a thorough review and refinement of the reconciliation processes to ensure that all key ledger transactions are accurately and promptly reconciled. The Council recognises the importance of these reconciliations in maintaining financial transparency and accountability, and is committed to addressing any discrepancies that have arisen during the transition period.
- 1.11 To expedite the reconciliation processes and reduce the backlog, the Council is currently reviewing its exchequer processes. This review aims to identify and implement more efficient procedures, streamline workflows, and leverage the capabilities of the new financial system to their fullest potential. By doing so, the Council hopes to not only clear the existing backlog but also establish a more robust and resilient financial management framework for the future.
- 1.12 The Council is maintaining open and transparent communication with its external auditors, Azets, to ensure a smooth and efficient audit process. Regular updates and meetings are being held to discuss the progress of the reconciliations and address any issues that may arise. This collaborative approach helps to keep Azets informed and allows the Council to promptly respond to any queries or concerns they might have.

- 1.13 The goal is to publish the draft accounts for 2023/24 as soon as practically possible, once all reconciliations are completed. By working closely with Azets, the Council aims to ensure that the draft accounts are accurate and comprehensive, reflecting the true financial position of the Council. This proactive communication and cooperation with Azets are crucial steps in achieving timely and reliable financial reporting

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	- A well-run council
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and zero carbon:	None.
Consultation/Community Engagement:	The Council has responded to Government consultations in respect of backstop dates and the recent consultation in respect of the Government's Local Audit Strategy.
Risks:	<ul style="list-style-type: none"> <li>- Loss of public trust and confidence in the Council's financial management and governance.</li> <li>- Reduced transparency and accountability to the Council's stakeholders, including taxpayers, service users, creditors, grant providers and regulators.</li> <li>- Increased scrutiny and intervention from external bodies, such as the Department for Levelling Up, Housing and Communities and Local Government, the National Audit Office, the Local Government Association and the Public Sector Audit Appointments.</li> <li>- Potential legal challenges or claims from aggrieved parties who may rely on the accuracy and timeliness of the financial information in the Statement of Accounts.</li> <li>- Additional costs and resources required to resolve the audit issues and complete the audit process</li> </ul>
Officer Contact	Paul Stone Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>

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Ministry of Housing,  
Communities &  
Local Government

**Will Garton**

Director General for Local  
Government, Growth and  
Communities  
2 Marsham Street  
London  
SW1P 4DF

To Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders, and Audit Committee Chairs

13 January 2025

Dear Colleagues,

**UNAUDITED ACCOUNTS AND MEASURES TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND**

I am writing to your authority and a number of others regarding the Government's measures to tackle the local audit backlog in England. In particular, I am writing to set out the implications should you not be able to publish outstanding unaudited (draft) accounts for Financial Year 2023/24 by 16 January 2025.

At the time of writing, your authority has yet to publish unaudited (draft) accounts (financial statements, the annual governance statement and narrative statement) and hold the 30-working day public inspection period for financial year 2023/24. The deadline for the publication of these unaudited accounts was 31 May 2024.

These steps are prerequisites to meeting the backstop date of 28 February 2025 for 2023/24 audited accounts. The audit opinion can only be issued once the inspection period has been completed. For this to happen in time, unaudited accounts for the 2023/24 would need to be published by 16 January at the latest – publication on this date would enable the public inspection period to run between 17 January and 27 February.

The backstop dates have not altered the legislative requirements regarding the signing and approval of accounts. The requirements in regulation 9 of the 2015 Regulations include that the responsible financial officer confirms that the accounts provide a true and fair view prior to the commencement of the public inspection period (and, once this is complete, re-confirms that the accounts provide a true and fair view before the body approves the accounts). It also should not be necessary for the audit of the previous year's accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes.

If you are unable to publish outstanding unaudited accounts for financial year 2023/24 by 16 January, then I would be grateful if you could contact the Department ([localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk)) as soon as possible.

There are some limited and specific exemptions from bodies meeting the backstops. These are set out in regulation 9A (4)-(5) of the 2015 Regulations. If a body is not exempt and fails to comply, it must publish an explanation on (or as soon as practicable after) the backstop, to send a copy of this to the Secretary of State (via [localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk)) and publish audited accounts as soon as practicable.

The Government intends to publish a list of bodies and auditors that do not meet the backstop dates, which will make clear where unaudited (draft) accounts were not published in time, and to keep the issue of consequences under close review. I understand that your authority met the 13 December backstop date for publication of audited accounts for financial years up to and including 2022/23 and I am grateful for your hard work towards meeting this deadline.

I know that finance teams, key audit partners and others have delivered significant, and sometimes challenging, work in support of these measures. Moving forward, continued collaboration between auditors and bodies is clearly vital. The Government also recognises the imperative to tackle underlying systemic issues and, on 18 December 2024, launched its [strategy](#) to overhaul the broken local audit system.

Finally, you may also wish to note that the Chartered Institute of Public Finance and Accountancy (CIPFA) recently [published information](#) to help preparers understand the impact of the backstop dates and how they should approach any unpublished accounts, alongside guidance for audit committees via its Better Governance Forum.

**Will Garton**

Director General for Local Government, Growth and Communities

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>2024/25 MID-YEAR TREASURY MANAGEMENT REPORT</b>	
<b>Presented by</b>	Councillor Nick Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Capital Strategy, Treasury Management Strategy and Prudential Indicators</a> – Council 22 February 2024  <a href="#">Treasury Management Update Report – Quarter 2</a> Audit and Governance Committee 20 November 2024	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications as a direct result of this report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no legal implications as a direct result of this report.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing or corporate implications as a direct result of this report.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To inform Council of the Council's Treasury Activity for the period April 2024 – September 2024.	
<b>Recommendations</b>	<b>THAT COUNCIL NOTES THE TREASURY MANAGEMENT HALF-YEARLY ACTIVITY REPORT 2024-25 (APPENDIX A).</b>	

## 1.0 BACKGROUND

- 1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and investment activity. The Treasury Management Strategy was approved by Council on 22 February 2024.
- 1.2 As a minimum, the Code requires that the Council reports on the performance of the Treasury Management function at least twice yearly (mid-year and at year end). Appendix A is the mid-year report for the financial year 2024/25 designed to inform Council of the Council's treasury activity and enable scrutiny of activity and performance.

## **2.0 TREASURY MANAGEMENT ADVISOR'S COMMENTARY – ARLINGCLOSE LTD**

2.1 The commentary below has been provided by the Council's treasury management advisors:

2.1.1 The Council is currently taking a relatively low credit and liquidity risk approach to its investment strategy by investing mainly in deposits with UK central government, Money Market Funds (MMFs), UK local authorities, and a small number of UK banks, for short terms (up to 12 months). Most of these options avoid the direct bail-in risk<sup>1</sup> associated with bank deposits (although indirect exposure is held via the MMFs, this is highly diversified).

2.1.2 Interest rates set by central banks have started to be cut globally, with the Bank of England cutting UK Bank Rate to 5% in August 2024 and further reductions anticipated. The Council's investment returns have therefore fallen and will likely continue to do so, broadly in line with market rates. With inflation having fallen to below 2%, the Council is currently earning a positive real return (i.e. adjusting for inflation). The latest client investment benchmarking exercise that the Council took part in (September 2024) showed the Council's return was higher than the average for other local authorities and credit risk (as measured by credit ratings) was lower, for internally managed investments.

2.1.3 Other investment options that may fit with the Council's current risk appetite could include secured bank deposits (up to 12 months), longer-term loans to local authorities (the Council has done this before), covered or supranational bonds and loans to Registered Providers (housing associations), which may also require a longer investment horizon (three to five years).

2.1.4 Going beyond this would be an alternative approach – investing for the long-term (five years +) in asset classes such as property, bonds and equities which fluctuate in value, and carry a different and typically higher set of risks but offer the potential for higher long-term returns. The Council would need to identify a long-term investment horizon and/or these types of investments may need to be part of a documented strategy to manage liquidity, interest rate, exchange rate and/or inflation risks.

<sup>1</sup> Bail-ins are a way for banks to convert debt into equity to increase their capital requirements. Risks of bail-ins include: • Moral Hazards: by offering the institution a way out of financial trouble, bail-in clauses may encourage irrational and risky behaviour that can lead to turmoil in the future. • Higher costs of borrowing.

## **3.0 SUMMARY**

3.1 In compliance with the requirements of the CIPFA Code, Appendix 1 provides Council with a summary report of the Treasury Management activity for the period April 2024 to September 2024. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.



<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The Treasury Strategies and Prudential Indicators help the Council achieve all its priorities: <ul style="list-style-type: none"> <li>- Planning and Regeneration</li> <li>- Communities and Housing</li> <li>- Clean, Green and Zero Carbon</li> <li>- A Well-Run Council</li> </ul>
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and zero carbon:	The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon reduction.
Consultation/Community Engagement:	Audit Committee – 20 November 2024
Risks:	Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA Code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to proffer expert advice.
Officer Contact	Anna Crouch Head of Finance <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>

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**Treasury Management Activity Report Quarter 2 2024/25****1. Introduction**

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2 This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.
- 1.3 The Council's treasury management strategy for 2024/25 was approved at the Council meeting on 22 February 2024. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

**2. External Context (provided by Arlingclose)**

- 2.1 **Economic background:** UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.
- 2.2 The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.
- 2.3 Labour market data was slightly better from a policymaker's perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.
- 2.4 Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.
- 2.5 With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

- 2.6 The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.
- 2.7 Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.
- 2.8 The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.
- 2.9 Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.
- 2.10 **Financial markets:** Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.
- 2.11 Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.
- 2.12 **Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.
- 2.13 Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.
- 2.14 Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.
- 2.15 S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.
- 2.16 Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the

period was also generally more muted compared to previous periods.

- 2.17 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

### 3. Local Context

- 3.1 On 31 March 2024, the Council had net borrowing of £26.3m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	<b>31.3.24 Estimated £m</b>	<b>31.3.25 Estimated £m</b>
General Fund CFR	45.5	44.0
HRA CFR	50.5	53.0
<b>Total CFR</b>	<b>96.0</b>	<b>97.0</b>
External borrowing	56.3	55.0
Internal borrowing	39.7	42.0
<b>Total Borrowing</b>	<b>96.0</b>	<b>97.0</b>

- 3.2 The treasury management position as at the 30 September 2024 and the change over the six months is detailed in Table 2 below.

**Table 2: Treasury Management Summary**

	<b>31.3.24 Balance £m</b>	<b>Movement £m</b>	<b>30.09.24 Balance £m</b>	<b>30.09.24 Rate %</b>
Long-term borrowing	55.1	0.0	55.1	3.50%
Short-term borrowing	1.2	-0.6	0.6	2.25%
<b>Total borrowing</b>	<b>56.3</b>	<b>-0.6</b>	<b>55.7</b>	<b>3.48%</b>
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	25.0	-15.0	10.0	4.84%
Cash and cash equivalents	5.0	11.8	16.8	5.25%
<b>Total investments</b>	<b>30.0</b>	<b>-3.2</b>	<b>26.8</b>	<b>5.09%</b>
<b>Net borrowing</b>	<b>26.3</b>	<b>2.6</b>	<b>28.9</b>	

## **4.0 Borrowing**

- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.
- 4.2 Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield and the Council intends to avoid this activity to retain its access to PWLB loans.
- 4.3 The Council currently holds £8.9m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth with a secondary objective of financial return. Before undertaking further additional borrowing the Council will review the options for exiting these investments.
- 4.4 As shown in table 1 the Council has internally borrowed £39.7m. This internal borrowing foregoes a potential interest income rate of 5.09%. Current one-year external borrowing rates with the PWLB are 5.15% as of 30 September 2024. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates.

## **5 Borrowing Strategy and Activity**

- 5.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short-term interest rates are higher than long term interest rates.
- 5.2 After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the six-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.
- 5.3 The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.
- 5.4 Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.
- 5.5 On 30 September 2024, the Council held £55.7m of loans, there has been a decrease of £0.6m since 31 March 2024 due to principal repayments. A breakdown of outstanding loans is shown below in table 3.

5.6 **Table 3: Borrowing Position**

	31.3.24	Net Movement	30.09.24	30.09.24	30.09.24
	Balance	£m	Balance	Weighted Average	Weighted Average
	£m		£m	Rate	Maturity
				%	(years)
Public Works Loan Board	52.4	-0.6	51.8	3.38%	14.1
Banks (LOBO)	0.0	0.0	0.0	0.00%	0.0
Banks (fixed term)	3.9	0.0	3.9	4.74%	2.1
Local authorities (long-term)	0.0	0.0	0.0	0.00%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
<b>Total borrowing</b>	<b>56.3</b>	<b>-0.6</b>	<b>55.7</b>	<b>3.48%</b>	<b>16.2</b>

5.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

**6. Treasury Investment Activity**

6.1 The CIPFA Treasury Management Code defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances have ranged between £26.3m and £45.9m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

**Table 4: Treasury Investment Position**

	31.3.24	Net	30.09.2024	30.09.2024	30.09.2024
	Balance	Movement	Balance	Income Return	Weighted Average
	£m	£m	£m	%	Maturity
					days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	30.0	-15.0	15.0	5.14%	115
Money Market Funds	0.0	11.8	11.8	5.04%	1
<b>Total investments</b>	<b>30.0</b>	<b>-3.3</b>	<b>26.8</b>	<b>5.09%</b>	<b>116</b>

6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 6.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds (money market funds) will be maintained to diversify risk into different sectors and boost investment income.
- 6.5 Bank Rate reduced from 5.25% to 5.00% in August 2024, with the prospect of further reductions in November 2024 and sometime in early 2025. Short-dated cash rates have remained steady at about 4.95%.
- 6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 5 below.

**Table 5: Investment Benchmarking – Treasury investments managed in-house\***

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30/06/2024	5.08	A+	40%	51	5.43%
Similar Las	4.76	A+	62%	52	5.54%
All Las	4.66	A+	62%	10	5.24%

*\*From last available benchmarking data*

- 6.7 The first six months of 2024/25 were marked by ongoing market volatility, with global bond yields remaining elevated, although trending downward as policymakers kept rates at a restrictive level in light of persistent core inflation until nearly the end of the period, when the MPC, Federal Reserve, and ECB began to deliver rate cuts and signal a shift towards loosening monetary policy.
- 6.8 The Council has budgeted £696,200 in interest income from investments after deductions in 2024/25. Actual income received by 30 September 2024 was £976,221. We are now forecasting the risk adjusted interest received by the end of March 2025 to be £1.316m and after deductions income to be £1.043m.
- 6.9 Interest rates can and have been extremely volatile over the financial year and are likely to be similarly volatile in the upcoming months. Therefore, for the purpose of budget setting these forecasts are reduced by 20% to ensure that there is not an overreliance placed on interest return for creating a balanced budget.
- 6.10 The updated forecast of £1.043m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 37.4% to the GF and 62.6% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund. This is subject to change.
- 6.11 Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

## **7. Non-Treasury Investments**

- 7.1 The definition of investments in CIPFA’s revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury



management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).

- 7.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and the Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.
- 7.3 The Council held £8.9m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Council's non-treasury investments is available in the Investment Strategy 2024-25 document. These investments are forecast to generate £410,000 in investment income in 2024/25 for the Council after taking account of direct costs.
- 7.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

## **8. Treasury Performance**

- 8.1 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.
- 8.2 As discussed in section 6.8 investment interest income during the reporting period was £976,221 before deductions. The Council's investment interest return percentage on 30 September 2024 was 5.09%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 4.95%. For similar local authorities the most recent benchmarking data, which is from 30 June 2024 showed an investment return of 5.54%. This is shown in Appendix 1.
- 8.3 Since the beginning of the reporting period the Council has paid £630,829 in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 2024/25 in total is £1.98m. The weighted average interest rate on borrowing is 3.48%. For comparison purposes the current PWLB Maturity Loan rate for new 10-year borrowing is 4.99%. This represents a good rate of borrowing in the current environment.
- 8.4 During the reporting period the Council has paid back £0.6m in principle on its PWLB loans. It is forecast to repay £1.26m in PWLB loan principle by the end of the year. £1.26m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.
- 8.5 The Council has forecast to undertake new borrowing of £3.8m for the HRA in the 2024/25 financial year, however, none has so far been undertaken and borrowing will be delayed as long as possible to minimize debt interest costs.
- 8.6 On 10 April 2024, amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7 May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.
- 8.7 The regulations also require that local authorities cannot exclude any amount of their CFR from

their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

## 9. Compliance

- 9.1 The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice.
- 9.2 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

**Table 6: Debt Limits**

	2024/25 Maximum During Q2 £m	30.09.24 Actual	2024/25 Operational Boundary	2024/25 Authorised Limit	Complied?
Borrowing	56.3	55.7	99.2	110.2	YES

- 9.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, there were no days in the reporting period in which the operational boundary was breached.

**Table 7: Investment Limits**

	Q2 Maximum £m	30.09.24 Actual £m	2024/25 Limit £m	Complied?
The UK Government	15.0	10.0	Unlimited	YES
Local authorities & other government entities	20.0	5.0	60.0	YES
Secured investments	0.0	0.0	60.0	YES
Banks (unsecured)	1.7	0.5	60.0	YES
Building societies (unsecured)	0.0	0.0	5.0	YES
Registered providers (unsecured)	0.0	0.0	12.5	YES
Money market funds	22.0	11.8	60.0	YES
Strategic pooled funds	0.0	0.0	25.0	YES
Real estate investment trusts	0.0	0.0	12.5	YES
Other investments	0.0	0.0	2.5	YES
<b>Totals</b>	<b>58.7</b>	<b>27.3</b>		

## 10. Treasury Management Prudential Indicators

- 10.1 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 10.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is

calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

**Table 8: Security**

	30.06.24 Actual	2024/25 Target	Complied?
Portfolio average credit rating	A+	A-	Yes

*\*From last available benchmarking data*

- 10.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

**Table 9: Liquidity**

	30.09.24 Actual £m	2024/25 Target £m	Complied?
Total cash available within 3 months	£11.8	£2.5	YES

- 10.4 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was as follows:

**Table 10: Interest Rate Exposures**

Interest rate risk indicator	30.09.24 Actual	2024/25 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	317,432	600,000	YES
Upper limit on one-year revenue impact of a 1% fall in interest rates	-317,432	-600,000	YES

- 10.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Due to all Council investments maturing in year and the majority of the Council's borrowing maturing in later years this means that the Council would benefit from an increase in Interest rates (as the Council replaces investments with higher rates but not borrowing) but are negatively impacted by a decrease in interest rates for the same reason.
- 10.6 This is demonstrated in the above figures which show a positive return from an increase and a negative return from a decrease in interest rates. Both impacts are within reasonable limits for the revenue budget. The Council also takes further precautions by reducing its interest forecast by a risk adjusted amount of 20% as discussed in paragraph 6.9.

10.7 For context, the changes in interest rates during the quarter were:

**Table 11: Interest Rate Changes**

	31/3/24	30/9/24
Bank Rate	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.36%	4.95%
5-year PWLB certainty rate, maturity loans	4.68%	4.55%
10-year PWLB certainty rate, maturity loans	4.74%	4.79%
20-year PWLB certainty rate, maturity loans	5.18%	5.27%
50-year PWLB certainty rate, maturity loans	5.01%	5.13%

10.8 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. [This indicator covers the risk of replacement loans being unavailable, not interest rate risk.] The upper and lower limits on the maturity structure of all borrowing were:

**Table 12: Maturity Structure of Debt**

	30.09.24 Actual £m	30.09.24 Actual %	Lower Limit	Upper Limit	Complied?
Under 12 months	0.6	1%	0%	70%	YES
12 months and within 24 months	1.3	2%	0%	30%	YES
24 months and within 5 years	2.5	4%	0%	30%	YES
5 years and within 10 years	1.8	3%	0%	30%	YES
10 years and within 20 years	43.8	80%	0%	90%	YES
20 years and above	5.7	10%	0%	30%	YES
Totals	55.7	100%			

10.9 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

10.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

**Table 13: Long Term Investments**

	2024/25 £M	2025/26 £M	2026/27 £M	No Fixed Date £M
Actual principal invested beyond year end	£0	£0	£0	£0
Limit on principal invested beyond year end	£60	£10	£10	£10
Complied?	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

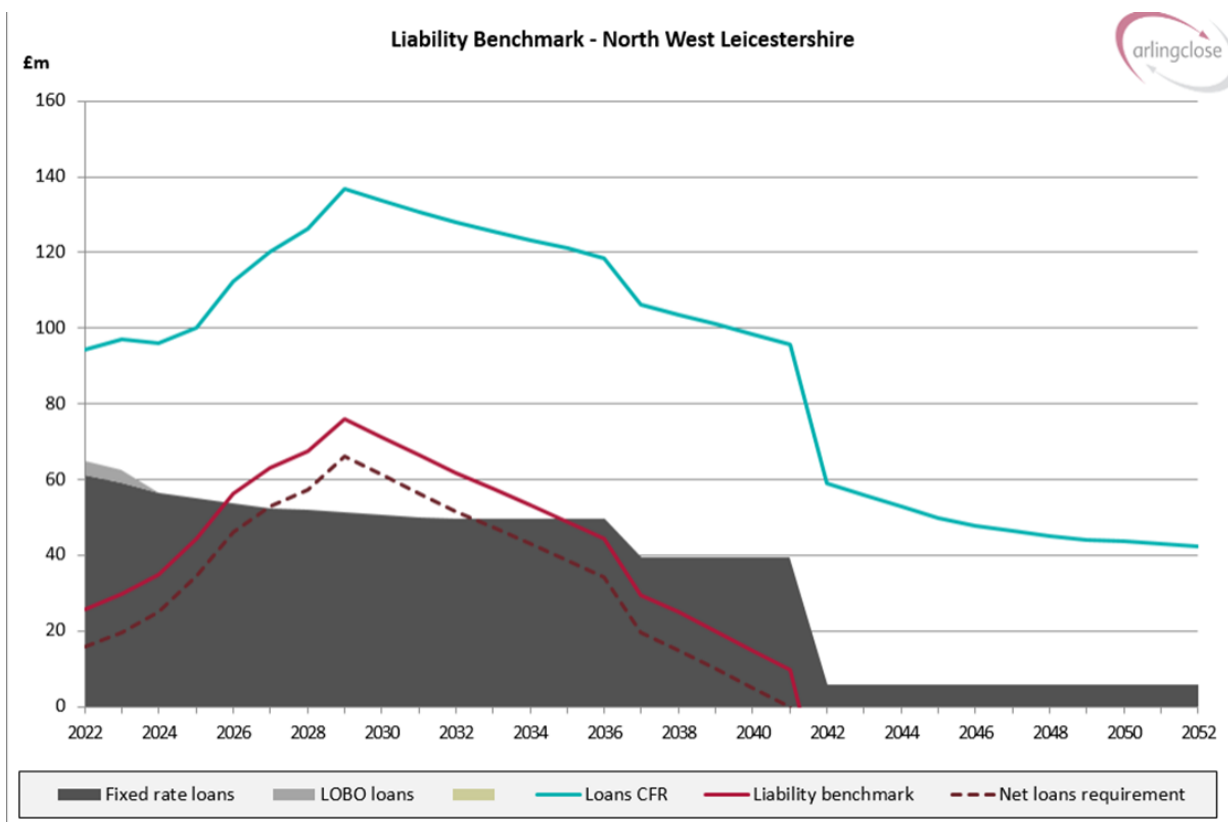
10.11 **Liability Benchmark:** This indicator compares the Council’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

10.12 **Table 14: Liability Benchmark**

	31.3.24 Estimate	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast
Loans CFR	96.0	97.0	101.6	103.8
Less: Balance sheet resources	-70.0	-67.0	-68.0	-69.3
<b>Net loans requirement</b>	<b>26.0</b>	<b>30.0</b>	<b>33.6</b>	<b>34.5</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>36.0</b>	<b>40.0</b>	<b>43.6</b>	<b>44.5</b>
<b>Existing external borrowing</b>	<b>56.3</b>	<b>55.1</b>	<b>53.8</b>	<b>52.5</b>

\*The 31.3.24 position is an estimate due to statement of accounts not yet being published

10.13 Following on from the medium-term forecast above, the long-term liability benchmark assumes no capital expenditure funded by borrowing before 2025/26, minimum revenue provision on new capital expenditure based on a variable asset life depending on asset type (This can vary from five – 50 years) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council’s existing borrowing.



10.14 The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing loans and the strong red line as the requirement for external borrowing. This graph demonstrates that by using internal resources the Council is likely to not have an external borrowing requirement in 2024/25. However, there is little room for adjustment and the Liability Benchmark graph is an estimate and subject to significant change. This situation may evolve and create a borrowing requirement in the next couple of years.

## Appendix 1



### Investment Benchmarking 30 June 2024

Internal Investments	£33.6m	£29.6m	£63.9m
Cash Plus & Short Bond Funds	£0.0m	£1.0m	£0.7m
Strategic Pooled Funds	£0.0m	£12.1m	£11.5m
<b>TOTAL INVESTMENTS</b>	<b>£33.6m</b>	<b>£42.8m</b>	<b>£76.1m</b>

#### Security

Average Credit Score	5.08	4.76	4.66
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	5.00	4.44	4.41
Average Credit Rating (time-weighted)	A+	AA-	AA-
Number of Counterparties / Funds	8	12	12
Proportion Exposed to Bail-in	40%	62%	62%

#### Liquidity

Proportion Available within 7 days	40%	42%	52%
Proportion Available within 100 days	85%	61%	71%
Average Days to Maturity	51	52	10

#### Market Risks

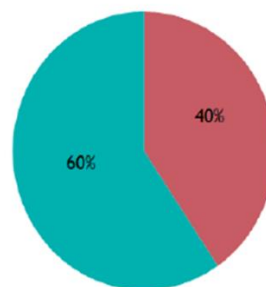
Average Days to Next Rate Reset	69	70	48
Strategic Fund Volatility	-	2.8%	3.3%

#### Yield

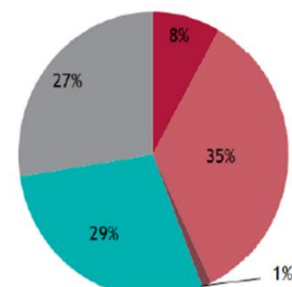
Internal Investment Return	5.43%	5.06%	5.07%
Cash Plus Funds - Income Return	-	3.75%	3.94%
Strategic Funds - Income Return	-	5.16%	5.16%
<b>Total Investments - Income Return</b>	<b>5.43%</b>	<b>5.02%</b>	<b>5.06%</b>
Cash Plus Funds - Capital Gain/Loss	-	1.97%	1.96%
Strategic Funds - Capital Gain/Loss	-	0.34%	-0.40%
<b>Total Investments - Total Return</b>	<b>5.43%</b>	<b>5.54%</b>	<b>5.24%</b>

North West Leicestershire  
42 English Non-Met Districts Average  
118 LAs Average

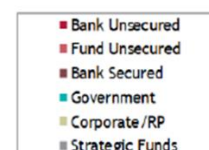
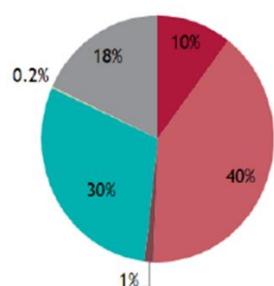
North West Leicestershire



English Non-Met Districts



All Arlingclose Clients



#### Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Pooled fund returns are 1-year to the end of the quarter.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.

\*Data from last available benchmarking on 30 June 2024

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION</b>	
<b>Presented by</b>	Kate Hiller Head of Legal and Support Services and Monitoring Officer	
<b>Background Papers</b>	<a href="#">Current Constitution</a>  Working Group Minutes 18 September 2024  Working Group Minutes 20 November 2024  Working Group Minutes 19 December 2024  <a href="#">Minutes from Audit and Governance Committee meeting 5 February 2025</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no direct financial implications arising.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The Monitoring Officer has reviewed the Constitution to ensure that members and officers can make robust effective decisions. The proposed changes are based on legal advice and best practice.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no direct staffing or corporate implications arising.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To explain the outcome of the Monitoring Officer's review of the Constitution and present proposed changes.	
<b>Recommendations</b>	<b>THAT COUNCIL ADOPTS THE PROPOSED CHANGES TO THE CONSTITUTION AS SET OUT IN APPENDICES A, B AND C WITH EFFECT FROM 1 MARCH 2025.</b>	

## 1.0 BACKGROUND

- 1.1 The Local Government Act 2000 requires each local authority to prepare, keep up to date and publicise the document known as the Constitution.
- 1.2 The Constitution should be logical, integrated and accessible to Members, officers, the public and anyone else interested in the way a local authority makes its decisions. There is

also a statutory requirement on the Council's Monitoring Officer to keep the Constitution up to date, and accordingly the update of the Constitution is an on-going process.

- 1.3 Full Council considers reports on the annual review of the Constitution. The updates are generally required due to legislative and organisational changes or to clarify and improve processes within the Council to reflect best practice. The proposed changes have been considered by Audit and Governance Committee before Council.

## **2.0 METHOD OF REVIEW**

- 2.1 The review of the Constitution was led by Legal Services and involved consultation with officers on areas of the document which needed to be updated/amended for the purposes of clarity, to reflect any changes in the law and incorporating any feedback raised by Members.
- 2.2 As with the previous reviews and the interest expressed by Members in this area of work, a cross-party Member working group was established to feed into the work on the Constitution. The Governance Working Group comprised of Councillors Everitt, Rogers, Simmons (Chair), Smith and Sutton, and met on the following dates:

18 September 2024

20 November 2024

19 December 2024 (also attended by the Strategic Director of Resources)

- 2.3 The working group had agreed its terms of reference at an earlier meeting which was convened to review the Arrangements for Dealing with Complaints against Councillors. At the meeting of the Group held in September 2024, the Group agreed the timetable for the review of the Constitution and the way that it wished to see information presented to it. The appendices to this report reflect the approach agreed by the working group. Appendix A shows the proposed changes in a summary schedule of changes. Appendix B takes extracts from each relevant section of the Constitution and shows the proposed changes as tracked changes. This enables Members to see the proposed changes in one place and in the context of the Constitution document. Appendix C sets out the proposed changes to the Contract Procedure Rules, including those required by the Procurement Act 2023.
- 2.4 Any feedback from the group has been taken into account in updating the relevant sections. Members have provided invaluable insight and constructive challenge to the review process and are thanked for their time and work on this project.

## **3.0 SUMMARY OF MAIN CHANGES PROPOSED**

- 3.1 The summary schedule of changes to the Constitution is provided at Appendix A. The updated extract from the Constitution is provided at Appendix B. A hyperlink on the first page helps navigate to the relevant sections.
- 3.2 The changes to the Contract Procedure Rules within the Constitution have been set out in Appendix C. Due to the amount of differences between the two versions, it has not been possible to create a full comparison, but relevant parts from the current rules have been included in order for Council to see the most important changes.
- 3.3 In addition to the main changes, a cold read of the entire Constitution will be undertaken to correct any inconsistencies, to include the correction of typing and numbering errors.

3.4 Usually on a review of the Constitution, the changes would be adopted from the new civic year, however on this occasion it is proposed that the changes are adopted from 1 March 2025. This is to ensure the new provisions added to comply with the Procurement Act 2023 are in place when the Act comes into force.

#### 4.0 AUDIT AND GOVERNANCE COMMITTEE

4.1 The Audit and Governance Committee considered the proposed changes to the constitution on 5 February 2025. They made a recommendation that Council adopt these with effect from 1 March 2025. No further comment was made in relation to the proposals.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run Council which is trusted by customers to provide its services.
Policy Considerations:	The constitution sets out how the Council makes decisions and its governance arrangements
Safeguarding:	N/A
Equalities/Diversity:	N/A
Customer Impact:	A clear yet comprehensive Constitution will enable customers to understand the functions and responsibilities of the Council and hold the Council to account.
Economic and Social Impact:	N/A
Environment, Climate Change and zero carbon:	N/A
Consultation/Community Engagement:	N/A
Risks:	An up to date Constitution is a legal requirement.
Officer Contact	Kate Hiller Head of Legal and Commercial Services <a href="mailto:kate.hiller@nwleicestershire.gov.uk">kate.hiller@nwleicestershire.gov.uk</a>

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### Appendix A – Table of Proposed Changes to the Constitution

Issue	Current Provision in Constitution	Proposed Change	Rationale for Change
Constituting working groups	Full Council has the responsibility for agreeing/amending the terms of reference for non-executive committees and working groups, save for those constituted by the scrutiny committee.	It is proposed to change this provision to reflect that the Audit and Governance Committee can constitute working groups as well.	It is common practice for A&G to convene working groups to consider matters such as this constitution review. This amendment is to make it clear that A&G do this and to reflect working practice.
Schedule of meetings	Full Council has the responsibility for agreeing the schedule of meetings for Full Council and Committees.	Addition of wording to provide the chair of the relevant committee with discretion to convene additional meetings not within the agreed schedule, or allowing the chair to change the time and place of meetings.	It is common for chairs to convene additional meetings or rearrange meetings for various reasons at their discretion. This additional wording is to make this clear in the constitution, particularly if unforeseen circumstances mean the time or place of meetings need to change.
Registerable interests and planning committee conflicts	In Section D4, a conflict of interest is when a member has a registerable interest which would prevent them from making a decision in accordance with the Councillors' Code of Conduct.	Removal of the word 'registerable', so that the clause refers to 'any interest'.	This ensures all potential conflicts are captured and can be dealt with accordingly, as per the Code of Conduct - Appendix B, not all interests are Registerable Interests but would still need to be disclosed and could still result in a conflict.
Notice to be treated as a political group to be given to the Proper Officer	None.	Amendment to the definition of Political Group, to acknowledge that notice will have been given under s15 of the Local Government and Housing Act 1989, using the Council's requisite form (and a link to a blank copy of the form will also be provided).	The amendment to the definition will make it clear that there is a requirement to fill in the form, and will make it easier for members to locate the blank form via the hyperlink.
Appointments Committee	The section of the Constitution dealing with the Appointments Committee refers to appointments of Council's Statutory Officers,	It is proposed to change this provision to make it clearer which roles are being referred to as within the scope of the Appointments Committee, making this	In the course of another piece of work, it was identified that some minor amendments would make the

	<p>Chief Officers and Deputy Chief Officers.</p> <p>It then does not use these definitions when setting out the functions of the Appointments Committee, instead referring to the Head of Paid Service, Strategic Director and Head of Service posts.</p>	<p>more consistent throughout the document.</p> <p>The definition of Appointments Committee would also be amended to reflect this.</p>	<p>wording more consistent and clear as to the scope of the Appointments Committee's role.</p>
<p>Outside Bodies</p> <p>194</p>	<p>'An external organisation which has invited the Council to nominate representative(s) to serve on its management body.'</p>	<p>Expansion of the definition as set out in Appendix B, to include further information about how Outside Bodies are reviewed.</p>	<p>The proposed amendment is to clarify the current process. It will not involve any changes to the Council's way of working, but will ensure the Constitution expressly reflects the current process. Democratic Services keep a list of Outside Bodies, which they review on an annual basis, and the MO will work with them to review the necessary forms and information requested of the Outside Bodies.</p>
<p>Suspension of Council Procedure Rules</p>	<p>Part 3, Section A1, Paragraph 24.1 currently suspends a number of Council and Committee Procedure Rules, including suspension of Rule 10.</p>	<p>The list of Rules to be suspended is to remain, save that Rule 10 should no longer be included.</p> <p>Addition of the words 'potential or actual' in front of 'legal proceedings'.</p>	<p>Council and Committee Procedure Rule 10 relates to questions by members of the public.</p>

<p>Legal Proceedings</p> <p>195</p>	<p>The current provision for officers to recommend the need to institute, prosecute, defend etc. legal proceedings to the Head of Legal did not include potential legal proceedings, or the negotiation and settling of alleged disputes.</p>	<p>Addition of the words 'alleged or actual' in front of 'disputes'.</p> <p>Addition of wording to make it clear that the Head of Legal and Support Services can then make the decision based upon the recommendation.</p>	<p>It would not be appropriate for Rule 10 to be suspended, as this is important for ensuring public questions are dealt with correctly.</p> <p>While it would be implied that the recommendation could relate to potential or alleged disputes, the Constitution does not currently provide for this – there may be a situation where a claim is likely, but settling it can bring the matter to a close. The amendments tidy up the wording and make sure these actions are covered in the Constitution.</p> <p>Likewise, it would be implied that the Head of Legal and Support Services could then make decisions in response to the recommendation, however this was not provided for, so has been expressly added for the avoidance of doubt, to ensure both parts of the document reflect each other.</p>
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<p>Payment of Compensation</p>	<p>The Constitution currently provides for delegated officers to approve compensation payments to remedy complaints.</p> <p>There is also a separate function of the Monitoring Officer to make compensation payments up to £500 to victims of maladministration, after consultation with the Chair of the Audit and Governance Committee.</p>	<p>It is proposed to remove the paragraph from the function of the Monitoring Officer, as this is covered elsewhere – see Appendix B – the existing provision can then be amended to make it clear that the Monitoring Officer has to advise on the appropriateness of compensation.</p>	<p>The requirement for the Monitoring Officer to advise on the appropriateness of compensation for maladministration is set out within the Summary of Monitoring Officer functions, so adding this wording to clause 12.3 ensures this will be acknowledged.</p> <p>The deletion is to deal with the duplication surrounding the compensation payments and ensure this is kept in one place, with the amended clarity of how maladministration compensation is dealt with.</p>
<p>Protocol on Councillor/Officer Relations - Requests for information on a 'need to know' basis</p>	<p>The Protocol deals with the provision of information on demonstrating a 'need to know', with requests for information to be made to the Strategic Director responsible.</p>	<p>The proposed amendment is for the request to be made to the Monitoring Officer, rather than the Strategic Director.</p>	<p>The Access to Information Procedure Rules provide that Councillors wishing to see confidential documents, or attend the confidential part of a meeting, should make a written application to the Monitoring Officer, setting out the reasons for having a 'need to know'. This is the process which has been followed, so this amendment ensures the Protocol aligns with this.</p>
<p>Protocol on Councillor/Officer Relations – Prejudicial Interests</p>	<p>Currently, the Protocol makes reference to 'Personal and prejudicial interests'.</p>	<p>The proposal is to instead refer to 'Registrable and Non-Registrable Interests', to use wording consistent with the Councillors' Code of Conduct.</p>	<p>These references related to the terminology in the previous code of conduct. Since the terminology has changed, we need to ensure the Protocol is updated to reflect that.</p>



**Appendix B - Extracts of the Constitution showing proposed amendments**

1	<a href="#"><u>Constituting working groups</u></a>
2	<a href="#"><u>Schedule of Meetings</u></a>
3	<a href="#"><u>Registerable Interests and Planning Committee conflicts</u></a>
4	<a href="#"><u>Notice to be treated as a Political Group to be given to the Proper Officer</u></a>
5	<a href="#"><u>Appointments Committee</u></a>
6	<a href="#"><u>Outside bodies</u></a>
7	<a href="#"><u>Suspension of Council Procedure Rules</u></a>
8	<a href="#"><u>Legal Proceedings</u></a>
9	<a href="#"><u>Payment of compensation</u></a>
10	<a href="#"><u>Protocol on Councillor/Officer relations – ‘need to know’ basis</u></a>
11	<a href="#"><u>Protocol on Councillor/Officer relations - interests</u></a>

## 1. Constituting Working Groups

## Part 1

### SECTION C - FULL COUNCIL

#### ONLY THE FULL COUNCIL SHALL HAVE RESPONSIBILITY:

17. agreeing and/or amending the **Terms of Reference** for Non-Executive Committees and working groups (save those constituted by the **Scrutiny Committee** or the Audit and Governance Committee) and deciding on their composition;

## 2. Schedule of Meetings

## Part 1

### SECTION C - FULL COUNCIL

#### ONLY THE FULL COUNCIL SHALL HAVE RESPONSIBILITY:

32. for agreeing an annual schedule of meetings for Full Council and Committees, save that the Chair of the relevant Committee may in their discretion convene an additional meeting not currently in the agreed schedule of meetings, or may change the time and place of meetings, subject to giving the requisite notice;

## Part 3

### SECTION A2 - PROCEDURE RULES

#### 2. Ordinary Meetings of the Full Council

2.1 Ordinary meetings of the Council will take place in accordance with a programme decided by **Full Council**.

2.2 The **Chief Executive** is responsible for convening all ~~Committee~~Council meetings in accordance with the programme set under Rule 2.1.

2.3 A meeting of the **Full Council** will take place each year in order to calculate the **Budget** requirement and set the **Council Tax**. This is known as the **Budget Council meeting**.

N.B. The wording at 2.2 [as amended] would then need to be copied into the sections in the Constitution for each Committee: The Chief Executive is responsible for convening all Committee meetings in accordance with the programme set by Full Council, and any meetings which have been convened at the Chair's discretion in addition to those in the programme.

### 3. Registerable Interests and Planning Committee conflicts

## Part 2

### SECTION D4 - PLANNING COMMITTEE

3.6 For the purpose of this clause 3 a conflict of interest is where a member has any ~~registerable~~ interest which would prevent them from making a decision in accordance with the **Councillors Code of Conduct**.

4. Notice to be treated as a Political Group to be given to the Proper Officer



## Definitions

### **Political Group**

Two or more Councillors who have joined together and asked to be recognised as a **Political Group** and have given requisite notice under s15 of the Local Government and Housing Act 1989 to the Proper Officer using the Council's standard form [[link to the blank version of the form](#)].

## 5. Appointments Committee

**PART 2**  
**SECTION D2 – APPOINTMENTS COMMITTEE**

**1 COMMITTEE FORM AND STRUCTURE**

**Composition**

1.1 The Appointments Committee will comprise four Councillors in Political Balance, one of whom must be a Cabinet Member, plus the relevant Portfolio Holder.

1.2 Members and the Chair will be appointed by Full Council annually.

**Quorum**

1.3 The Appointments Committee Quorum will be 3 Councillors.

**2 MATTERS RESERVED FOR THE APPOINTMENTS COMMITTEE**

~~2.1~~ With regard to appointments of the Council's Statutory Officers, Chief Officers and Deputy Chief Officers:

~~2.1.1~~ To interview shortlisted candidates for Head of Paid Service, Chief Officer, Deputy Chief Officer, Strategic Director and Head of Service posts;

~~2.1.2~~ To make recommendations to Full Council on the appointment of the ~~Chief Executive~~/Head of Paid Service;

~~2.1.3~~ To make decisions about all permanent appointments to ~~Strategic Director~~Chief Officer and Head of Service posts.

~~2.1.4~~ Undertake an annual appraisal of the performance of the ~~Chief Executive~~/Head of Paid Service.

~~2.1.5~~ To hear appeals from the Investigatory Committee

## Part 6

### Glossary of Terms

Appointments Committee

Determines matters relating to the appointment of the Councils' Statutory Officers, Chief Officers, ~~and~~ Deputy Chief Officers and Heads of Service— see Part 2.

## 6. Outside Bodies

## Part 6

### Glossary of Terms

Outside Body      An external organisation which has invited the Council to nominate representative(s) to serve on its management body. Democratic Services keeps a list of Outside Bodies which is reviewed on an annual basis, and will work with the Monitoring Officer to review the necessary forms and information requested of the Outside Bodies.

## 7. Suspension of Council Procedure Rules

### **PART 3**

#### **SECTION A1 - INTERPRETATION AND CHAIR'S RULING**

##### 24. Suspension of the Council and Committee Procedure Rules

24.1 Rules 9, 11 to 15, 18 and 25 may be suspended by motion on notice or without notice, if at least one half of the whole number of Councillors are present. Suspension shall only be for the duration of the meeting.



## 8. Legal Proceedings

## **SECTION G2 – GENERAL DELEGATIONS TO DESIGNATED OFFICERS**

### **4 Legal**

4.1 To recommend to the Head of Legal and Support Services, where it is necessary to give effect to a decision of the Council, the need to institute, prosecute, defend, conduct, participate in, withdraw or settle any potential or actual legal proceedings brought by or against the Council, to make any necessary applications and to take steps to enhance or protect the Council's legal position or interest.

4.2 To recommend to the Head of Legal and Support Services, the negotiation and settling of claims and alleged or actual disputes without recourse to court proceedings including the use of alternative dispute resolution

## **SECTION G3 – DELEGATIONS TO THE HEAD OF PAID SERVICE AND STATUTORY OFFICERS**

### **3 Functions delegated to the Monitoring Officer (Head of Legal and Support Services)**

3.18 Authority to consider and act upon the recommendations of delegated officers in accordance with Section G2 Clauses 4.1 and 4.2 and to sign any document necessary in legal proceedings on behalf of the Council and authority to sign informations and complaints, and lay them on behalf of the Council for the purpose of Magistrates Court proceedings unless Statute provides otherwise.

## 9. Payment of Compensation

## **PART 2**

### **SECTION G2, CLAUSE 12.3**

12.3 To approve compensation payments to remedy complaints in accordance with the Council's Complaints Procedure and Financial Procedure Rules in Part 3 provided that the Monitoring Officer has advised on the appropriateness of compensation for maladministration in accordance with s92 Local Government Act 2000.

### **SECTION G3, CLAUSE 3.16**

~~3.16 After consultation with the Chair of the Audit and Governance Committee, to make compensation payments of up to £500 to victims of maladministration.~~

## 10. Protocol on Councillor/Officer Relations – ‘need to know’ basis

## **PART 4**

### **SECTION C – PROTOCOL ON COUNCILLOR/OFFICER RELATIONS**

5.6 The exercise of the common law right depends upon a Councillor's ability to demonstrate a "need to know". In this respect a Councillor has no right to "a roving commission" to examine any documents of the Council. Mere curiosity is not sufficient. Requests made for information should be made in the first instance to the Monitoring Officer ~~Strategic Director~~ responsible who may be give suitable directions as to how the request shall be dealt with.

## 11. Protocol on Councillor/Officer Relations – Interests

## **PART 4**

### **SECTION C – PROTOCOL ON COUNCILLOR/OFFICER RELATIONS**

5.5 It is important to note that these rights only apply where Councillors are clearly carrying out their role as elected representatives. Where any Councillor has a ~~disclosable pecuniary interest or a personal and prejudicial interest~~ Registrable or Non Registrable Interest in a matter the Councillor will only be entitled to the same access as would be the case for a private individual, i.e. to inspect the reports, Minutes and Background Papers relating to the public part of the Cabinet, Committee or Sub-Committee Agenda. In these circumstances, the Councillor must make it clear that s/he is acting in his/her private capacity and not as a Councillor. More information can be found in the Access to Information Procedure Rules in Part 3 of the Constitution



## **Appendix C – Changes to the Contract Procedure Rules**

### **Summary of Key Changes**

- Application of the rules – there are certain contracts that the procurement legislation does not apply to, as it is not always practicable to procure those contracts in a standard way. The Council's current rules include some circumstances where the rules do not apply, however, the proposed rules broaden this list to reflect what the Council does in practice and to make it easier for Officers to understand (rule 2).
- Procurement responsibilities – whilst in practice procurement is overseen at many different levels within the organisation, the current rules do not currently specify whose responsibility it is to make sure that the rules are complied with. Whilst it is every officer's responsibility to comply with the rules, the new rules place greater responsibility on the Strategic Directors to ensure that the officers within their directorate are aware of the rules and are following them accordingly (rule 3).
- Thresholds for contracts – the Council's current rules have seven different levels of approval for entering into contract, five different financial levels for how a contract is procured and separate rules for who can sign contracts. The feedback from officers is that this is hard to follow, as they are required to look in different places. The new rules have four different 'bands' of contracts and the rules are clear for each band who can approve it, how to procure it and who can sign it (rule 5).
- Granting exemptions – currently the rules allow Cabinet to give a waiver from the rules, statutory officers to give an exemption or Heads of Service to waive the requirements for quotes if the value is below £50k. It is not always clear to officers which of these routes they should follow as they all technically overlap i.e. a head of service could waive the requirement for 3 quotes, the officer could get an exemption from statutory officers or could go to Cabinet for a waiver. The new rules separate it out to provide that exemptions for contracts below £50k are the responsibility of Heads of Service and above, exemptions for contracts above £50k and not a key decision can be agreed by statutory officers and for contracts which are a key decision, exemptions are to be agreed by Cabinet (rule 9.2).
- Grounds for exemptions – the current rules have two fairly broad grounds for exemption, which can be interpreted in a number of different ways. The new rules seek to set out 7 more specific grounds for exemption (rule 9.5) that are clear when they are engaged or not. This is to give officers and members more certainty in considering exemptions.

The remaining changes reflect the legislative changes e.g. value inclusive of VAT, the requirement to split up procurements to appeal to SMEs, requirements for notices to be published in certain circumstances, etc.

In addition to the above, it was considered that the key decision threshold was potentially confusing officers, as there was not a single value above which contracts should go to Cabinet. Members may recall that at a previous meeting, it was proposed to reintroduce the key decision wording into the constitution and that wording provides that a financial decision above £100,000 is a key decision, unless it is a contract where alternative circumstances apply. It is now proposed that this wording is removed so that

it will always be a key decision if it is £100,000 or above. This revised wording is attached at Appendix B.

Furthermore, there is a consequential change to the Financial Procedure Rules required to reflect the changes to the thresholds in the Contract Procedure Rules. The Council operates different levels of financial authorisation through its 'Unit 4' finance system, which are not currently reflected in the rules. Now that the Contract Procedure Rules are cross-referring to those authorisations it was deemed prudent to update the Financial Procedure Rules with those levels for Officers to refer to. This revised wording is attached at Appendix C.

## **SECTION G – CONTRACT PROCEDURE RULES**

These Contract Procedure Rules are made under section 135 of the Local Government Act 1972.

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## 1 Introduction and application of Contract Procedure Rules

These Contract Procedure Rules (**CPR**) set out the framework for the procurement of works, services and goods. They are an essential set of rules and compliance with them will ensure that officers seek and obtain value for money, and that public money is properly spent and accounted for.

1.1 Council officers and members must comply with these CPR in all instances when buying works, services and goods on behalf of the Council, and failure to comply may result in disciplinary action being taken against the officer concerned. Officers have a duty to report any breaches of these CPR to the Strategic Director for Resources.

1.2 These CPR form part of the Council's Constitution and provide the framework that governs the Council's procurement of contracts for works, services and goods. Following these CPR helps the Council to demonstrate:

- good internal governance;
- propriety and the proper spending of public money;
- value for money and effective use of resources is being achieved;
- additional social value in the delivery of works, services and goods;
- the delivery of high-quality works, services, supplies;
- compliance with relevant laws;
- controls to deter fraud, bribery and corruption;
- support of the local economy and small to medium enterprises (**SMEs**); and
- application of sound procurement practice.

1.3 Every contract for works, services and goods made by the Council must conform to all relevant UK legislation. UK public procurement legislation and policy require that the procurement of contracts should:

- Deliver value for money;
- Maximise public benefit;
- Involve the sharing of information with all potential suppliers fairly;
- Enable the Council to act, and be seen to act, with integrity;
- Ensure that the Council treats suppliers equally and fairly;
- Ensure that the Council takes all reasonable steps to prevent unfair advantages or disadvantages; and
- Reduce barriers to entry for SMEs whenever and wherever possible.

1.4 Contracts must not be artificially split to avoid the application of the key thresholds contained in these CPR. The Council's responsibilities are collective rather than based upon what individual services require.

1.5 All figures in these CPR are **inclusive** of VAT unless stated otherwise.

1.6 Officers dealing with the procurement of standard or repetitive goods and services, or where multiple smaller individual requirements are needed should

consider the use of Framework Agreements and should seek guidance from the Council's Procurement Officer.

## **2 Scope**

### **2.1 These CPR apply:**

- whenever the Council intends to spend money (or provide other payments in kind) under contracts for works, services or supplies;
- to expenditure from either capital or revenue sources;
- to works and services concession contracts;
- to supplies for re-sale;
- to both officers and members;
- where the Council acts as the lead partner in a multi-authority procurement (in addition to the equivalent rules for partner organisations); and
- where any third-party organisation is authorised to procure works, services and/or supplies on behalf of the Council as the Council's agent or representative.

### **2.2 These CPR do not apply:**

- to contracts of employment;
- to service level agreements made between departments within the Council;
- grants the Council is awarding to third-parties;
- to acquisitions and disposals of land or buildings, except in so far as it relates to a contract for works, services or goods;
- to financial services in connection with the issue, purchase, sale or transfer of securities or other financial instruments, in particular transactions by the Council to raise money or capital;
- in the case of individual investments which are not deemed as the purchase of supplies or services for the purposes of these CPR;
- any contract related to the receipt of investment advice or a related ancillary service under the Financial Services & Markets Act 2023;
- where the Council instructs counsel or any external legal advisors to represent or act on its behalf in relation to legal matters;
- contracts awarded to Local Authority Controlled Companies unless the Monitoring Officer determines otherwise;
- in the case of civil contingencies;
- contracts with local authorities for the joint delivery of services or discharge of functions, provided that they demonstrate value for money.

Provided that, in all instances, all relevant legislation, rules, and guidance **must** still be complied with, together with other relevant parts of the Council's Constitution.

## **3 Roles and responsibilities**

3.1 Overall responsibility for these CPR rests with the Strategic Director for Resources. Further information and advice on these CPR can be sought from the Council's Procurement Officer.

3.2 **Any** officer undertaking procurement or purchasing activity on behalf of the Council **must** comply with these CPR and any and all relevant legislation and regulations.

3.3 Strategic Directors are responsible for ensuring that **all** Officers with procurement responsibilities within their directorates fully understand and comply with these CPR.

3.4 Strategic Directors are responsible for **all** purchase orders and contracts tendered and let by their directorates, are accountable to Cabinet for the performance of their duties in relation to contract letting and management, and must ensure that all Officers comply with these CPR.

3.5 The duties of Strategic Directors are as follows:

3.5.1 To seek and obtain value for money and secure continuous improvement in all procurements;

3.5.2 To ensure no contract is entered into by their Directorate without there being adequate and agreed budget provision;

3.5.3 To ensure compliance with all applicable legislation, seeking advice from the Council's Procurement Officer at an early stage in the process as appropriate;

3.5.4 To ensure **all** staff (including any agents or consultants acting on their behalf) dealing with procurement for their directorate are fully aware of and comply with these CPR;

3.5.5 To declare to the Council any pecuniary interest whether direct or indirect they personally have in any contract to be let, and to make that declaration in writing to the Monitoring Officer and the Strategic Director for Resources;

3.5.6 In the event of any breach of these CPR, to take immediate action and report it to the Monitoring Officer and the Strategic Director for Resources, whilst carrying out corrective action and appropriate investigations where necessary;

3.5.7 To ensure every contract has a named officer with responsibility for it;

3.5.8 To keep securely proper records of all purchase orders, signed contracts and copies of all relevant documentation to provide a full audit trail of actions taken.

3.5.9 To ensure that the Council's Contracts Register is kept up-to-date for all contracts greater than £50,000 in value within their directorate.

3.5.10 To ensure the Council's 'Procurement Pipeline' is kept up to date

with all procurements greater than £100,000 in value to be carried out in the next 18 months.

3.5.11 To comply with the Council's arrangements for the obtaining and opening of quotations and tenders as set out in these CPR;

3.5.12 To ensure that the Council's seal is affixed to any contract where this is required in accordance with these CPR and to ensure that all other contracts are signed by a person authorised under these CPR;

3.5.13 To ensure that records are kept in a manner that ensures reviews of contracts are undertaken in good time and that appropriate action is taken to re-procure those contracts where necessary.

#### **4 Consultation and approvals prior to advertising a procurement**

4.1 Procurements of Band C and D contracts can only be published following approval of a procurement plan report by the relevant decision maker.

4.2 Officers must comply with the Council's Constitution in relation to all Executive Decisions and Key Decisions, where required. Planning of a procurement must take into account these procedures and Officers should consult with Democratic Services, as appropriate.

4.3 The procurement plan report will set out how the procurement will be managed to deliver the best outcomes for the Council. The level of detail in the report should be proportionate to the whole life value of the contract and the level of risk but should, where relevant, include:

- High level summary of contract purpose and outcomes, including the approach to reflecting these in the specification;
- Governance process, including the engagement of key stakeholders (including service users), approval of key documents during the procurement process and any delegations requested for contract award;
- Market analysis, including any work that needs to be done by the Council to market itself to potential bidders as an important customer;
- Review of potential performance issues of existing contractors and how they will be mitigated / managed through the procurement process;
- Key risks, including sustainability risks, and how they will be managed during the procurement process;
- The proposed lot structure to be adopted and how it will support achieving the Council's objectives, or otherwise the justification for not dividing into lots;
- Approach to evaluation, including evaluation criteria and weightings. Evaluation criteria shall include an assessment of the bids against the deliverables to be secured under the contract;
- Legal issues, including terms and conditions for the contract, contract length and extensions etc.;
- Commercial issues such as pricing strategy, management of change and performance management/incentives;

- Approach to Social Value, including performance obligations, main areas of potential benefit, VCSE and sustainability opportunities;
- Overall projected timescales and milestones;
- Approach to assessing and agreeing preferred route to market.

It is important that the Council's Procurement Officer is engaged at a sufficiently early stage to provide advice and when necessary to jointly produce the procurement plan report with the contract lead.

4.4 For all procurements, the Council is required to divide the complete requirement into lots to reduce barriers to SMEs or otherwise provide justification for not doing so.

4.5 Officers **must** consult the Council's Procurement Officer for any procurement 10 where the Total Contract Value is estimated to be more than £50,000. The procurement must be entered into the Council's 'Procurement Pipeline' a minimum of 18 months in advance of the procurement commencing.

4.6 Officers **must** consult and seek support from the Council's Procurement Officer for any procurement where the Total Contract Value is estimated to be Above Threshold. The route to market must be approved by the Strategic Director of Resources.

4.7 Subsidy Control rules **must** be considered by the contract lead in situations or circumstances where the proposed arrangement (as either a contract, grant or other award), may provide an advantage through public resources being given on a selective basis to any organisation(s) that could potentially distort competition and / or trade.

4.8 The Council has a legal duty to consider the application of the relevant Subsidy Control rules when making awards. This may require a bespoke assessment of each measure against the relevant legislative provisions. Advice from Legal Services should be sought where the contract lead considers that the subsidy control rules may be engaged.

## **5 Approvals and procurement procedures**

5.1 Pre-procurement approval and the procurement procedure required will depend on the Total Contract Value.

### *Band A Contracts – Contracts valued at less than £10,000*

5.2 For any single contract, not related to or part of any larger procurement, of a value that is less than £10,000 (inclusive of VAT), one written quotation shall be obtained.

5.3 The approval of any contract that is valued less than £10,000 shall be in accordance with the authorisations in the Financial Procedure Rules.

5.4 Any contract valued at less than £10,000 can be signed by the officer that approved it under rule 5.3.

### *Band B Contracts – Contracts valued at between £10,000 and £49,999*



5.5 For any single contract, not related to or part of any larger procurement, of a value that is between £10,000 and £49,999 (inclusive of VAT), three written quotations shall be obtained using an invitation to quote.

5.6 The approval of any contract that is valued between £10,000 and £49,999 shall be in accordance with the authorisations in the Financial Procedure Rules.

5.7 Any contract valued at between £10,000 and £49,999 can be signed by the officer that approved it under rule 5.3.

5.8 Where Officers are seeking formal responses to an invitation to quote:

5.8.1 the opportunity shall be advertised on the Source Leicestershire website, Contracts Finder (only for contracts worth £30,000 or more) and the Council's website;

5.8.2 Officers shall ensure that the selection process used is fair and equitable and in accordance with these Contract Procedure Rules;

5.8.3 Officers must select the quote which offers value for money for the Council;

5.8.4 The Head of Service shall be responsible for keeping a record for audit purposes of:

- all those contractors that were requested to provide a quotation;
- the reasons why those particular contractors were selected to provide a quotation; and
- the reason for selecting the winning quote.

*Band C Contracts – Contracts valued at £50,000 and above but Below Threshold*

5.9 For any single contract, not related to or part of any larger procurement, of a value of £50,000 or more but Below Threshold, the officer shall conduct a formal tender using the Council's template and accompanied by terms and conditions prepared by Legal Services.

5.10 Any contract that is valued at £50,000 or above and Below Threshold shall be approved by the relevant Strategic Director, provided that any contract that constitutes a Key Decision under the Constitution must be subject to approval by Cabinet.

5.11 Any contract valued at £50,000 or above and Below Threshold must be signed by the Monitoring Officer and any contract of a value of £250,000 and above must be executed as a deed and sealed (unless the Monitoring Officer determines otherwise).

5.12 Where Officers conduct a formal tender:

5.12.1 The Council's standard templates and methodology should be used;

5.12.2 The evaluation of tenders and any pre-qualification of bidders should be carried out according to the procedures set out in these CPR and associated guidance from the Council's Procurement Officer, and clearly documented and recorded;

5.12.3 Bids which are received after the date and time stipulated in the invitation to tender document should not be considered;

5.12.4 Following the conclusion of a procurement process, prior to the award of contract, a contract award report should be prepared for the relevant Strategic Director;

5.12.5 The level of detail in the contract award report should be proportionate to the whole life value of the contract and the level of risk, but should where relevant include;

- The subject matter and the whole life value of the contract proposed to be made;
- The procurement process that has been followed;
- (Where applicable) The results of market analysis undertaken;
- Details of the evaluation criteria, the weightings, and the results of the evaluation process;
- The name of the successful bidder and the reasons why its tender was selected;
- The reasons for the rejection of the other bids received; 12
- (Where applicable) conflicts of interests detected, and subsequent measures taken;
- any risks associated with the award of the contract and measures taken to minimise that risk; and
- any additional or non-standard action required to support mobilisation.

5.12.6 Where the decision maker wishes to accept a tender other than the highest scoring acceptable tender, full supporting documentation must be kept to evidence why the highest scoring acceptable tender was not considered the most advantageous tender.

#### *Band D Contracts – Above Threshold*

5.13 For any contract of a value that is Above Threshold, tenders shall be sought in accordance with the relevant legislation.

5.14 The provisions of these CPR shall continue to apply to such a contract only to the extent that they do not conflict with the provisions of the legislation.

## **6 Contract documentation and standard contract conditions**

6.1 The provisions of any statute or regulation take precedence over anything said in these CPR, and all contracts entered into by the Council must comply with all

those requirements.

6.2 The Council's standard conditions of contract are to be employed for procurements

unless:

(a) leasing arrangements are involved; or

(b) the requirement is particularly complex; and/or

(c) the use of standard conditions is considered inappropriate by Legal Services.

6.3 If a supplier requires the use of their terms and conditions in order to contract, the advice of Legal Services **must** be sought.

6.4 In all procurements where the Total Contract Value is expected to be above £50,000, the advice of Legal Services **must** be sought on the preparation of the terms and conditions for the contract.

6.5 Terms and conditions **must** be published and made available to bidders as part of the tender pack, therefore they **must** be completed before the publication of a procurement.

6.6 Bidders may seek to clarify or amend terms as part of the clarification period of a tender. Should the Council amend terms during a procurement they **must** be amended for all bidders equally and released in reasonable time. Legal advice should be sought in advance of agreeing to vary any legal terms in the contract.

6.7 The Council may **not** negotiate or otherwise amend the contract terms and conditions with the successful bidder following award of contract.

## 7 Advertising

7.1 The Council uses the e-Sourcing Portal to advertise and run formal requests for quote, mini competitions, call offs and tenders, as well as to operate the Council's Contract Register. The Portal allows opportunities to either be openly advertised, where any appropriately registered supplier may express interest (advertised), or for quotes / tenders to be sent to specifically nominated suppliers only (by invitation).

7.2 All opportunities with a total estimated whole life contract value Above Threshold **must** be openly advertised. Below this figure opportunities may be advertised at the discretion of the Officer, based upon market knowledge and the need to generate market interest. In such circumstances, any contracts advertised become a Covered Procurement despite being Below Threshold.

7.3 Whatever the value, where the Council advertises contracts using the Portal the opportunity **must** also be advertised on the government's Contracts Finder website if

the opportunity will exceed £25,000 in value and release the relevant Notices as per section 6.

7.4 All suppliers invited to tender must be issued with the same information at the same time and subject to the same conditions.

7.5 Where advertising is preferred, but not required by these CPR, if the Officer chooses not to advertise, they **must** record the reasons for their decision in the procurement plan report.

## **8 Evaluating bids**

8.1 Care should be taken to evaluate bids using the most advantageous tender rather than simply the unit price. The lowest priced tender may not offer the best value for money over the life of the contact, taking into account price, quality, social value and environmental considerations.

8.2 Procurement evaluation criteria and how the Council will apply them must be published to bidders as part of the procurement documents.

8.3 Should a submitted bid appear to be priced too low to deliver the required quality of service, this should be clarified. The bidder should be challenged as to how they can deliver the expected quality and requirements at that price. Should this show that the proposed service is indeed unsustainable, the tender may be rejected. Before any bid is rejected on this basis, Officers **must** take advice from the Council's Procurement Officer.

8.4 Where it has been identified that a bidder may have made a genuine error in their bid, the Council may afford that bidder an opportunity to correct their error. Such communications will be relayed by the Council's Procurement Officer.

8.5 The results of the tender evaluation process must be recorded in writing, including scores and rationales of individual evaluators, as well as final scores and rationales following moderation.

8.6 The Council is not obliged to accept any tender, however, if the Officer chooses not to award to any bidder, then they must publish a procurement termination notice.

## **9 CPR Suspension and Exemptions**

9.1 Only Cabinet has the authority to fully suspend these CPR.

9.2 If there are special circumstances to waive or suspend any section or sections of CPR, the following exemptions may be granted, depending on contract value:

- for all contracts less than £50,000, a Head of Service or above may approve an exemption;
- for all contracts £50,000 and above that do not meet the Key Decision threshold, Statutory Officers may approve an exemption upon receipt of an exemption form; and

- for contracts that do meet the Key Decision threshold, Cabinet may approve an exemption.

9.3 In all cases where the exemption is for a contract valued at £50,000 or above, an exemption form must be completed, which must include advice from Legal Services and Finance.

9.4 Exemptions granted by Statutory Officers will be subsequently reported to Cabinet.

9.5 Acceptable reasons for an exemption under these rules are limited to the following and subject to any legislative requirements:

- Quantifiable and significant cost and efficiency savings can be achieved through seeking an alternative route, which outweigh the legal risk of the exemption;
- Extreme urgency exists for unforeseen reasons which are not attributable to the Council and the various time limits cannot be met. Inadequate forward planning would not constitute special circumstances;
- The Council would otherwise be exposed to immediate and significant financial, legal, or reputational risk that has been identified in the relevant risk register and is considered to outweigh the risk of the exemption;
- Only one supplier is objectively able to provide the works, services or supplies in question including, but not limited to:
  - where the provision is specialist,
  - where the supplier has exclusive intellectual property rights, artistic or other rights,
  - where the supplier has a monopoly; or
  - where the supplies bought are for re-sale;
- Additional or new works, services or supplies are required which, through unforeseen circumstances, were not included in an existing Council contract and are necessary for the completion of the contract and / or cannot be carried out separately.
- Supplies are required as a partial replacement for, or addition to, existing supplies or installations and obtaining them from another source would result in incompatibility or disproportional technical difficulties in operation or 15 maintenance of existing equipment.
- Where an exemption is to allow the continuation of Council services or operations whilst a compliant procurement process is completed.

9.6 The Procurement Officer will maintain a full record of all exemptions granted.

## **10 Framework Agreements, Dynamic Markets & Open Frameworks**

10.1 The intention behind a framework agreement is to streamline the competitive process by enabling Officers, at any time during the term of the framework, to buy works, services, or goods by placing an order (without reopening competition) or by holding a mini tender process (competed services), without having to tender each individual purchase. Multiple orders or call-off contracts can be made through the framework.

10.2 The following principles should be followed when deciding whether to buy works, services or goods under an existing framework agreement established by another body:

- There should be evidence that the framework can be accessed by the Council;
- For competed services, the framework must provide for the holding of a mini competition;
- For direct award, the framework must clearly identify the criteria for selecting, in order of priority, the contractor to be first, and subsequently, offered the order;
- The framework should offer value for money;
- The technical aspects and quality standards of the framework must meet the Council's requirements.

10.3 The use of a framework agreement **must** be approved as part of the procurement plan report.

## 11 Contracts

11.1 **All** contracts shall, as a **minimum**:

- be in writing;
- specify what is to be supplied (that is, the works, materials, services, matters or things to be furnished, had, or done);
- specify the payment provisions (that is, the price to be paid and when);
- specify the timescale within which the contract is to be performed; and
- specify the termination provisions under which the Council shall and may terminate the contract.

11.2 In addition, every contract Above Threshold **must** also clearly state as a **minimum**:

- the performance standards to be met, associated performance reporting and performance management;
- the insurance requirements;
- health and safety requirements;

- equality and diversity requirements;
- (Where relevant) that the contractor may not assign the contract or sub-contract any part of the contract without prior written consent from the Council;
- information governance, Freedom of Information and Data Protection requirements;
- (Where relevant) supply of anonymised TUPE data by the contractor to the Council and an organisation structure freeze within the contractor at a point designated by the Council prior to the of contract
- contract management requirements;
- a right, given to the Council, of access to documents and records which relate to the subject matter of the contract for monitoring and audit purposes;
- an obligation on the Council to pay undisputed invoices within 30 days;
- an obligation on the principal contractor to pay any subcontractor invoices within 30 days;
- a clause for the prevention of corruption and bribery;
- contract enforcement mechanisms;
- a requirement to provide electronic invoicing compliant with BS EN 16931-1:2017 and PD CEN/TS 16931-2:2017; and
- rights of termination

11.3 Formal advice from Legal Services **must** be sought on contract terms and conditions for the following contracts:

- where the estimated total contract value of the opportunity is above £50,000;
- those involving leasing arrangements;
- where it is proposed to use the external supplier's own terms;
- those that are considered to be high risk in terms of service failure or the Council's reputation; or
- those that are complex in any other way.

11.4 Contract terms and conditions must be published and made available to bidders as part of the tender pack.

11.5 Bidders may seek to clarify or amend terms as part of the clarification period of a tender. Should the Council amend terms during a procurement they must be amended for all bidders equally and released in reasonable time. Legal advice should be sought in advance of agreeing to vary any legal terms in the contract.

11.6 The Council may not negotiate or otherwise amend the contract terms and conditions with the successful bidder following award of contract.

## **12 Contract extensions and modifications**

12.1 If the original contract includes an option to extend the initial term and the authority to spend and enter into the contract was given for the whole life contract value, the Officer that approved entering into the contract may authorise the extension period.

12.2 If the authority to enter into the contract was not given for the extension period, authority to extend the initial term **must** be obtained before the contract is extended. The value of the extension period will determine who can authorise the extension based on the thresholds at rule 5.

12.3 Requests to modify or vary an Above Threshold contract **must** be made in writing to the Council's Procurement Officer **before** the modification is sent for approval by the relevant Strategic Director. Legal advice must be sought on all modifications or variations to Above Threshold contracts.

12.4 Where a modification or variation will result in a Below Threshold contract becoming Above Threshold due to additional scope or value, it **must** be treated as if Above Threshold for the purposes of this rule 16.

12.5 Requests to modify or vary a Below Threshold contract may be approved and signed in accordance with the thresholds at rule 5.

12.6 Where a modification or variation occurs during the life of the contract that cannot be met from within existing budgetary provision, the Officer follow the requirements of the Financial Procedure Rules.

12.7 If the variation or extension of the contract does not fall within the approved contract value authorised in the relevant Contract Award Report then officers should proceed as in the case of a **new procurement** and follow the procedures within these CPR and accompanying guidance, as determined by the total contract value inclusive of the modification or variation.

12.8 Following completion of a contract modification, the contract lead **must** update the Council's Contract Register and a contract modification notice should be published where required in accordance with legislative requirements.

12.9 Regardless of other factors, if a variation or extension takes the Total Contract Value above £100,000 then this will need to be recorded as a Key Decision, unless advised otherwise by the Monitoring Officer.

### **13 Contract Management**

13.1 Each contract must have a named contract manager (the contract lead).

13.2 For each contract Above Threshold, the contract lead will work jointly with the Council's Procurement Officer or other designated procurement professional during the procurement process.



13.3 As part of the procurement process the contract lead and the Council's Procurement Officer will agree the contract management measures that are appropriate for the contract. This will include, but not be limited to:

- performance measurement / management;
- review meetings;
- risk management; and
- governance and escalation.

13.4 The approach to contract management shall be proportionate, with management activity linked to contract risk and value.

13.5 A contract performance notice will be published annually, where required to by legislation.

13.6 The contract lead must maintain a contract file containing all details, documentation, reports, records and decisions related to a procurement and the contract awarded.

13.7 In the event of an investigation by the Procurement Investigation Agency, officers **must** co-operate fully with investigators and provide any documents or records requested through the means defined by the investigators, as well as attending interviews as required.

## **DEFINITIONS**

In these CPR, the following expressions have the following meanings:

1. Above Threshold: Means the contract value is above the value for which the Procurement Act 2023 and Procurement Regulations 2024 **fully** apply.
2. Below Threshold: Means the contract value is below the value for which the Procurement Act 2023 and Procurement Regulations 2024 **fully** apply.

The Threshold values are updated every 2 years by the UK government; therefore, Officers should consult the Council's Procurement Officer if unsure which Threshold applies to the contract.

3. Covered Procurement: Any Above Threshold procurement where the full Procurement Act 2023 applies, or any Below Threshold procurement where the Council has made the Procurement Act 2023 apply by its actions, e.g., advertising a Below Threshold procurement.
4. E-Sourcing Portal: a web-based system which the Council currently uses to advertise and run requests for quotes and tenders and publish contracts.

5. Social Value: The Public Services (Social Value) Act 2012 imposes a duty on the Council to consider at the pre-procurement stage of any service contract how the services proposed to be procured may improve the economic, social, and environmental well-being of the District and how the Council may secure that improvement as part of the procurement process.
6. Subsidy Control: as set out in the Subsidy Control Act 2022, this is a set of legal conditions within which local authorities can legally provide subsidies, i.e., any form of financial assistance whether directly or indirectly to an organisation that is engaged in an economic activity. This could include, for example, a cash payment (grant), a loan with below market interest or the free use of equipment or office space. Outside of these conditions the Council may not provide subsidies to organisations without potentially triggering penalties or prejudicing contracts.
7. Total contract value: the cost of the contract over its full duration, inclusive of VAT, including the value of any extension periods. If the precise value isn't known an estimate can be made, but it must be the most accurate estimate possible that can be evidenced based upon data available at the time of the estimate.
8. VCSE: Voluntary Community and Social Enterprise, the voluntary or non-profit sector of the economy.
9. Value for money: the optimum combination of whole life costs and quality (or fitness for purpose) of the supplies, works or services to meet the Council's requirement.

## Key Decision Wording

### Key Decision

(i) A “key decision” means a decision taken by the Cabinet, a committee of the Cabinet, an area or joint committee in connection with the discharge of a function which is the responsibility of the Cabinet and which is likely:

(a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Authority’s budget for the service or function to which the decision relates; or

(b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District.

(ii) For the purposes of (a) above:

(a) £100,000 shall be regarded as significant in terms of expenditure ~~except where:~~

~~The expenditure is in relation to a contract for goods and services and:~~

~~1) The term of the contract is for more than 1 year and less than 5 years,~~

~~and~~

~~2) The aggregated value of the contract does not exceed more than £250,000 over its term, and~~

~~3) The value of the contract does not exceed £100,000 in any one year term~~

and

(b) £100,000 shall be regarded as significant in terms of savings.

(iii) For the purposes of (b) above any issue which, in the opinion of the Leader, is likely to have an impact on people shall be regarded as significant in terms of impact on communities. In deciding whether an issue is significant the Leader shall have regard:

to whether the decision may incur a significant social, economic or environmental risk

to the likely extent of the impact of the decision both within and outside the District

to whether the decision is likely to be a matter of political controversy

to the extent to which the decision is likely to result in substantial public interest

a decision taker when making a decision may only make a key decision in accordance with the requirements of the Executive Procedure Rules set out in Part 3 of this Constitution.

## Current Contract Procedure Rules – Thresholds and Authorisations for Comparison

### Threshold Table

Contract Value		Process	Award Procedure based on	Advertise Contract Opportunity	Documentation
From	To				
<b>Minor Purchases</b>					
E0	E999	No prescribed process	Officer's discretion	N/A	Purchase Order
<b>Band A</b>					
E999	E24,999	Quotation	Seeking a minimum of three written quotations	N/A	Purchase Order Budget holder to record details when authorising order
<b>Band B</b>					
E25K	E49,999	Quotation	Seeking a minimum of three written quotations using Invitation to Quote documentation	Contracts Finder for contracts £30k plus only	Purchase Order Budget holder to record details when authorising order
<b>Band C</b>					
E50K	FTS	Formal Tender	Full Tender Process	NWL Web site Contracts Finder	ITT documentation using NWL E- tendering portal
NOTE: the FTS threshold is a figure set out by the Government and the World Trade Organisation's (WTO) Government Procurement Agreement (GPA). These vary from time to time. Please seek advice from the Procurement Team.					
<b>Band D</b>					
FTS	Above	Formal Tender	Full Tender Process	Find a Tender Service (FTS) NWL Web site Contracts Finder	ITT documentation using NWL E- tendering portal

### **Authority to award contracts**

5.7. Officers may only enter into a contract if they have sufficient authority to do so. Legal advice in respect of authority to award contracts can only be given to the extent that such authority is set out in the Constitution. Officers are responsible for knowing the extent of any delegated authority they may have and ensuring they do not exceed that.

5.8. The Constitution contains a scheme of delegation, which sets out what decisions can be made by which body, individual or group of individuals. For the purposes of awarding contracts, the following authorisation table provides an initial indication of where those decisions sit. However, Officers should take advice from Legal Services as to the appropriate source of authority to award where they are unsure.

5.9. Contracts under which the Council will not incur any costs (such as Information Sharing Agreements or grant documents where the Council is receiving the grant) and contracts for the provision of goods or services in return for a revenue payment may be authorised by any Team Manager, Head of Service, Strategic Director or the Chief Executive.

### **Authorisation Table and Signatories**

5.10. It is for individual Officers to ascertain the limits of their authority to award contracts and orders. An Officer may award a contract provided that the value of that contract does not exceed their level of financial authorisation (see paragraph D.5 of the Financial Procedure Rules in Part 3). The below table provides a guide for Officers in salary bands A-I, who should check with their line managers and/or the finance department as to what they are and are not authorised to commit the Council to.

5.11. The authority to award a contract (i.e. decide that the contract should be given to a particular supplier) is separate from authority to sign the contract. Contracts under which the Council will be liable for sums up to £50,000 may be signed by any Officer (or awarded by issuing a purchase order) provided that the contract value does not exceed their financial authorisation. All contracts above £50,000 must be signed by the Head of Legal and Support Services or their appointed nominee

### **Authorisation Table**

<b>Authorisation Table</b>	
	<b>Approval</b>
<b>Contracts that are:</b> <b>1. More than £250,000 in total;</b> <b>2. more than £100,000 in any one contract year; OR</b> <b>3. more than 5 years long</b>	Cabinet (Financial Key Decision)
<b>Contracts that are:</b> <b>(a) less than £250,000 in total;</b> <b>(b) Less than £100,000 in any one contract year; AND</b> <b>(c) less than 5 years long</b>	Chief Executive or Strategic Director
<b>Up to £99,999</b>	Chief Executive or Strategic Director
<b>Up to £49,999</b>	Heads of Service
<b>Up to £24,999</b>	Team Managers
<b>Up to £9,999</b>	Officers in salary bands G, H and I, at the request of their Strategic Director or Head of Service
<b>Up to £4,999</b>	Officers in salary bands D, E and F, at the request of their Strategic Director or Head of Service
<b>Up to £2,000</b>	Officers in salary bands A, B & C, at the request of their Strategic Director or Head of Service

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – THURSDAY 20 FEBRUARY 2025



<b>Title of Report</b>	<b>REVIEW OF CUMULATIVE IMPACT ASSESSMENT OF LICENSED PREMISES IN ASHBY DE-LA-ZOUCH</b>	
<b>Presented by</b>	Councillor Michael Wyatt Portfolio Holder for Community Services	
<b>Background Papers</b>	<a href="#">Revised Guidance issued under Section 182 of the Licensing Act 2003 (publishing.service.gov.uk)</a>  <a href="#">Statement of Licensing Policy 2024-2029</a>  <a href="#">Licensing Act - Cumulative Impact Assessment 2022 to 2025</a>  <a href="#">Agenda for Licensing Committee on Wednesday, 6th November, 2024, 6.30 pm - North West Leicestershire District Council</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	The risk of incurring costs arising from any challenge against the assessment via judicial review.	
	<b>Signed off by the Section 151 Officer: Yes</b>	
<b>Legal Implications</b>	Cumulative impact assessments are open to challenge where the relevant grounds are met. Legal advice has been sought in the review of the Council's Cumulative Impact Assessment to mitigate the risk of any such challenge.	
	<b>Signed off by the Monitoring Officer: Yes</b>	
<b>Staffing and Corporate Implications</b>	The workload associated with the review of the assessment shall be undertaken within existing resources.	
	<b>Signed off by the Head of Paid Service: Yes</b>	
<b>Purpose of Report</b>	For members to consider the review of the Cumulative Impact Assessment for Ashby De La Zouch town centre.	
<b>Recommendations</b>	<b>THAT COUNCIL:</b>  <b>CONSIDERS AND APPROVES THE CUMULATIVE IMPACT ASSESSMENT ATTACHED AT APPENDIX 1 FOLLOWING RECOMENDATION BY THE LICENSING COMMITTEE AT THE MEETING ON 6 NOVEMBER 2024</b>	

## 1. BACKGROUND

1.1 The Licensing Act 2003 (the “Act”) made local authorities, as licensing authorities, responsible for the administration of licences and certificates for:

- The sale/supply of alcohol;
- The provision of regulated entertainment; and
- The provision of late-night refreshment.

There are four licensing objectives, which underpin the Act, and these are:

- The prevention of crime and disorder;
- The prevention of public nuisance;
- Public safety; and
- The protection of children from harm.

All decisions under the Act must be taken with a view to promoting these licensing objectives.

1.2 In addition to processing applications, the Act requires each licensing authority to determine and publish a policy setting out how it will exercise its functions under the Act, its Statement of Licensing Policy. The Act requires the Council to review and re publish its Statement of Licensing Policy (SOLP) every five years. The review period was changed from three to five years in 2017.

1.3 Since the Act was enacted, the Government has produced statutory guidance to accompany it and the concept of ‘cumulative impact’ has always been detailed in this statutory guidance. The statutory guidance was updated in April 2018 to reflect an amendment to the Act, which placed cumulative impact assessments on a statutory footing. Cumulative impact is the potential impact on the promotion of the licensing objectives (listed at 1.1 above) of a number of licensed premises concentrated in one area. If a licensing authority is of the view that the number of licensed premises in an area is such that, granting licences to any further premises in that area, would undermine the licensing objectives, it is required to publish a Cumulative Impact Assessment (CIA).

1.4 A cumulative impact zone in Ashby De La Zouch town centre was approved and included within the original Statement of Licensing Policy in 2005. The Policy was reviewed every three years between 2005 and 2014. In 2017 the review period for the policy changed from three to five years resulting in the Council’s 2014 policy remaining in place until 2019. The current Statement of Licensing Policy (issue 8) was approved by Full Council on 14 November 2023, came into force on 26 March 2024, and remains valid until 25 March 2029 unless amendments are necessary before this date.

1.5 Whilst the review period for the Statement of Licensing Policy changed from three to five years the requirement to review a cumulative impact assessment remains every three years. The CIA was approved by Full Council on 24 February 2022, came into force on 26 March 2022 and remains valid until 25 March 2025.

1.6 A CIA may be published by a licensing authority to help it to limit the number or types of licence applications granted in areas where there is evidence to show that the number or density of licensed premises in the area is having a cumulative impact and leading to problems which are undermining the licensing objectives. CIAs relate to applications for new premises licences and club premises certificates, as well as applications to vary existing premises licences and club premises certificates in a specified area.



1.7 If, having consulted, the licensing authority decides that it remains of the opinion set out in the CIA, it must revise the CIA to include a statement to that effect and set out the evidence as to why it remains of that opinion.

## 2. CUMULATIVE IMPACT – ASHBY DE LA ZOUCHE TOWN CENTRE

2.1 As explained above, a cumulative impact zone was contained within the Statement of Licensing Policy adopted by the Council in November 2005 because of the impact on the prevention of crime and disorder licensing objective. A policy relating to cumulative impact in respect of Ashby de la Zouch town centre has been retained following reviews of the Statement of Licensing policy in 2008, 2011, 2014, 2019 and 2022.

2.2 The Council considers that, in a specified part of Ashby de la Zouch town centre, known as the Cumulative Impact Zone (CIZ), the number of premises licences and club premises certificates are such that it is likely that granting further licences or variations to existing premises licences and/or club premises certificates would be inconsistent with the Council's duty to promote the licensing objectives. The map outlining the CIZ is as follows.



## 3. CRIME AND DISORDER IN ASHBY DE LA ZOUCHE TOWN CENTRE

3.1 Leicestershire Police has continued to monitor crime data in relation to the late-night economy for Ashby De La Zouch since the implementation of the CIA. Crime data relating to the night-time economy in Ashby De La Zouch town centre from 2002 to present is detailed within the CIA attached as **Appendix 1**.

#### 4. CONSULTATION

4.1 The Council, as a licensing authority, is required by the Act to consult on the review of the CIA. The consultation commenced on 7 June 2024 and ended on 30 September 2024. The following groups were consulted:

- Chief Officer of police for the area;
- Chief Officer of fire and rescue service for the area;
- The Local Health Board (each local authority in England whose public health functions within the meaning of the National Health Service Act 2006 are exercisable in respect of an area any part of which is in the licensing authority's area);
- Persons/bodies representative of local holders of premises licenses;
- Persons/bodies representative of local holders of club premises certificates;
- Persons/bodies representative of local holders of personal licenses;
- Persons/bodies representative of local holders of businesses and residents in its area.

#### 5. CONSULTATION FEEDBACK

5.1 The Chief Officer of Leicestershire Police continues to support the retention of the CIA based on the level of crime identified within the night-time economy.

The Licensing Authority has not received any requests from the police to change the geographical area covered by the CIA or the times to which it relates.

5.2 Three consultee responses were received from Ashby Town Council, Ashby Civic Society and a resident that uses Ashby Town Centre via the Council's consultation portal.

##### Level of concern

All three consultees stated they currently have a concern relating to Ashby De La Zouch town centre and the number and density of premises licensed to sell alcohol by retail. The main concerns related to crime and disorder and public safety, however, one of the consultees also expressed a concern about public nuisance levels and protection of children from harm.

##### 5.3 Location

All consultee concerns related to the geographical area detailed within the existing CIZ.

##### 5.4 Times

Consultee responses commented that the following time periods contribute to the problems being experienced;

- 10pm until 12am – one response
- 12am until 4am – two responses.

##### 5.5 Types of premises

Consultees identified the following types of premises that contribute to the problems being experienced:

- Night clubs – two responses
- Public houses – three responses

- Off-licences – one response
- Late night refreshment houses – two responses
- Public entertainment events (open spaces) – no responses.

## **6. SUMMARY OF DATA ANALYSIS**

The vast majority of crimes in Ashby De La Zouch town centre continue to take place during the night-time economy.

In summary, in the last three years (1 January 2021 to 31 December 2023), there were 397 public place offences in Ashby de la Zouch town centre.

65% of the offences were classified as actual bodily harm, followed by 14% as public order offences.

Offences peaked in 2023 with 153 offences, compared to 133 in 2022 and 111 in 2021.

Offences peak on Saturday, with 111 offences and Sunday with 94 offences.

Levels were higher from 11pm – 3am, peaking at 1am with 52 offences, followed by 12am with 36 and 2am with 35.

It is considered that the statistical data together with a written statement from Leicestershire Police supports the retention of the CIA in Ashby De La Zouch town centre.

## **7. CONCLUSIONS**

1. The number and density of premises licensed to sell alcohol by retail remains an issue that continues to require control.
2. The level of crime and disorder continues to be the primary concern.
3. The geographical area requiring control remains unchanged.
4. All premises types licensed to sell alcohol by retail to remain within the scope of the CIA; and
5. CIA to apply between 10pm and 6am.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Communities and Housing, Planning and Regeneration
Policy Considerations:	Cumulative Impact Assessment
Safeguarding:	Not applicable
Equalities/Diversity:	An Initial Equality and Human Rights Impact Assessment (EHRIA) has been carried out (25 October 2021) and no negative impacts have been identified.
Customer Impact:	Businesses may be impacted by any decision made.
Economic and Social Impact:	Any proposals to change the number and operating times of licensed premises within Ashby De La Zouch town centre may be impacted by the decision made.
Environment and Climate Change:	Not applicable.
Consultation/Community Engagement:	Statutory consultation process has been undertaken.
Risks:	Cumulative impact assessments are open to challenge where the relevant grounds are met. Legal advice has been sought in the review of the Council's CIA in order to mitigate the risk of any such challenge.
Officer Contact	Paul Sanders Head of Community Services <a href="mailto:Paul.Sanders@nwleicestershire.gov.uk">Paul.Sanders@nwleicestershire.gov.uk</a>



# **NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

## **Licensing Act 2003 Cumulative Impact Assessment**

**Effective Period:  
2025-2028**

Approved by Full Council (INSERT DATE)

## Part 1

### Introduction

- 1.1 Cumulative impact is the potential negative effect on the promotion of the licensing objectives of a significant number of licensed premises concentrated in an area. The licensing objectives are set out in the Licensing Act 2003 (the 'Act') and cover four key areas:
- The prevention of crime and disorder
  - Public safety
  - The prevention of public nuisance
  - The protection of children from harm
- 1.2 A cumulative impact assessment helps to inform the statement of licensing policy with the aim of limiting the number of licence applications granted where there is evidence to show that the number of licensed premises in a particular area is having a cumulative impact and leading to problems which are undermining the licensing objectives.
- 1.3 This assessment has been documented following the introduction of the Policing and Crime Act 2017 which took effect from 6 April 2018. The assessment will be formally reviewed every three years, however may also be reviewed during this period so that amendments can be made as necessary.
- 1.4 To avoid duplication the assessment should be read in conjunction with the policy, the Act, its regulations and the current edition of the Home Office revised guidance issued under section 182 of the Licensing Act 2003.

### Consultation

- 1.5 The Council is required by the Act to consult the following groups of people:
- Chief Officer of police for the area;
  - Chief Officer of fire and rescue service for the area;
  - each Local Health Board for an area any part of which is within the district of North West Leicestershire;
  - each local authority in England whose public health functions within the meaning of the National Health Service Act 2006 are exercisable in respect of an area any part of which is within the district of North West Leicestershire;
  - Persons/bodies representative of local holders of premises licences;
  - Persons/bodies representative of local holders of club premises certificates;
  - Persons/bodies representative of local holders of personal licences;
  - Persons/bodies representative of local holders of businesses and residents in its area.
- 1.6 In preparing the assessment an initial consultation was carried out with Leicestershire Police followed by a wider consultation process which included those bodies/groups listed at paragraph 1.5. Comments received during that consultation were then considered and used to form this assessment and paragraph 10 of the statement of licensing policy.

## Part 2

### The Assessment

- 2.1 The district of North West Leicestershire is home to a number of popular restaurants, bars, night clubs and late-night refreshment venues.
- 2.2 The Council encourages the development of a variety of premises providing a range of licensed activities catering for a wide range of users. This is reflected in Ashby de la Zouch town centre having received a purple flag award.
- 2.3 The assessment relates to all types of licensed premises carrying on licensable activities within a specified part of Ashby de la Zouch town centre known as the cumulative impact zone (CIZ), including the sale of alcohol for consumption on or off the premises (or both), the provision of late-night refreshment and regulated entertainment. The assessment does not apply to Temporary Event Notices (TENs); however the evidence upon which the assessment is based may be used by the relevant responsible authorities when submitting objections to TENs.
- 2.4 The Council considers that within the CIZ, the number of premises licences and/or club premises certificates are such that it is likely that granting further premises licences and/or club premises certificates or variations to existing premises licences and/or club premises certificates would be inconsistent with its duty to promote the licensing objectives.
- 2.5 Although this assessment provides an evidential basis for applications within the CIZ to be refused; it does not relieve responsible authorities or any other persons of the need to make a relevant representation. Each application will be considered on a case by case basis and applicants are expected to demonstrate why the operation of the premises would not add to the cumulative impact already being experienced. The assessment will never be used as a ground for revoking an existing licence or certificate.
- 2.6 The evidential basis for the assessment is set out in Part 3 below; Part 4 includes a map of the CIZ identified by the assessment.
- 2.7 This assessment shall be kept under review and changes may be made in relation to local circumstances, the Licensing Act 2003, associated regulations or statutory guidance and national legislation.
- 2.8 Below is a list of licensed premises within the CIZ. The list identifies the premises type and the terminal hour.

<b>PREMISES</b>	<b>TYPE OF PREMISES</b>	<b>TERMINAL HOUR</b>
Bulls Head Market Street	Public House	Monday to Sunday - 07.00am until 01.30 the following morning
White Hart Market Street	Public House	Monday to Thursday - 09.00am until 00.30 the following morning Friday and Saturday - 09.00am until 02.30 the following morning Sunday - 09.00am until 00.30 the following morning
Manhattans Market Street	Club	Monday and Tuesday - 9.00am until 00.00 Wednesday and Thursday - 9.00am until 02.00 the following morning

		Friday and Saturday - 09.00am until 3.30 the following morning
Lamb Inn Market Street	Public House	Monday to Wednesday - 09.00am until 23.30 Thursday and Sunday - 09.00am until 01.30 the following morning Friday and Saturday - 09.00am until 02.30 the following morning
Bowling Green Inn Brook Street	Public House	Sunday to Thursday - 11.00am until 12.30 the following morning Friday and Saturday - 11.00 until 01.30am the following morning
Ashby Grill 78 Market Street	Take-Away/Late Night Refreshment	Sunday to Thursday - 23.00 until 01.00 the following morning Friday and Saturday - 23.00 until 02.30 the following morning
Queens Head Hotel and Ciros Market Street	Club	Sunday to Thursday - 09.00am until 02.00 the following morning Friday and Saturday - 09.00am until 04.00 the following morning
Tap at 76 Market Street	Public House	Monday to Saturday - 12.00 noon until 00.30 Sundays - 12.00 noon until 23.30
Brew, Market Street	Shop/Bar	Monday to Sunday 10:30hrs - 22:30hrs
XXX Buns Bakery Court/Market Street	Restaurant	Every day - 10:00 hours - midnight
Marranellos Wine Bar Rushtons Yard	Wine Bar/Public House	Monday to Thursday - 10.00am until 00.00 Friday and Saturday - 10.00am until 01.00 the following morning Sunday - 10.00am until 00.00
Hispania Restaurant, Mill Lane Mews, Ashby	Restaurant	Monday to Saturday - 10.00am until 00.00 Sunday - 12.00 to 22.30
Lil Bo's deli	Deli/Cafe	Everyday 08:00 hrs - 22:00 hrs
Cocktail Bar Rushtons Yard	Bar/Public House	Sunday to Thursday - 09.00am until 00.00 Friday and Saturday - 09.00am until 01.00 the following morning



Lounge Café Bar, Market Street	Public House/café bar	Everyday - 08:00 hours - 00:30 hours
Central England Co-operative Market Street	Off sales	Monday to Sunday - 07.00am until 22.30
Supernews Off Licence Market Street	Off sales	Every day - 05.00am until 21.00
Lyric Rooms Lower Church Street	Restaurant/function rooms	Monday to Sunday - 10.00am until 00.00 the following morning
Venture Theatre North Street	Theatre licensed for alcohol sales and entertainment	No time restrictions
Taste Of Thai Cuisine 84/86 Market Street	Restaurant with on/off sales	Monday to Sunday - 10.00am until 00.00 Sunday - 12.00 noon until 23.30
De La Zouch Bangladeshi Cuisine 88 Market Street	Restaurant with on/off sales	Monday to Saturday - 10.00am until 23.00 Sunday - 12.00 noon until 22.30
Zamanis Restaurant and Pizza Base Rushtons Yard Market Street	Restaurant with on/off sales	Monday to Sunday – 11.30am to 12.30am
Little India 77 Market Street	Restaurant with on sales	Monday to Thursday - 11.00am until 00.00 Friday to Sunday - 11.00am until 00.30 the following morning
Wong Kwei Restaurant 9 Bath Street	Restaurant with on/off sales	Monday to Saturday - 10.00am until 00.00 Sunday - 12.00 noon until 23.30
Calypso's, Bath Street	Restaurant with on/off sales	Monday to Saturday 09:00 hours - 00:00 hours Sunday 09:00 hours - 23:00 hours
Rumblin Tums Market Street	Late Night Refreshments	Friday & Saturday 23:00 hrs until 04:00 hrs the following morning  Sundays before a Bank Holiday Monday 23:00 hrs until 04:00 hrs the following morning

### Historical context and Evidential Basis

- 3.1 The cumulative impact assessment relating to Ashby de la Zouch town centre was introduced in November 2005 following a rise in alcohol related crime in and around Market Street, Ashby de la Zouch.
- 3.2 Statistical information provided by Leicestershire police showed a dramatic rise in assaults in Market Street Ashby de la Zouch prior to November 2005 when the cumulative impact zone was created.

### 3.3 Historic Evidential Basis

#### **Crime data relating to the night-time economy (20:00 to 08:00) in Ashby De La Zouch town centre 2002 to 2012**

Crime / Year	8Nov02 to 7Nov03	8Nov03 to 7Nov04	8Nov04 to 7Nov05	8Nov 05 to 7Nov 06	8Nov06 to 7Nov07	8Nov07 to 7Nov08	8Nov08 to 7Nov09	8Nov09 to 7Nov10	8Nov10 to 7Nov11	8Nov11 to 7Nov12
Assault	56	81	87	78	77	61	55	45	68	44
Public order	4	6	9	4	6	8	4	0	5	3
Criminal damage	22	12	10	18	18	17	8	12	11	9
Total	82	99	106	100	101	86	67	57	84	56

#### **Crime data relating to the night-time economy (20:00 to 08:00) in Ashby De La Zouch town centre 2012 to 2021**

Crime / Year	2013	2014	2015	2016	2017	2018	2019	2020	<u>2021 (to 30 September)</u>
Assault	31	35	22	38	41	44	47	13	42
Public order	21	14	14	17	10	17	12	8	25
Criminal damage	3	9	3	4	5	4	2	0	11
Drunk and disorderly	0	0	0	0	2	1	3	0	0
Offensive weapon	0	1	0	1	0	0	1	0	1
Sexual offence	0	1	3	0	0	0	0	1	2
Robbery	NA	NA	NA	NA	NA	NA	NA	NA	1
Drugs	NA	1	1	1	0	0	0	2	5
Total	55	61	43	61	58	66	65	24	87

NA – data not available

**Crime Data relating to the day-time economy (05:00 to 20:00) in Ashby de la Zouch town centre**

Crime / Year	2018	2019	2020
Assault	5	3	4
Public Order	5	3	6
Criminal Damage	4	2	1
Drunk and disorderly	-	-	-
Offensive Weapon	1	2	-
Sexual offence	1		2
Robbery	-	-	-
Drugs	2	4	3
Total	18	14	16

**3.4 Current Evidential Basis**

**Public Place Serious Violence in Ashby De La Zouch in Licensed premises 2021-2023**

Between 2021 and the end of 2023, there have been 114 serious violence offences taking place in licensed premises such as Pubs and Nightclubs in Ashby de la Zouch. Offences in licensed pubs and nightclubs made up 28.7% of public place offences in Ashby de la Zouch during this time period.

Of these offences, 56.1% were classified as ‘Assault – S47 – ABH’, followed by 17.5% as ‘Cause administer poison with intent to injure/aggreive/annoy’.

When looking solely at 2023 data, these percentages increase to 59.5% and 23.8% respectively. As shown in table 1 below, levels are higher in the last two years when compared with 2021, despite levels in the last year falling by 12.5% from 48 to 42.

Table 1 – Serious Violence year by year in licensed premises, Ashby de la Zouch

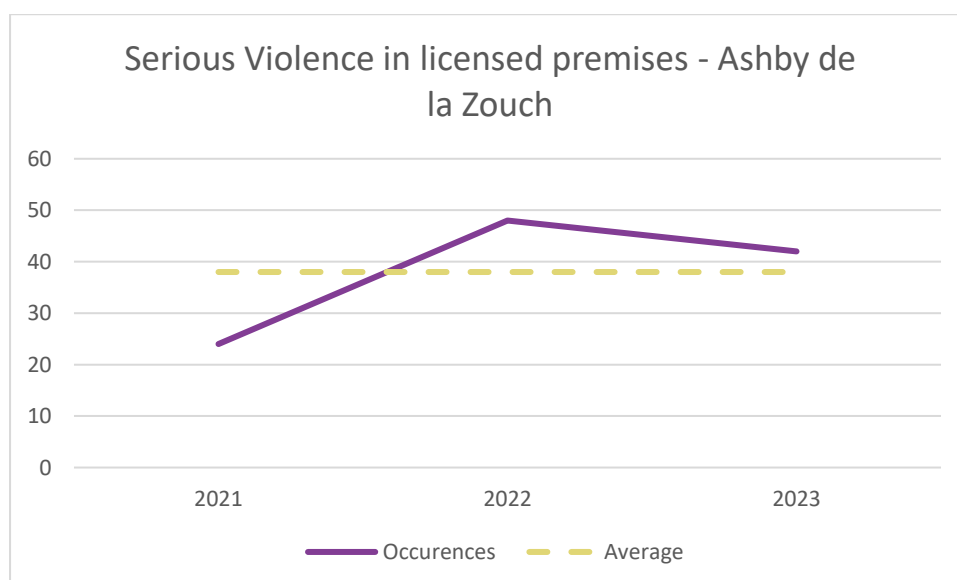
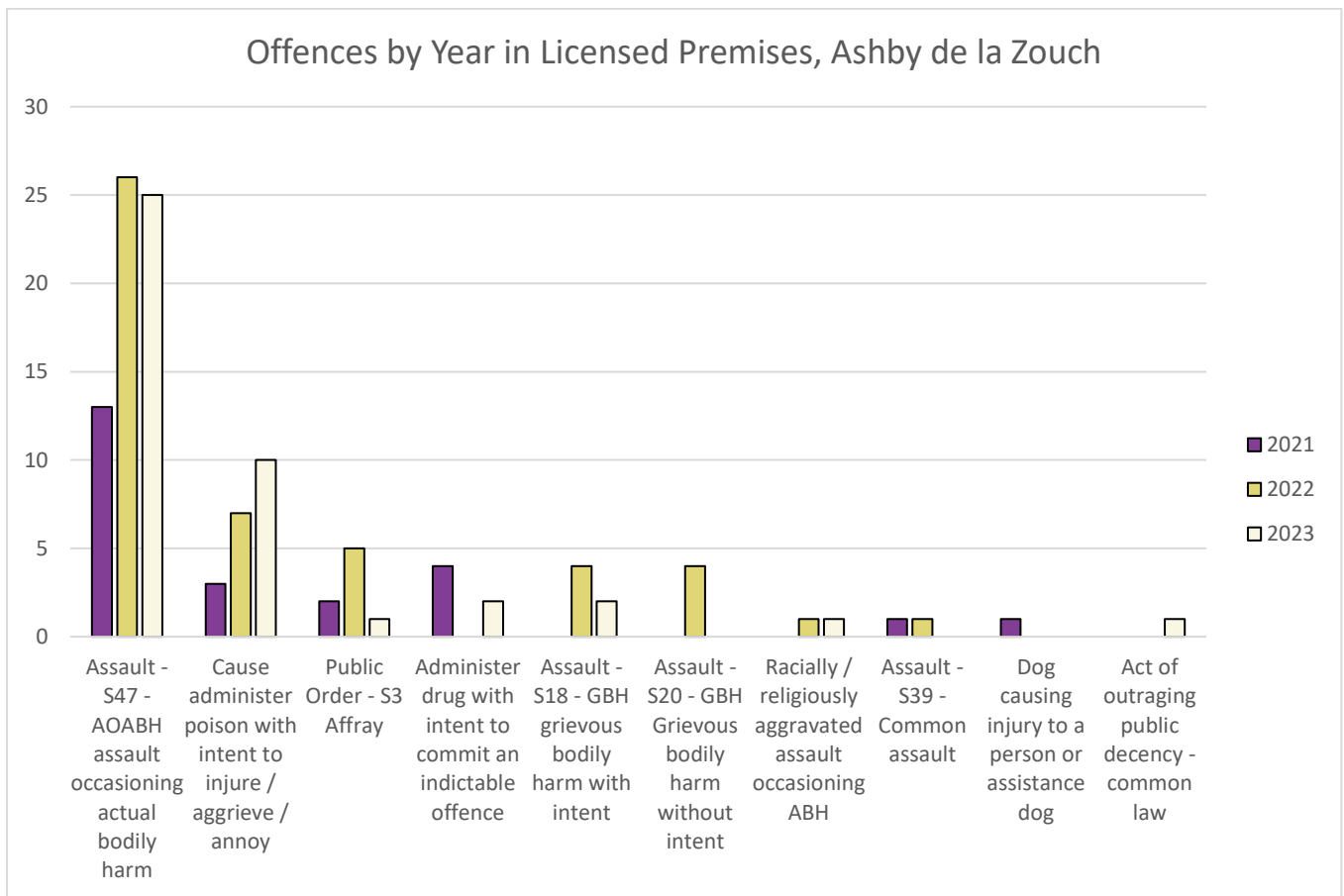


Table 2 – Serious violence in licensed premises by offence type, Ashby de la Zouch



The most common offence type in all years was ‘Assault Occasioning Actual Bodily Harm’, with levels having roughly doubled when comparing the last two years with 2021. The second most frequent offence, ‘Administer poison with intent to injure/aggreive/annoy’, has also increased considerably in the last two years. There were three occurrences in 2021, compared to seven in 2022 and 10 in 2023. Both GBH offences, as well as Public Order – S3 Affray, peaked in 2022.

#### Location of incidents

When looking into the specific location type over the last three years, 65 incidents took place in a licenced club, and 68 in a pub. The percentages for the main offence types remain relatively similar in both clubs and pubs, with both being slightly higher in clubs (60% of offences being ‘Assault – S47 -ABH’ in clubs vs 55.9 in pubs, and 16.9% of offences being classed as ‘Administer poison with intent..’ in clubs vs 16.2% in pubs).

When mapping the offences in licensed premises over the last three years, a hotspot was identified in central Ashby. As shown in figure 1 on the following page, the area with the highest frequency of offences is Market Street, with surrounding roads also having relatively higher levels of serious violence.

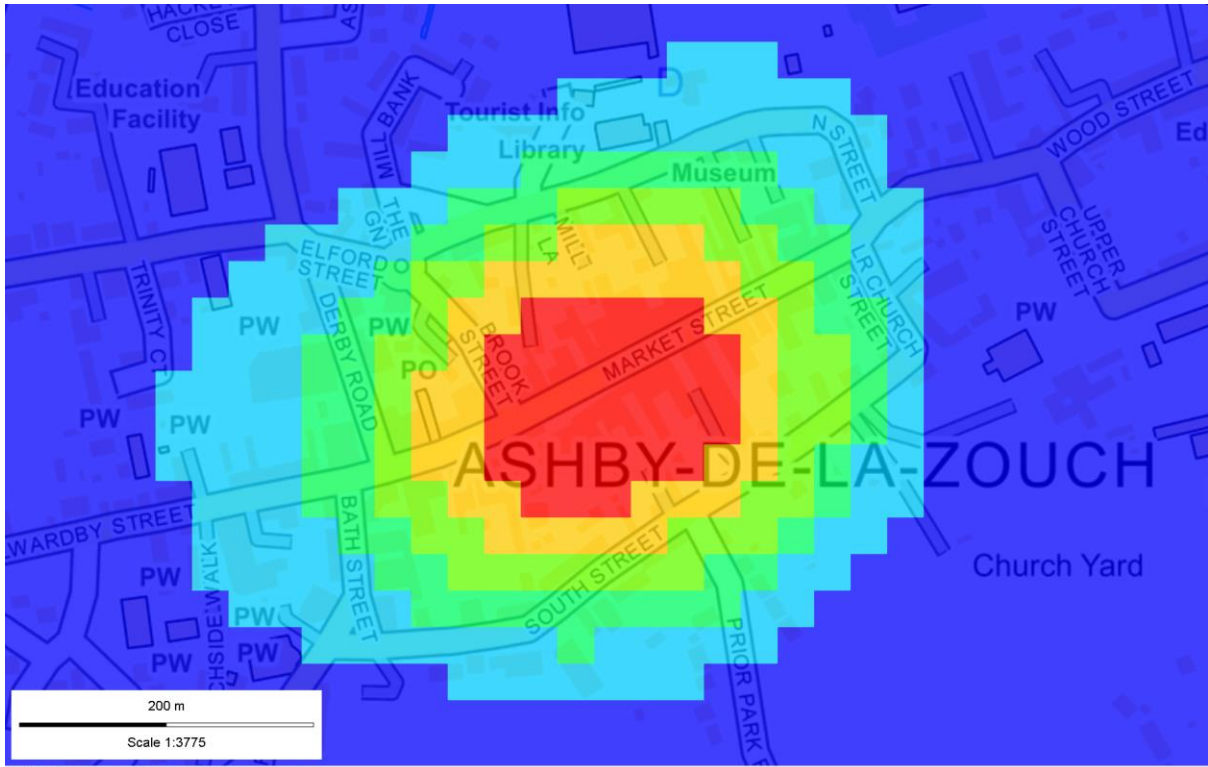


Fig. 1 Serious violence offences in licensed premises, Central Ashby de la Zouch, 2021-2023

### Timings of incidents

The peak day of the week was Saturday, followed by Sunday. Friday was the peak day of the week in 2021. Offences on Saturday or Sunday made up 75.4% of all offences in Licensed Premises.

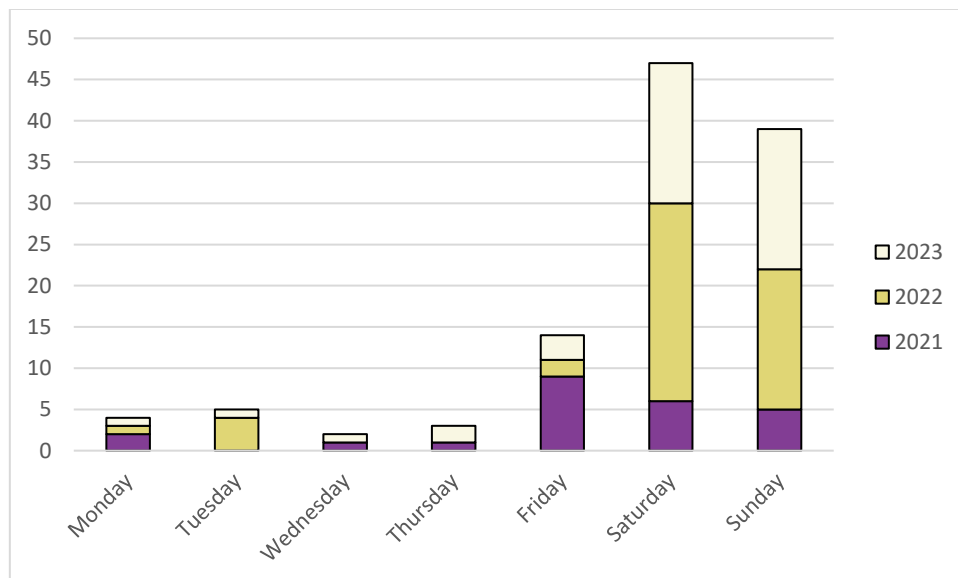


Table 3 – Offences by day in licensed premises, Ashby de la Zouch

As seen in table 4 below, 1am was the peak hour for serious violence, with 27 offences, followed by 11pm, with 21. Hours from 4am-1pm have zero instances, as do 5pm and 8pm, with higher levels seen between 11pm and 3am (23:00 – 02:59).

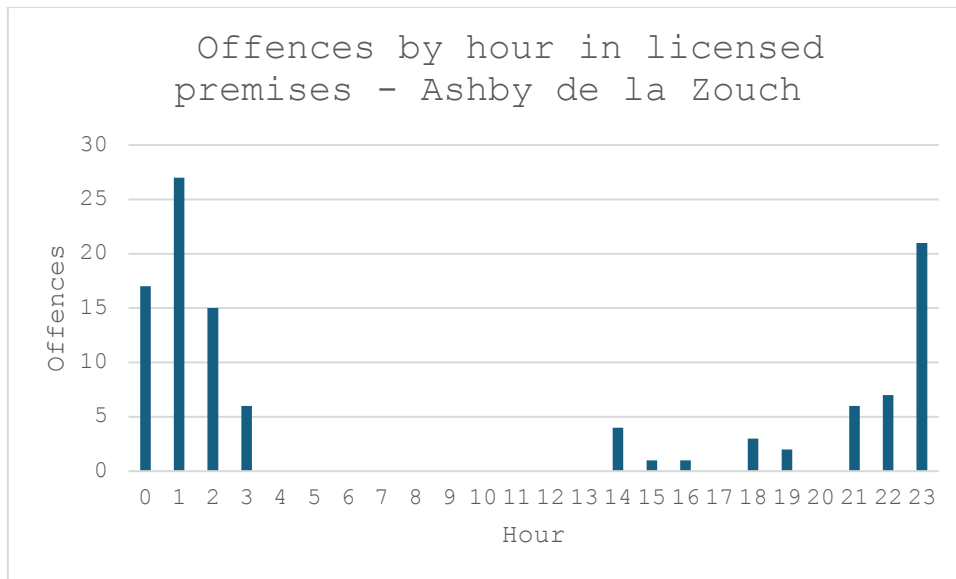


Table 4 – Offences by hour in licensed premises in Ashby de la Zouch

### 3.5 Summary

In the last three years (1 January 2021 to 31 December 2023, there were 397 public place offences in Ashby de la Zouch town centre.

65% of the offences were classified as actual bodily harm, followed by 14% as public order offences.

Offences peaked in 2023 with 153 offences, compared to 133 in 2022 and 111 in 2021.

Offences peak on Saturday, with 111 offences and Sunday with 94 offences.

Levels were higher from 11pm – 3am, peaking at 1am with 52 offences, followed by 12am with 36 and 2am with 35.

### 3.6 Conclusion

The vast majority of crimes in Ashby De La Zouch town centre continue to take place during the night-time economy.

The total number of serious offences in Ashby town centre increased year on year since 2021.

It is considered that the statistical data evidenced above together with a written statement from Leicestershire Police supports the retention of the cumulative impact assessment in Ashby De La Zouch town centre.

The statistical data supports the retention of the current geographical area of the CIZ.

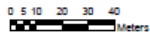
The Council considers that the number of relevant authorisations in respect of licensed premises within the defined cumulative impact zone is such that it is likely that it would be inconsistent with the Council’s duty under section 4(1) to grant any further relevant authorisations.





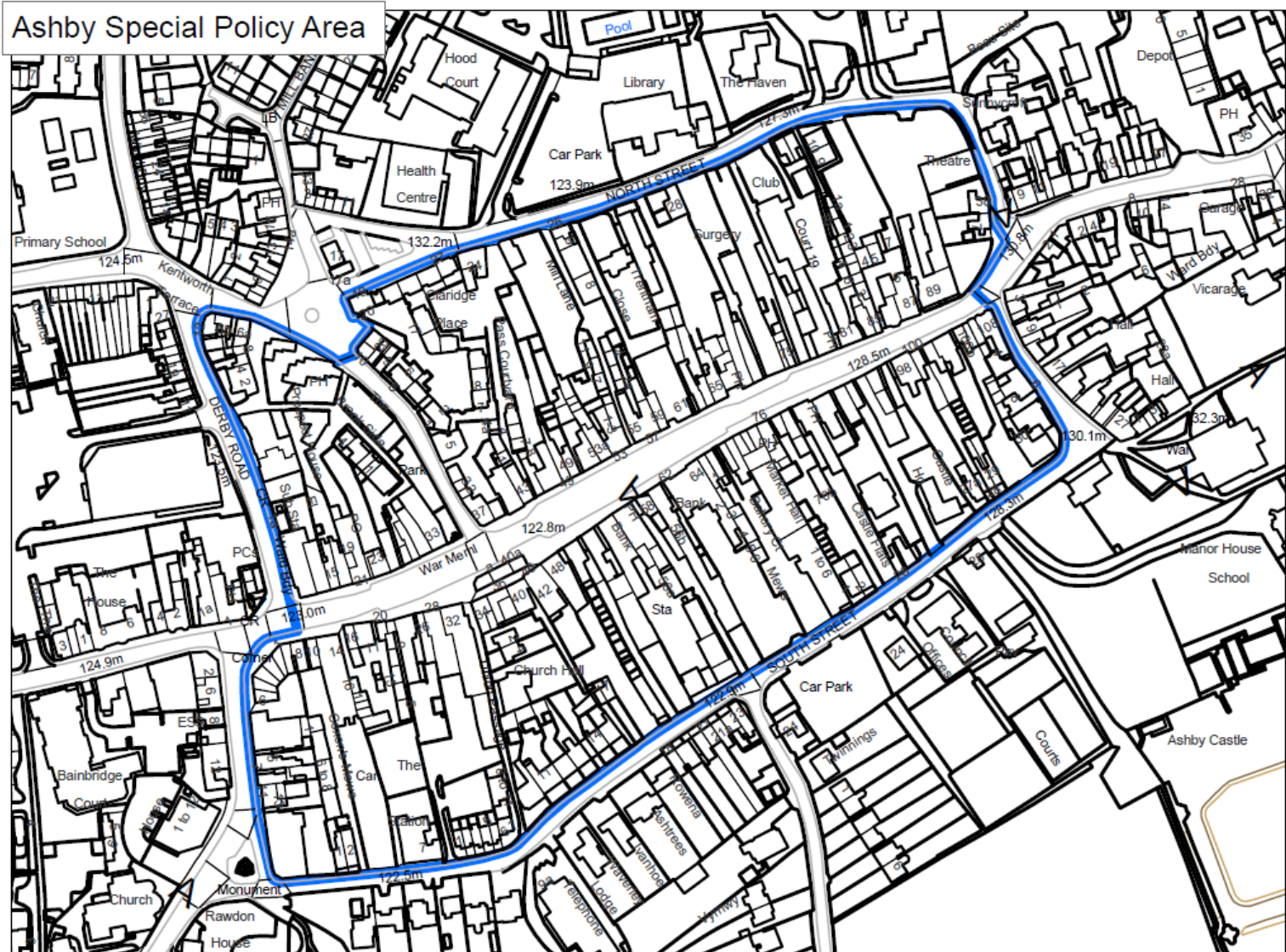
Part 4

Below is a map showing the cumulative impact zone.



1:2,500

Ashby Special Policy Area



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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>PAY POLICY STATEMENT 2025/26</b>	
<b>Presented by</b>	Councillor Keith Merrie MBE Infrastructure Portfolio Holder	
<b>Background Papers</b>	Personal files of employees (confidential) and information held on the I-Trent software system.	<b>Public Report: Yes</b>
<b>Financial Implications</b>	There are no direct financial implications arising for the Council in this report.	
	<b>Signed off by the Section 151 Officer: Yes</b>	
<b>Legal Implications</b>	There are requirements under the Localism Act 2011 that need to be taken into account when preparing and publishing the pay policy statement. Those requirements have been considered in preparing the statement at Appendix 1 and are referenced in the detail of the statement itself.	
	<b>Signed off by the Monitoring Officer: Yes</b>	
<b>Staffing and Corporate Implications</b>	This report contains the pay arrangements for the most senior employees of the Council.	
	<b>Signed off by the Head of Paid Service: Yes</b>	
<b>Purpose of Report</b>	The Council is required by the Localism Act 2011 to prepare and approve a pay policy statement in respect of each financial year, before the commencement of that financial year. This report has been produced to provide the relevant information.	
<b>Recommendations</b>	<b>THAT COUNCIL APPROVES THE PAY POLICY STATEMENT FOR 2025/26 AS ATTACHED AT APPENDIX 1 OF THIS REPORT.</b>	

## **1.0 BACKGROUND**

- 1.1 Under Section 38 of the Localism Act 2011, the Council is required to produce a Pay Policy Statement for each financial year, which must be approved by full Council before the beginning of the financial year to which it relates.
- 1.2 The Statement must set out the Council's policies in relation to:
  - Senior Officers
  - Its lowest paid employees; and
  - The relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.
- 1.4 The proposed Pay Policy Statement shown below at Appendix 1 sets out the Council's policy and explains the processes that apply to performance management and assessment. The Policy Statement also details the other benefits payable to Senior Officers and the approach to the engagement of Interim Senior Officers who may be in receipt of a previous public sector pension.
- 1.5 In accordance with the requirements of the Localism Act 2011, the statement details the Council's pay multiple, which is the relationship between the median average pay of the Council's workforce compared to the salary of the most Senior Officer (the Chief Executive).

**Pay Policy Statement 2025/26**

**1.0 Introduction**

- 1.1 This Statement sets out the Council's policies in relation to the pay of its workforce, particularly its Senior Officers, in line with Section 38 of the Localism Act 2011. In accordance with that Act, the Statement is required to be approved by Full Council each year. The Statement will be published on the Council's website. The Council is committed to an open and transparent approach to the pay and benefits that apply to its workforce.
- 1.2 This Statement sets out the Council's policies relating to the payment of the workforce particularly:
- Senior Officers
  - Its lowest paid employees.
  - The relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.

**2.0 Objectives of this Statement**

- 2.1 This Statement sets out the Council's key policy principles in relation to pay. The Council has employment law and contractual responsibilities in relation to the pay and benefits of its existing employees and these have been considered when formulating this Statement.
- 2.2 This Statement aims to ensure the Council's approach to pay and benefits attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.

**3.0 Basic Salaries of Senior Officers**

- 3.1 For the purposes of this Statement, Senior Officers are defined as those posts paid on Chief Executive or Chief Officer conditions of service.
- 3.2 In North West Leicestershire District Council twelve posts are engaged under Chief Executive or Chief Officer terms and conditions of service. The Council has three relevant salary bandings – the Chief Executive Band, which applies to one post, a Director Band which applies to three posts, and a Head of Service Band which applies to eight posts.

- 3.3 The following posts are determined to be statutory, Chief or Deputy Chief Officer posts in the Council:

Chief Executive (Head of Paid Service and Returning Officer),

Strategic Directors – (3), (One Director is the S151 Officer)

Head of Legal and Support Services (Monitoring Officer),

Head of Finance (Deputy S151 Officer),

Head of Human Resources and Organisation Development,

Head of Housing,

Head of Planning and Infrastructure,

Head of Community Services,

Head of Regeneration and Property,

Joint Strategic Planning Manager (Jointly funded Partnership post, but an employee of North West Leicestershire District Council).

The Head of Revenues and Benefits is also at this level but is employed directly by Hinckley and Bosworth Borough Council as part of a shared service arrangement under that Council's terms and conditions of employment.

- 3.4 There have been changes to the senior team during 2024/25. The Head of Legal and Support Services left the Council in November 2024 and a successor was appointed and commenced in January 2025. The Head of Human Resources is due to retire in March 2025, and a successor is due to start in April 2025. These appointments followed a selection process conducted by the members Appointments Committee.
- 3.5 The Heads of Service are all located within a salary range £64,241 to £74,525 (9 incremental points), the Director salary range is £87,545 to £97,842 (6 incremental points) and the Chief Executive Salary range is £134,373 to £143,715 (4 incremental points). In addition, the Head of Legal and Support Services receives a payment of £5,670 per annum for undertaking the role of Monitoring Officer.
- 3.6 The cost-of-living increase for the 2024/25 financial year was agreed at national level for Chief Executive and Chief Officers pay bands at a percentage increase of 2.5% on all salary points.
- 3.7 Negotiations are currently underway at national level to determine the pay awards for the financial year 2025/26.
- 3.8 The salaries of all Senior Officers have been set previously by formal meetings of elected members.
- 3.9 The Directors and Heads of Service are all subject to a continuous appraisal process and are required to report on their progress against the Council Delivery Plan and performance indicators to Cabinet and the Corporate Scrutiny Committees on a quarterly basis.

3.10 Increments for all employees including Senior Officers are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or her nominated representative, has the discretion to award and withhold increments of officers' dependant on satisfactory or unsatisfactory performance. The Council's policy is to appoint senior officers at the minimum point of the salary band unless experience or market factors and conditions necessitate an appointment at a higher incremental point on the scale. The overriding consideration is to appoint the best person for the job.

#### **4.0 Car Allowance payments made to Senior Officers**

4.1 It is a requirement of the contracts of all Senior Officers that they be on a call-out rota to be available for Service Emergencies or to act in the event of a civil, local, or national emergency. The rota provides for 24/7 365 days a year cover.

4.2 Due to the need to respond to emergencies out-of-hours and being on-call, Senior Officers have either a Car Lease or car allowance.

4.3 The annual car leasing value to Senior Officers varies depending on the year renewal date of their vehicle and the relative value of "benchmark" vehicles in the Car Leasing scheme, which change from time to time. The actual current Council contributions range between £2,897 and £4,545 per annum (for the Senior Officers in this Statement).

4.4 All Officers with a lease car are tied to a four-year contract, with penalties payable if they terminate the contract prematurely. Officers are responsible for their own car insurance and petrol / diesel costs. If Officers with a lease car use the car for business mileage, they are reimbursed at 16.6p per mile. This rate is reviewed periodically by reference to the National Conditions of Service petrol element. This mileage rate has not changed during the 2024/25 financial year.

#### **5.0 Local Government Pension Scheme**

5.1 All Council employees may join the Local Government Pension Scheme (LGPS). The Scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see: <http://www.lgps.org.uk/>

5.2 Neither the Scheme nor the Council adopt different policies regarding benefits for any category of employee and the same terms apply to all staff. The Council policies relating to pension discretions are being reviewed as a separate report to this meeting at Agenda item. The reviewed discretions apply to all employees (and former employees) in the workforce equally. The Council will consider each case on its merits. There is no scope for the discretions to be applied more favourably to Senior Officers.

5.3 The LGPS is an optional benefit. If senior officers are members of the scheme the employee contribution rates range between 8.5% and 11.4%. The Council also contributes to the LGPS if officers join at a rate of 22.7% of salary.



## **6.0 Professional Fees**

- 6.1 The Council reimburses the cost of professional fees for Senior and other Officers where it is essential to the performance of the job role.

## **7.0 Election fees**

- 7.1 In accordance with the national agreement the Chief Executive and some of the senior officers in this statement are entitled to receive and retain the personal fees arising from performing the duties of returning officer, acting returning officer, deputy returning officer or deputy acting returning officer or similar election support roles.
- 7.2 Fees for returning officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties, they are distinct from the process for the determination of pay for Senior Officers and are separate employment contracts filled by the Returning Officer. The fees are set externally by legislation and based on a formula linked to the number of electors. The election fees do not apply to all the officers in this statement, but where applicable, they cover a range of duties from Election count supervisors to the Returning officer for elections.

## **8.0 Employment Stability Policy**

- 8.1 The Council has previously determined that its “Employment Stability Scheme” will apply to all employees of the Council including Senior Officers. The Employment Stability Policy provides that actual weekly pay will be used when calculating an employee’s redundancy payment and the number of redundancy weeks payable is the statutory number of weeks redundancy multiplied by a factor of 1.5. This means that the maximum number of weeks payable, depending on age and service, is forty-five. The National Local Government Pension Scheme Regulations provide those employees aged over 55 years of age gain automatic payment of their pension if they are made redundant by the Council and there can then be an associated pension Capital cost payable by the Council. The government has announced that the regulations are scheduled to change in April 2028 when the earliest age a deferred pension can be paid will be at 57 years of age.
- 8.2 The Employment Stability Policy also includes the potential for any employee (including Senior Officers) who is at risk of being made redundant to receive salary protection for three years on a stand-still basis if they are redeployed to a lower graded post. It should be noted that in practice, this is a very rare occurrence and would be subject to the necessary approvals in line with the Council’s constitution.



## **9.0 Whole-time service**

- 9.1 All Senior Officers are expected to devote the whole of their service to the Authority and are excluded from taking up additional business, ad hoc services, or additional appointments without consent. Officers at a senior level are restricted from being involved in specified political activities, and all employees of the Council are bound by a code of conduct. Senior Officers are expected to work the hours required to complete the job, subject to a minimum of 36.25 hours per week. No additional payments are normally made for out-of-hours working, and there is an expectation that Senior Officer Roles will include on-call and out-of-hours meetings and duties. The hybrid working scheme introduced across the Council in 2021 applies to Senior Officers subject to these minimum requirements.

## **10.0 Other Benefits**

- 10.1 The Senior Officers' terms and conditions of Service are determined at National level according to the following frameworks: National Joint Council for Chief Executives Conditions of Service National Joint Council for Chief Officers Conditions of Service. These frameworks provide the details of conditions of service such as annual leave, sick pay, maternity allowances, training, and development etc.

## **11.0 Pay Relationships**

- 11.1 The Localism Act 2011, requires the Council to set out its policy relating to the relationship between the pay of its Senior Officers and the pay of the rest of its employees. The Council has not previously set its pay structure of any group of employees by reference to a pay multiple. The Council has previously set the pay rates for different groups through processes of job evaluation, market comparability and the prevailing economic and market conditions. These can vary enormously from time to time and between the many occupational groups comprising the Council's workforce.

The Council has defined its lowest paid employees as those on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. The Council agreed to pay the "Voluntary Living Wage" rate as a minimum wage figure in April 2014, and this rate was updated in October 2024 to £24,027 per annum.

- 11.2 The Localism Act requires Councils to calculate the pay multiples between the highest and lowest earners. The median average pay of the Council's workforce in January 2025 was £31,586 per annum which, when compared to the salary of the most highly paid Senior Officer at £140,529 per annum, produces a pay ratio multiple of 4.45. The ratio has decreased slightly from last year when the ratio was 4.5.

## **12.0 Approach to pensioners and Interim Managers**

- 12.1 The Localism Act requires an explanation of the Council's policy in relation to the arrangements that might apply where it could appear that the public sector is paying an individual twice through a salary and a pension for doing the same job. This Council's view is that it is not good value for money for the taxpayer to make a person redundant (and pay a pension if they are aged 55 years and over) for them to then return to the same job. The Council will not condone this approach. However, it should be noted that there may be circumstances where the Council may employ individuals who are in receipt of a public sector pension for new roles where they are the best person for the job. An example of this may be the employment of ex-services or "blue light" personnel, to a different role in this Council. There might be risks of age or disability claims if the Council was to adopt a contrary position.
- 12.2 The Council has used Interim Managers to fill short-term vacancies or to undertake specific projects where there are capacity issues, or a shortage of a particular skill set within the Council's own workforce. This may mean that the Council could engage Interim Managers who are in receipt of a public sector pension from other previous employment where an appropriate assessment has been completed on the value-for-money of the proposed arrangement for the Council. Such assessments will be completed by the Head of the Paid Service in consultation with the Leader of the Council.
- 12.3 Interim chief officers are recruited through an executive search provider. Their appointment is delegated to the Head of Paid Service (the Chief Executive) in the Constitution. The pay arrangements are set according to market conditions at the time, and may include direct employment by the Council, or engagement through an employment agency, or via an approved HMRC umbrella company. Interims are engaged for short term periods to support the work of the Corporate Leadership Team when posts are temporarily vacant.

Currently one interim deputy chief officer is engaged by the Council in the role of Deputy Monitoring Officer.

## **13.0 Review and Changes**

- 13.1 The Council will review this Statement annually, or if amendments need to be made before the date of the scheduled review, in year to Full Council. Any significant amendments or changes to the legislation which may affect the pay and benefits of Senior Officers will be determined according to the Council's Constitution or legislation by the relevant Committee / Panel / Council meeting.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The Corporate Leadership Team is key to the delivery of all the Council's priorities.
Policy Considerations:	Pay policy for senior officers.
Safeguarding:	None
Equalities/Diversity:	No direct considerations.
Customer Impact:	The Corporate Leadership Team is responsible for the Customer impacts of the Council's work.
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	The report will be provided to the recognised trade unions.
Risks:	Detailed in the corporate risk register.
Officer Contact	<p>Mike Murphy  Head of Human Resources and Organisation Development  <a href="mailto:mike.murphy@nwleicestershire.gov.uk">mike.murphy@nwleicestershire.gov.uk</a></p> <p>Allison Thomas  Chief Executive  <a href="mailto:allison.thomas@nwleicestershire.gov.uk">allison.thomas@nwleicestershire.gov.uk</a></p>

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>GENDER PAY GAP REPORT 2024</b>	
<b>Presented by</b>	Councillor Keith Merrie MBE Infrastructure Portfolio Holder	
<b>Background Papers</b>	Held on the I-Trent HR/Payroll system. Some of the papers are confidential because they relate to individual employees	<b>Public Report: Yes</b>
<b>Financial Implications</b>	The are no direct financial implications arising for the Council in this report. <b>Signed off by the Section 151 Officer: Yes</b>	
<b>Legal Implications</b>	This report is in line with the requirements of S78 Equality Act 2010 and the Gender pay gap (Info) Regs 2017. <b>Signed off by the Monitoring Officer: Yes</b>	
<b>Staffing and Corporate Implications</b>	No direct staffing or corporate Implications. <b>Signed off by the Head of Paid Service: Yes</b>	
<b>Purpose of Report</b>	The Council is required by the Equality Act 2010 (section 78) to publish gender pay gap information, by reporting the percentage differences in pay between male and female employees. This report has been produced to provide the relevant information in accordance with the provisions of the Act.	
<b>Recommendation</b>	<b>THAT COUNCIL NOTE THE REPORT AND THAT THE RELEVANT INFORMATION OUTLINED IN PARAGRAPH 1.2 IS REPORTED TO GOVERNMENT.</b>	

## 1.0 BACKGROUND

- 1.1 Under Section 78 of the Equality Act 2010, the Council is required to publish and report percentage differences in pay between its male and female employees. The figures are based on a specific reference date (snapshot date) of **31 March 2024**.
- 1.2 The following information must be published on the Council's website and will also be reported to and published by central government.
- **Mean Gender Pay Gap** – The mean pay gap is the difference between average hourly earnings of men and women.

- **Median Gender Pay Gap** – The median pay gap is the difference between the midpoints in the ranges of hourly earnings of men and women. It takes all salaries in the sample, lines them up in order from lowest to highest, and picks the middlemost salary.
- **Mean bonus Gender Pay Gap** - The difference between the mean bonus pay paid to male employees and that paid female employees.
- **Median bonus Gender Pay Gap** – The difference between the median bonus pay paid to male employees and that paid to female employees.
- **Proportion of males and females receiving a bonus payment** – The proportion of male and female employees who were paid bonus pay during the period.
- **Proportion of males and females in each pay quartile** – The proportion of male and female full-pay employees in the lower, lower middle, upper middle and upper quartile pay bands.

1.3 The Gender Pay Gap is a measure of the difference between men’s and women’s average earnings across the organisation. This is different to the Equal Pay reporting, which aims to ensure that men and women are not paid differently for doing the same or similar work. The intention behind Gender Pay Gap reporting is to increase transparency of the differences in pay between men and women in the workplace with the aim of closing the gender pay gap.

## 2.0 RESULTS

2.1 A summary of this Council’s results is as follows:

- **Mean Gender Pay Gap** – The males’ mean hourly rate was 1.33% lower than females on 31/03/2024.
- **Median Gender Pay Gap** – The males’ median pay hourly rate was 2.22% higher than females on 31/03/2024.

	Mean (%)	Median (%)
2017	5.3	11.28
2018	1.91	4.44
2019	1.45	3.2
2020	4.13	5.8
2021	2.79	1.26
2022	1.96	0.01
2023	1.83	-1.04
2024	-1.33	2.22

The table shows the changes to the mean and median pay gaps for the Council over a seven-year period. After a period of decline in the pay gaps over the three-year period between 2017 and 2019 inclusive, and a rise in 2020 the mean rates have declined again for three successive years. 2024 marks the first occasion since the Council began reporting gender pay data where the mean pay for female staff members has exceeded that of males. Conversely, the median has moved from a negative position in 2023 to a low positive in 2024. These changes are very minor

and not significant – they simply reflect minor changes in the composition of the starters and leavers in the workforce.

It is important to emphasise the gender pay data is calculated at a moment in time, so is a snapshot.

It is a requirement under the reporting regulations to state the Council’s position in relation to the following factors:

- **Mean bonus Gender Pay Gap**  
Not applicable
- **Median bonus Gender Pay Gap**  
Not applicable
- **Proportion of males and females receiving a bonus payment** Not applicable
- **Proportion of males and females in each pay quartile**

2.2 Gender pay analysis by pay quartile:

	2024		2023		2022	
<b>Quartile</b>	<b>Male (%)</b>	<b>Female (%)</b>	<b>Male (%)</b>	<b>Female (%)</b>	<b>Male (%)</b>	<b>Female (%)</b>
Lower	56	44	62	38	60	40
Lower Middle	47	53	40	60	45	55
Upper Middle	57	43	57	43	54	46
Upper	50	50	50	50	52	48

Commentary on the table and changes over the three-year period:

- The Lower quartile comprises of the apprentice pay scales, grades A, B and C.
- The percentage of females in the lower quartile has increased to 44%, from 38% in the previous year.
- The percentage of males in the lower middle quartile has increased to 47% - up from 40% in 2023. This quartile includes employees on grades C and D.
- The Upper middle quartile includes those on salary grades E and some in band F. This quartile also includes most craft employees such as plumbers, electricians etc.
- The upper quartile includes employees on salary grade F and above, which is the majority of professional officers and those in management roles. There have been no changes in the proportions of males and females in this quartile.
- There are no specific areas or events which have significantly impacted the change in the percentages detailed in the table rather they are the result of general staffing changes throughout the year across the workforce.

2.3 It is important to note that all of the Council’s job roles are subject to job evaluation processes, which determine the pay grade for the job based on knowledge, skill and responsibility levels. Therefore, while acknowledging there is a very small gender pay gap, the Council can be confident that men and women are paid equally for doing the equivalent jobs across the Council.

**3.0 ANALYSIS**

3.1 The Council continues to employ a number of different strategies and measures to minimise the gender pay gap, such as:

1. The voluntary Living Wage was introduced by the Council in 2014. This had a significant impact on the (largely female) employees engaged in part-time roles in the lower pay scales. The national rate increased to £12.60 per hour in October 2024.
2. Options for flexible working are provided for all employees across the Council wherever possible. In addition, there are a significant number of employees undertaking a mix of home and office-based working in accordance with the hybrid working scheme. This has enabled employees' flexibility to work non-traditional work patterns to manage childcare, home schooling etc. while being more flexible about their working hours.
3. The Council offers enhanced (national conditions of service) maternity and paternity schemes to support parents to more easily facilitate returns after the birth or adoption of a child.
4. A scheme is in place that allows employees to buy additional (unpaid) leave to facilitate more flexibility around caring responsibilities. Employees can also purchase additional leave to supplement their annual leave entitlement.
5. The Council is working with its apprenticeship providers to try to encourage females into traditionally male work areas of the workforce as apprentices.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Links to being a Well-run Council priority.
Policy Considerations:	Links to the Equality and Diversity policy
Safeguarding:	No specific considerations.
Equalities/Diversity:	Detailed in the report.
Customer Impact:	No direct impacts
Economic and Social Impact:	Not applicable.
Environment and Climate Change:	No direct impacts.
Consultation/Community Engagement:	A copy of the report will be provided to the local trade unions.
Risks:	No specific risks.
Officer Contact	<p>Mike Murphy            Head of Human Resources and Organisation Development  <a href="mailto:mike.murphy@nwleicestershire.gov.uk">mike.murphy@nwleicestershire.gov.uk</a></p> <p>Allison Thomas            Chief Executive  <a href="mailto:allison.thomas@nwleicestershire.gov.uk">allison.thomas@nwleicestershire.gov.uk</a></p>



**Appendix 1****Salary Grades (from 1.4.24)**

<b>Salary Band</b>	<b>Minimum Point</b>	<b>Maximum point</b>
<b>A</b>	24,027	224404
<b>B</b>	23500	23,893
<b>C</b>	25,584	27,269
<b>D</b>	27,711	31,067
<b>E</b>	31,586	35,235
<b>F</b>	36,124	39,513
<b>G</b>	40,476	44,711
<b>H</b>	45,718	49,764
<b>I</b>	50,788	54,929
<b>Heads of service</b>	64,241	74,525
<b>Directors</b>	87,545	97,842
<b>Chief Executive</b>	134,373	143,715

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



<b>Title of Report</b>	<b>APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL (IRP)</b>	
<b>Presented by</b>	Councillor Keith Merrie Infrastructure Portfolio Holder	
<b>Background Papers</b>	<a href="#">Part 4 of the Local Authorities (Members' Allowances) (England) Regulations 2003 – Independent Remuneration Panels</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	Under the Council's Members Allowance Scheme, co-opted Members of the Independent Remuneration Panel receive reasonable expenses incurred in attending meetings and in addition a small remuneration of £200.00 per annum. These costs are met from within existing budgets.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	Regulation 20 of the Local Government (Members Allowances) Regulations 2003 (the Regulations) require the Council to appoint an Independent Remuneration Panel to consider the matter of members allowances.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no direct staffing or corporate implications arising.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To endorse the appointment of the Independent Remuneration Panel.	
<b>Recommendations</b>	<b>THAT COUNCIL APPOINTS KAREN BOWLER TO THE INDEPENDENT REMUNERATION PANEL</b>	

## 1.0 BACKGROUND

- 1.1 It is a legislative requirement for all councils to establish and maintain an Independent Remuneration Panel to make recommendations to the Council on the Members' Allowance Scheme and the nature and level of allowances to be paid to its elected members. The work of the panel includes receiving reports from Officers, considering statutory guidance, considering representations from councillors as appropriate and using comparative evidence to formulate recommendations on appropriate levels of allowances for consideration by the Council.

- 1.2 The Council cannot amend or update its Members' Allowance Scheme without first considering a report from the Independent Remuneration Panel, however, it does not have to accept the recommendations put forward.
- 1.3 In order to maintain the independence of the Independent Remuneration Panel, in line with the Member Protocol agreed by Council in 2015, and as set out in the Council's Constitution, members should not be:
- a person who has within the period of five years before receiving the date of appointment been a councillor or officer of the Council;
  - a person who is a relative or close friend of a councillor or officer of the Council; and/or
  - a person who does not either live or work in the District.
- 1.4. At its last meeting, Council appointed three members of the panel and was advised that due to unforeseen circumstances, one of the roles had not been filled in time for ratification at that meeting and that a further report would be brought to the next meeting.
- 1.5 Since November, the Chief Executive and the Democratic Services Team Manager have met with the final candidate for the position on the panel, following the same selection process as carried out with the three appointed members.
- 1.6 Following a successful application, Karen Bowler is proposed for membership of the IRP for the term of office 21 February 2025 to 17 November 2028.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A well-run council
Policy Considerations:	Constitution
Safeguarding:	N/A
Equalities/Diversity:	The application process was open to anyone who met the essential criteria set out in para 1.3
Customer Impact:	NA
Economic and Social Impact:	N/A
Environment, Climate Change and zero carbon:	N/A
Consultation/Community Engagement:	N/A
Risks:	An up to date Constitution is a legal requirement
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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**COUNCIL – THURSDAY, 20 FEBRUARY 2025**



Title of Report	URGENT DECISIONS TAKEN BY CABINET	
<b>Presented by</b>	Councillor Richard Blunt Leader of the Council	
<b>Background Papers</b>	<a href="#">Council's Constitution</a>  <a href="#">Cabinet Agenda – 9 January 2025</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	Financial implications were taken into account by Cabinet in reaching its decision for the report detailed in paragraph 2.3.	
<b>Legal Implications</b>	Legal implications were taken into account by the Cabinet in reaching the decisions.	
<b>Staffing and Corporate Implications</b>	There are no staffing and corporate implications	
<b>Purpose of Report</b>	In accordance with the Council's Constitution, to formally report that Cabinet has taken decisions, which are considered to be urgent and, if delayed, would be likely to cause serious prejudice to the Council's interests.	
<b>Recommendations</b>	<b>THAT COUNCIL NOTES THE REPORT.</b>	

## 1.0 BACKGROUND

- 1.1 As set out in Rule 15 (call-in urgency) of Part 3, Section D of the Council's Constitution, the call-in procedure may be suspended where a decision being taken by the Cabinet is urgent. A decision is considered urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests.
- 1.2 In all circumstances, the Chair of the Council must agree that the decision is reasonable and must agree to the decision being treated as a matter of urgency.
- 1.3 Decisions taken as a matter of urgency must be recorded in the minutes and be reported to the next available meeting of the Council, together with the reasons for urgency.
- 1.4 Decisions that required the waiver of call-in are detailed at section 2 of the report.

## 2.0 WAIVER OF CALL-IN DECISIONS MADE BY CABINET

2.1 Three executive decisions were taken by Cabinet, where the Chair of the Council agreed that any delay caused by the call-in process would seriously prejudice the Council's or the public's interests.

2.2 A summary of the decisions made are detailed below:

2.3 Cabinet – Thursday, 9 January 2025

- Draft Capital Strategy, Treasury Management Strategy and Prudential Indicators
- Draft General Fund Budget 2025/26
- Draft Housing Revenue Account Budget and Rents 2025/26

The Council is required to consult on its planned budgets every year. Due to the timing of Local Government Finance Settlement, Cabinet was not able to consider the draft budget for consultation until 9 January 2025. In order to maximise the time allowed for the consultation, the Chairman agreed to waive the call-in period on the reports detailed above. This enabled the consultation to start the day after Cabinet and run for two weeks.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Planning and regeneration Clean, green and Zero Carbon Communities and housing A well-run council
Policy Considerations:	As detailed on each report that was considered by Cabinet.
Safeguarding:	As detailed on each report that was considered by Cabinet.
Equalities/Diversity:	As detailed on each report that was considered by Cabinet.
Customer Impact:	As detailed on each report that was considered by Cabinet.
Economic and Social Impact:	As detailed on each report that was considered by Cabinet.
Environment, Climate Change and Zero Carbon:	As detailed on each report that was considered by Cabinet.
Consultation/Community/Tenant Engagement:	Chair of the Council
Risks:	To comply with Special Urgency Rule 15, Section C of Part 3 of the Council's Constitution, the decisions made by Cabinet are to be reported to Council and Rule 15 (call-in urgency), Section D of Part 3 of the Council's Constitution that suspensions of Call-In in relation to urgent decisions made by Cabinet are to be reported to Council.
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