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Meeting	CORPORATE SCRUTINY COMMITTEE
Time/Day/Date	6.30 pm on Thursday, 22 January 2026
Location	Abbey Room, Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
<p>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.</p>	
3. PUBLIC QUESTION AND ANSWER SESSION	
<p>To receive questions from members of the public under rule no.10 of the Council Procedure Rules. The procedure rule provides that members of the public may ask 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.</p>	
4. MINUTES	
To approve and sign the minutes of the meeting held on 4 December 2025	3 - 6
5. OUTSTANDING ACTIONS UPDATE	
To consider any outstanding items from previous meetings.	7 - 8
6. CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS	
To report on Cabinet's response to recommendations and comments made by the Corporate Scrutiny Committee.	9 - 14
7. DRAFT BUDGET 2026/27	
Report of the Strategic Director of Resources	15 - 138

8. FINANCE UPDATE - 2025/26 QUARTER 2

Report of the Strategic Director of Resources

139 - 174

9. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

To consider any items to be included in the work programme. The plan of forthcoming Cabinet decisions and the current work programme are attached for information.

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Circulation:

Councillor S Lambeth (Chair)
Councillor M Ball (Deputy Chair)
Councillor C Beck
Councillor D Bigby
Councillor M Burke
Councillor K Horn
Councillor A Morley
Councillor R L Morris
Councillor S Sheahan
Councillor J Windram

MINUTES of a meeting of the CORPORATE SCRUTINY COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on THURSDAY, 4 DECEMBER 2025

Present: Councillor M Ball (Deputy Chair) (In the Chair)

Councillors C Beck, D Bigby, M Blair-Park (Substitute for Councillor A Morley), M Burke, J Legrys (Substitute for Councillor S Lambeth), S Sheahan and J Windram

Portfolio Holders: Councillors A C Woodman

Officers: Mr A Barton, Mrs A Crouch, Mr Z Fazil, Ms K Hiller, Ms J Marshall, Ms H Panter, Mr P Sanders, Mr P Stone and Mrs R Wallace

24. APOLOGIES FOR ABSENCE

Apologies were received from Councillors K Horn, S Lambeth, A Morley and R Morris.

25. DECLARATION OF INTERESTS

There were no declarations of interest.

26. PUBLIC QUESTION AND ANSWER SESSION

None.

27. MINUTES

Consideration was given to the minutes of the meeting held on 27 October 2025.

It was moved by Councillor S Sheahan, seconded by Councillor J Windram and

RESOLVED:

That the minutes of the meeting held on 27 October 2025 be approved as an accurate record of proceedings.

28. OUTSTANDING ACTIONS UPDATE

The Chair introduced the new standing item and explained the process for future meetings.

Members welcomed the addition of the item and the update was noted.

29. CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS

The Chair introduced the new standing item and explained the process for future meetings.

Members welcomed the new item introduced in accordance with the Cabinet/Scrutiny Protocol. Members raised concerns that Cabinet were only noting scrutiny comments and requested that clearer explanations and accountability be included in future Cabinet responses.

During discussion it was suggested that the dates Cabinet consider the scrutiny comments be included moving forward for clarity.

30. CUSTOMER EXPERIENCE STRATEGY 2026 -2028

Councillor A Woodman, Portfolio Holder, presented the report.

During a discussion on the future of Customer Services, the Strategic Director of Resources provided the ambitions for the service, particularly with artificial intelligence (AI) which was received positively. Support was shown for reducing unavoidable contact, but some concerns were raised regarding digital exclusion and maintaining face to face options, it was hoped that AI would complement services rather than replace them.

It was commented that customers were often quick to complain about services but not to celebrate success. Members all agreed it was important to celebrate service success.

In relation to the approach taken to change customer service culture throughout the authority, Members welcomed the shared responsibility for good customer service and looked forward to seeing the improved effectiveness and accountability.

During discussion, Members emphasized the need for clear expectations for customers on waiting and call-back times.

The Chair thanked the Committee for their comments.

31. COUNCIL DELIVERY PLAN - PERFORMANCE REPORT - 2025/26 QUARTER 2

Councillor A Woodman, Portfolio Holder, presented the report.

Prior to discussion it was noted that a section of the report in relation to Cabinet's responses to comments made by scrutiny were missing from the agenda papers. It was therefore, circulated at the meeting.

Comments were made on key performance indicators as they were discussed in turn.

Annual targets: The lack of annual key performance indicators across the board was raised, as Members felt it was difficult to measure progress and determine funding needs without them, especially in relation to zero carbon ambitions.

Performance scoring: Members enquired into the methodology for performance scoring. Officers confirmed that a universal scoring system was used to oversee performance by the Performance Team rather than individual services. It was noted that Cabinet had political oversight while the management team were responsible for delivery.

Staffing: Concerns were raised over staffing shortages, particularly in the planning service, and the impact it had on service delivery. Officers confirmed that staffing issues were addressed by focusing management attention on areas of risk and underperformance. It was suggested that a key performance indicator be added for agile manpower planning and staff retention. Officers confirmed that a retention plan was being developed and there were currently no plans to include this as a key performance indicator.

Housing repairs service satisfaction: Members questioned the improvements in customer satisfaction figures and asked what changes had led to recent positive monthly results in comparison to the annual results. Caution was given against over interpreting figures as the current rating was only two steps on a four point scale above the lowest possible rating. Officers and the Portfolio Holder explained that significant work had been undertaken over the past two years to improve the housing repairs service, including responding to the housing regulator's feedback

following the recent inspection and implementing action plans. Ongoing monitoring and improvements were planned.

Customer service complaints: It was requested that more detailed breakdowns by department be provided regarding customer service complaints to identify areas needing support and to fairly recognise high performing teams.

The Chair thanked the Committee for their comments.

32. ENVIRONMENTAL POLICY

The Head of Community Services presented the report.

Members raised concerns that the draft policy was bland, lacking detail and not actionable. It was felt that it was too generic and did not reflect the Council's context or ambitions such as the climate emergency targets.

It was suggested that the policy be reconsidered by officers to provide a better explanation of the policy's purpose and the need for plain English for clarity was emphasised. In addition, it was felt that an explanation should be included as to who Unipart were and what their role was in the policy development. Officers gave further information as to the role of Unipart and offered to provide a clear explanation to Cabinet on the matters raised by the committee when it considered the report.

Members felt strongly against the use of the policy in its current form. It was therefore moved by Councillor S Sheahan, seconded by Councillor D Bigby and

RECOMMENDED THAT CABINET:

Not adopt the Environmental Policy in its current form and that it be revised to include more concrete Council commitments and context before being reconsidered.

33. ZERO CARBON UPDATE

The Head of Community Services presented the report.

Members recognised the significant progress, but concerns were shared regarding future funding and lack of detailed targets. It was acknowledged that work was still being undertaken on analysing what had been done at Stenson House and Whitwick Business Centre, however Members would like to have seen the data as it would help form budget discussions in progressing outstanding issues. It was suggested that progress on the matter be included in the performance report moving forward.

A discussion was had on the mine water heating feasibility project for Coalville and Whitwick Leisure Centre, and officers updated the committee on progress. Members fully supported the work on the project and agreed to recommend to Cabinet that the cost of stage three of the study be allocated as part of the 2026/27 budget.

Concern was shared about the depletion of the net zero reserve and the use of the fund for staff salaries. Following further discussion, it was agreed to recommend to Cabinet that the funds to the net zero reserve be increased, and the staff salaries be funded elsewhere to allow the project to be driven in the right direction.

Members discussed further budget matters and received clarification from Officers. It was suggested that the annual update be brought earlier in the financial year in future to allow full consideration of progress prior to commencing budget discussions.

By affirmation of the meeting, it was

RECOMMENDED THAT CABINET:

- 1) Allocate the £80,000 as required to fund stage three of the mine water heating feasibility study as part of the Council's 2026/27 budget.
- 2) Allocate further funds to the net zero reserve as part of the Council's 2026/27 budget.
- 3) The cost of the Climate Change Programme Manager salary be moved to the general fund to preserve the net zero reserve for future projects.

34. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Consideration was given to the future work programme.

A discussion was had on the possibility of scrutinising flooding issues in the district. It was noted that a task and finish group was currently looking at the issues in the Coalville strategic growth area. It was suggested that this could be a matter for the Community Scrutiny Committee and that should Members wish to progress it further, then they raise it at its next meeting.

Following on from earlier discussions, it was confirmed that the Zero Carbon Annual Report be placed back on the work programme for summer as it was in previous years.

The meeting commenced at 6.30pm

The Chairman closed the meeting at 8.30pm

Corporate Governance Committee

Outstanding Actions

Key: **GREEN** – completed

AMBER – working towards completion

RED – to be completed

Item	Action	Comments	Responsible Officer/ Portfolio Holder	Target dates/ rationale for delays	Last Updated	Action Status
Meeting held on 4 September 2025						
5	<p>KPI 5</p> <p>To provide a response to Cllr Sheahan on the Cabinet's view on the likelihood of the Council achieving the ambitions relating to Coalville regeneration Cllr Woodman was asked directly and agreed to pass onto the portfolio holder for a response.</p>	Response sent to Cllr Sheahan by email 2 Dec.	Councillor Rushton / Hannah Panter	16/09/25	02/12/25	Green
5	<p>Transformation delivery plan (appendix 3): Cllr Lambeth requested a meeting with Paul Stone to review the plan due to concerns about current spending and savings. Feedback to be given at next meeting</p>	<p>Meeting being set up. provisionally booked for 23 September 2025. Cllr Lambeth could not attend. A request has been made to Cllr Lambeth for a meeting date.</p> <p>19 December 2025 – Cllr Lambeth and Cllr Legrys contacted.</p>	Paul Stone	16/09/25 (Meeting to be arranged by not held)	19/12/25	Amber

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Item	Action	Comments	Responsible Officer/ Portfolio Holder	Target dates/ rationale for delays	Last updated	Action Status
6	To draft an easy-to-understand guide for Members in relation to reserves and internal borrowing to assist greater understanding during budget process.		Paul Stone	January 2026.		Amber
Meeting held on 4 December						
None						

CORPORATE SCRUTINY COMMITTEE – THURSDAY, 22 JANUARY 2026

ITEM 6 – CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS

Scrutiny comments made on: Customer Experience Strategy 2026 - 2028

Date considered by Cabinet: 16 December 2025

	Comments from Scrutiny	Advice provided by Officers at the Meeting	Cabinet Response
C1	Artificial Intelligence (AI) and Digital Tools: Questions about the role and future use of AI in Customer Services, specifically regarding telephony and its limitations.	Officers explained initial AI adoption (Microsoft Co-Pilot), successes in saving officer time, and plans to explore AI for telephony and avoidable contact, aiming to free up staff for higher-value tasks.	Noted.
C2	Customer Service Culture: The shared responsibility for customer service across all teams was welcomed, hoping for improved effectiveness and accountability.	Officers described mandatory customer contact standards training, culture change towards customer focus, and ongoing internal initiatives to improve complaints handling and empathy.	Noted.
C3	Digital Exclusion: concerns raised about the exclusion of those unable to access digital methods. The importance of continuing face to face contact where needed was emphasized.	Officers agreed on the importance of not excluding digitally challenged residents, rolling out clear response time standards, and embedding empathy in service delivery. Officers acknowledged the need to retain face-to-face options for those unable to use digital services and recognized loneliness as a factor for some in-person	Noted.

		visits. They assured the committee that digital transformation would not exclude vulnerable groups.	
C4	Response Time Standards: Emphasized the need for clear expectations for customers on waiting and call-back times.	Officers confirmed that new customer contact standards have been developed, including clear response times for different channels. These will be communicated internally and externally, with performance tracked against these KPIs.	Noted.
C5	Celebrating Success and Staff Morale: Raised the importance of celebrating internal successes to boost morale.	Officers agreed with the importance of sharing positive feedback and successes internally to maintain morale and reinforce good service delivery.	Noted.

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CORPORATE SCRUTINY COMMITTEE – THURSDAY, 22 JANUARY 2026

ITEM 6 – CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS

Scrutiny comments made on: Zero Carbon Update Report

Date considered by Cabinet: 13 January 2026

	Comments/recommendations from scrutiny	Advice provided by officers at the Scrutiny meeting	Cabinet response
R1	<p>Recommendation:</p> <p>That Cabinet allocate £80,000 as required to fund stage 3 of the mine water heating feasibility study as part of the council 2026/27 budget.</p>	-	The recommendation will be taken into account as part of the wider budget proposals and cost pressures for the 2026/27 financial year. Cabinet will formally consider these matters at its meeting scheduled for 3 February.
R2	<p>Recommendation:</p> <ul style="list-style-type: none">a) That Cabinet allocate further funds to the zero carbon fund as part of the council 2026/27 budget; andb) that the Climate Change Programme Manager's salary be moved to the general fund to preserve the zero-carbon fund for future projects.	-	The recommendation will be taken into account as part of the wider budget proposals and cost pressures for the 2026/27 financial year. Cabinet will formally consider these matters at its meeting scheduled for 3 February.

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CORPORATE SCRUTINY COMMITTEE – THURSDAY, 22 JANUARY 2026

ITEM 6 – CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS

Scrutiny comments made on: Environmental Policy

Date considered by Cabinet: 13 January 2026

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	Comments/recommendations from scrutiny	Advice provided by officers at the meeting	Cabinet response
C1	Policy content: Concerns raised that the draft policy was bland, lacking detail and not actionable. It was felt that it was too generic and did not reflect the council's context or ambitions such as the climate emergency targets.	Officers explained that the policy was intentionally high-level to align with best practice with the aim to embed environmental considerations into all council decisions without being prescriptive	Noted. Cabinet supported the high-level approach that aligned with the industry's best practice.
C2	Policy style: Requested better explanation of the policy's purpose and the need for plain English was emphasized. Also, the need for clarity in the document for the public including the use of 'plain English' and an explanation on who 'Unipart' are and what role they had with the policy.	Officers explained Unipart's involvement as a private sector partner experienced in ISO standards, whom recommended starting with a broad policy. Officers offered to provide a more detailed presentation to Cabinet to include clearer explanations.	Noted.
R1	Recommendation: That cabinet does not adopt the policy in its current form and that it be revised to include more concrete, council specific commitments and context before being reconsidered.	-	Noted. Cabinet acknowledged the comments and recommendations made by scrutiny, but following consideration decided to adopt the Environmental Policy as presented to them at the meeting.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – THURSDAY, 22 JANUARY 2026



Title of Report	DRAFT BUDGET 2026/27	
Presented by	Cllr Keith Merrie Corporate and Finance Portfolio Holder	
Background Papers	Council 20 February 2025 <u>Budget Setting 2025/26</u>	Public Report: Yes
Financial Implications	<p>The financial implications are detailed in the attached Cabinet reports.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>Any legal implications are detailed in the attached Cabinet reports.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>Any staffing and corporate implications are detailed in the attached Cabinet Reports.</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	For Corporate Scrutiny Committee to provide any comments on the four budget reports being considered by Cabinet on the 3 February 2026.	
Recommendations	<p>THAT CORPORATE SCRUTINY COMMITTEE PROVIDES ANY COMMENTS IT MAY HAVE ON THE FOLLOWING CABINET REPORTS FOR CONSIDERATION BY CABINET ON 3 FEBRUARY 2026:</p> <ol style="list-style-type: none"> 1. DRAFT 2026/27 ROBUSTNESS OF BUDGET ESTIMATES (APPENDIX A); 2. DRAFT CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS (APPENDIX B); 3. DRAFT 2026/27 GENERAL FUND BUDGET AND COUNCIL TAX (APPENDIX C); AND 4. DRAFT 2026/27 HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT SETTING (APPENDIX D). 	

1.0 BACKGROUND

- 1.1 The Council's 2026/27 Draft Budget reports are due to be considered by Cabinet on 3 February 2026, and Cabinet will make a recommendation to Council for approval at its meeting on 19 February 2026.
- 1.2 The Corporate Scrutiny Committee is invited to consider the following draft Cabinet Reports and provide any comments to Cabinet:
 1. 2026/27 Robustness of Budget Estimates (Appendix A);
 2. Capital Strategy, Treasury Management Strategy and Prudential Indicators 2026/27 (Appendix B);
 3. 2026/27 General Fund Budget and Council Tax (Appendix C); and
 4. 2026/26 Housing Revenue Account (HRA) Budget and Rent Setting
- 1.3 The above reports may have changes when the final versions are submitted to Cabinet on the 3 February 2026.

Policies and other considerations, as appropriate	
Council Priorities:	Please refer to the tables in the attached Cabinet reports.
Policy Considerations:	Please refer to the tables in the attached Cabinet reports.
Safeguarding:	Please refer to the tables in the attached Cabinet reports.
Equalities/Diversity:	Please refer to the tables in the attached Cabinet reports.
Customer Impact:	Please refer to the tables in the attached Cabinet reports.
Economic and Social Impact:	Please refer to the tables in the attached Cabinet reports.
Environment, Climate Change and zero carbon:	Please refer to the tables in the attached Cabinet reports.
Consultation/Community Engagement:	Please refer to the tables in the attached Cabinet reports.
Risks:	Please refer to the tables in the attached Cabinet reports.
Officer Contact	Anna Crouch Head of Finance anna.crouch@nwleicestershire.gov.uk

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 3 FEBRUARY 2026



Title of Report	2026/27 ROBUSTNESS OF BUDGET ESTIMATES	
Presented by	Cllr Keith Merrie MBE Finance and Corporate Portfolio Holder PH Briefed <input checked="" type="checkbox"/> Yes	
Background Papers	<u>Capital Strategy, Treasury Management and Prudential Indicators - Council 20 February 2025</u> <u>General Fund and Council Tax - Council 20 February 2025</u> <u>Housing Revenue Account HRA Budget and Rent Setting - Council 20 February 2025</u>	Public Report: Yes Key Decision: Yes
Financial Implications	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.	
Legal Implications	Signed off by the Section 151 Officer: Yes	
	The Council's Section 151 Officer is required to prepare this report under Section 25(1) Local Government Act 2003.	
Staffing and Corporate Implications	Signed off by the Monitoring Officer: Yes	
	None.	
Purpose of Report	Signed off by the Head of Paid Service: Yes	
Reason for Decision	To advise Cabinet on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves.	
The requirement for local authorities to produce a robustness of budget estimates report, as stated in Section 25 of the Local Government Act 2003, directly supports the Council's Constitution by upholding principles of sound financial governance and accountability. The Constitution sets out the framework for financial management, including budget preparation, monitoring, and control. By ensuring that the Section 151 Officer formally reports on the adequacy of		

	reserves and the robustness of budget estimates, this statutory obligation reinforces the constitutional duty for transparency, informed decision-making, and prudent stewardship of public funds. It enables Cabinet members to comply with their responsibilities under the Constitution to maintain the Council's financial sustainability and to act in the best interests of residents.
Recommendations	THAT CABINET NOTES THE S151 OFFICER'S ADVICE SET OUT IN SECTION 7 OF THIS REPORT AND CAREFULLY CONSIDERS THE CONTENT OF THIS REPORT AS PART OF APPROVING THE GENERAL FUND BUDGET REPORT 2026/27, THE HOUSING REVENUE ACCOUNT BUDGET 2026/27 REPORT AND THE CAPITAL STRATEGY AND TREASURY MANAGEMENT STRATEGY 2026/27.

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.
- 2.2 The current economic climate presents significant challenges for the Council in formulating robust and sustainable budget estimates for 2026/27. Nationally, the UK continues to experience economic uncertainty stemming from moderate GDP growth, persistent inflationary pressures, and fluctuating interest rates.
- 2.3 The cost-of-living crisis, driven by elevated energy and food prices, continues to impact both households and the Council's own operating costs. In addition, public sector pay

settlements and supply chain disruptions remain key factors contributing to financial pressures across local government.

- 2.4 These economic headwinds have a direct effect on the Council's income streams, including council tax and business rates, as well as on the demand for local services. The Council is also facing increased costs in service delivery, particularly in areas such as contract price increases, waste management and homelessness support.
- 2.5 At the same time, local authorities have now faced over a decade without a multi-year financial settlement. In 2025, there was considerable uncertainty regarding the Council's future funding position, particularly in light of the scheduled business rates reset for 2026/27 and the extensive consultation taking place as part of the Government's Fair Funding Review. Consequently, the budget estimates have been prepared with prudent assumptions to ensure the Council's financial resilience and its continued ability to deliver essential services to the community.
- 2.6 In recent years the Council has seen growth in its business rate income as new companies have moved into the area due to its location and excellent communication links. This has led to the Council being the largest beneficiary in England from the business rates growth retention scheme.
- 2.7 This presented the Council's highest financial risk as the Government indicated that it would reset the business rates growth baseline and redistribute resources to councils across the country with a fair funding review implemented in 2026. However, the provisional finance settlement 2026/27, published on 17 December 2025, demonstrates that the Council has benefited from growth in business rates, reflecting the positive impact of new businesses moving into the area and its strategic location with excellent communication links. Further details on this are provided in a later section of this report.
- 2.8 Given the uncertainty prior to the publication of the Provisional Settlement, the financial projections and financial modelling which took place over the summer/autumn 2025 indicated that the Council would have a funding gap over both the short and medium term. On this basis, the Council sought to identify areas of savings to support a balanced budget, details of which are set out in the General Fund Budget and Council Tax 2026/27 report.
- 2.9 In the period immediately preceding the announcement of the provisional finance settlement, the Council's financial modelling indicated that North West Leicestershire would emerge as a principal beneficiary of funding under the revised funding distribution model. This positive outlook has been underpinned by a prudent approach, with the Council adjusting its forecasts to reflect identified savings and ensuring that budget growth remains sustainable, particularly beyond 2028/29.
- 2.10 It is important to note that all transitional funding will be withdrawn over the next three years; therefore, restraint must be exercised to avoid over-investment in services that could lead to financial difficulties in future years.
- 2.11 The funding available for the next three financial years provides the Council with the means to respond to rising cost and service demand pressures, especially in areas such as homelessness and waste management, whilst also replenishing reserves earmarked for the capital programme and reducing the need for borrowing.
- 2.12 Furthermore, there are opportunities to pursue additional economic investment beyond the current capital programme, including the proposal of a legacy grant scheme to

support community projects. Allocations have also been made to cover transitional costs associated with potential local government reorganisation and to provide additional short-term service capacity, enabling delivery of the Council Delivery Plan objectives.

2.13 The Provisional Finance Settlement, set along with the work the Council has undertaken on its transformation programme to make budget savings and efficiencies over the last three years, indicates that there is sufficient funding to enable the Council to set a balanced budget not only for 2026/27, but also for the following two financial years, 2027/28 and 2028/29. The Council Delivery Plan target to be financially sustainable by 2028 should, therefore, be achieved. It should be noted that the 2028/29 financial year may fall under the jurisdiction of a new strategic authority, depending on future local government restructuring. This provides a degree of stability and confidence over the medium term, despite the evolving landscape of local government finance and structures.

3.0 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 2024/25 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 Approved Programme for 'in flight' schemes and a Development Pool for schemes at business case stage. A Capital Strategy Group, chaired by the Director of Resources has been in operation for over 12 months and oversees this process and proposes schemes through the Council's governance processes 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 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 GENERAL FUND BUDGET 2026/27

- 4.1 High levels of inflation, recruitment and retention, and high interest rates present a challenging and uncertain economic environment.
- 4.2 The Government's announcement of a multi-year settlement at the time of the Provisional Local Government Finance Settlement 2026/27 provides the Council with much-needed stability and certainty in its financial planning. This longer-term approach enables the Council to align its resources more effectively and deliver on its key priorities as outlined in the Council Delivery Plan. With improved visibility over future funding, the Council is better positioned to make strategic investments, manage risks, and maintain essential services for residents, despite ongoing financial pressures and increasing demand for services.
- 4.3 It is important to note that, despite previously paid grants such as the New Homes Bonus now being rolled into the Council's mainstream funding arrangements, this does not provide additional resources but rather consolidates existing grant streams into the core settlement. As a result, the Council must continue to manage its finances prudently, recognising that these grant allocations no longer represent extra income but are now embedded within the overall funding total moving forward.
- 4.4 The Council is in a strong financial position, with sufficient funding available over both the short and medium term to set a balanced budget each year. This means that there is no requirement for additional savings measures or cuts to services, ensuring the continued delivery of essential support to residents. Furthermore, this robust financial outlook enables the Council to introduce a legacy grant funding scheme, providing an opportunity for local communities to bid for funding to support projects of both a revenue and capital nature. This approach not only secures the ongoing sustainability of Council services but also encourages community-led initiatives that can have a lasting positive impact across the area. In addition, the Council can build up its business rates reserve to support the funding of the capital programme.
- 4.5 Between 2013/14 and 2025/26 business rates pools have been successful across the country, as local authorities were able to collect more business rates than targets set by the Ministry of Housing, Communities and Local Government (MHCLG). Pooling allowed more of this "growth" to be retained locally, as authorities combined to reduce the levy that would normally have been paid across to central government. The reset of the business rates retention scheme for 2026/27 will see revised target amounts for each authority; with the new amounts increased in line with what will be collected and therefore growth removed. With no growth, there is no levy to pay and therefore no gains to be made from pooling. It is expected there will be no business rates pools in England in 2026/27. This view has been backed by the Council's external advisors, with MHCLG also expecting no pools.
- 4.6 However, while the Council maintains a strong financial position, it is important to note that it will receive transitional funding to support the changes arising from the business rates reset and the fair funding review. A substantial proportion of the Council's funding in the 2028/29 financial year is transitional, and this support will be withdrawn after that year, resulting in a significant 'cliff edge' reduction in funding. This transitional period is intended to allow local authorities to build up business rates growth to help sustain essential services beyond 2028/29.

4.7 The forecast outturn position for the general fund revenue budget 2025/26, as reported to Cabinet on 16 December 2025 is a forecast underspend of £496k. This demonstrates that the Council is managing its budgets effectively. This prudent approach, combined with robust financial planning and the implementation of targeted strategies, reflects sound budget management and supports the ongoing delivery of essential services to the community.

4.8 In setting the budget for 2026/27, key strategies were applied to budget development and these have continued for the budget process for 2024/25. These include:

Guiding Principles	Strategies for Developing Budget 2026/27 and MTFP 2026-30
Financial Stability and Sustainability	<ul style="list-style-type: none"> Do not become overly reliant on Business Rates funding for on-going service provision Use future surpluses in Business Rates funding for future one off investment to reduce ongoing revenue costs or generate income Ensure a balanced budget over the short-medium term utilising government funding available Prepare for the loss of transitional funding beyond 2028/29
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"> Acceptable level of risk tolerance Review of reserves strategy and position

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

	2026/27 £	2027/28 £	2028/29 £
Net Revenue Expenditure	19,674,602	19,141,101	20,097,796
Funding	(34,293,046)	(34,185,225)	(34,068,593)
Contribution to Reserves	14,618,443	15,044,124	13,970,797

4.10 The position shows a balanced budget for the next three years, providing sufficient financial support to meet inflationary and demand pressures.

4.11 The Council will continue to use the guiding principles set out in paragraph 4.8 to manage its budgets accordingly.

4.12 At the time of publishing the final budget for 2026/27, the Final Local Government Finance Settlement has not been announced. The figures included for the funding are

estimates based on the Provisional 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 which has been the case since the 2023/24 capital budget.
- 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 government grants (£4.8m), business rates reserve (£13.2m) and revenue contributions (£324k).
- 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 budget is based on the Council having the following levels of reserves.

	Estimated Balance 1/4/26 £'000	Change during 2026/27 £'000	Estimated Balance 31/3/27 £'000
General Fund - Minimum Level of Reserves	1,544	0	1,544
Earmarked Reserves	4,174	(580)	3,594
MTFP Reserve	5,621	(264)	5,357
Business Rates Reserve	11,341	16	11,357
Legacy Reserve		1,000	1,000
Total	22,915	172	24,631

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, 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
- 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 ongoing services. This additional growth will be prioritised to fund the capital programme and projects.

5.0 HOUSING REVENUE ACCOUNT BUDGET 2026/27

5.1 The Housing Revenue Account (HRA) is a ringfenced account for the operation of the Council's housing stock. The Council has approx. 4,100 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 2025/26 is a break-even position.

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

	2026/27 £	2027/28 £	2028/29 £
Income	(22,666,833)	(23,563,156)	(24,391,411)
Operating Expenditure	20,638,655	21,713,118	22,666,566
Operating (surplus)/deficit	(2,028,178)	(1,850,038)	(1,724,845)
Appropriations	2,028,178	1,850,038	1,724,845
Net (surplus)/deficit	0	0	0

5.5 The HRA budget for 2026/27 shows an operating surplus of £2,028k. This is an £800k decrease from 2025/26.

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.

5.7 The HRA Capital Programme is planned to spend £22.6m in 2026/27. 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
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	<p>The 2025/26 financial monitoring at quarter 2 is showing an underspend of £496k on the General Fund and a break-even position on the HRA.</p> <p>The 2025/26 budget includes investments in areas that previously had overspending. Additionally, extra resources have been allocated to departments experiencing increased demand.</p> <p>The on-going and unavoidable pressures,</p>

		<p>alongside potential reductions in reserve levels, have been factored into budget plans for 2026/27 and the medium term.</p> <p>The Provisional Local Government Finance Settlement provides a multi-year settlement which will ensure that the Council sets a balanced budget over the medium term and is in a position to build its reserves to ensure investment in the capital programme without the need to borrow.</p>
Are arrangements for monitoring and reporting performance against the savings plans robust?	Y	<p>Prior to the 2024/25 financial year, the Council had not been required to make significant savings to maintain its financial position.</p> <p>To support closing the anticipated funding gap over the medium-term, the Council has developed a Transformation Programme that will continue to deliver savings to services, as well as improvements to service delivery.</p> <p>In addition, there are a range of budget options proposed for the General Fund Budget 2026/27. Delivery of savings/efficiencies will be monitored throughout the financial year and reported to the Corporate Leadership Team and Portfolio Holders 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.</p> <p>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 Cabinet Members.</p>
The reasonableness of the underlying budget assumptions	Y	<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. There have also been several budget workshops with Cabinet Members.</p> <p>External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.</p>
The alignment of resources with	Y	Resources are aligned to the current priorities

the Council's service and organisational 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 maximise grant funding made available to it to support this priority. The Council is aware of the investment required over this period.
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 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> <p>The Provisional Local Government Finance Settlement provides an opportunity for the Council to build reserves to support the capital programme and one-off investment.</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.</p> <p>Where income targets have been deemed unrealistic, these have been addressed as part of the 2026/27 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	Y	The enhanced budget process used in the development of the draft budget has

made?		improved the reasonableness of estimates.
Has a reasonable estimate of future income been made?	Y	<p>The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.</p> <p>The Government's provisional finance settlement enables the Council to set a balanced budget without requiring any additional savings. However, it should be noted that there is likely to be a significant financial challenge, or 'cliff edge', following the end of the current settlement period in 2028/29.</p>
Have one-off cost pressures been identified?	Y	<p>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?	Y	<p>For 2025/26, portfolio holders were kept informed of the in-year position on a quarterly basis. Directors also held regular meetings with finance teams to ensure a clear understanding of the financial position throughout the year.</p> <p>Unit4 training is required for all budget holders.</p>
Is there a reasonable contingency available to cover the financial risks faced by the Council?	Y	<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>It is prudent to create a contingency budget to meet unforeseen demand pressures and to support a balanced in-year budget position.</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?	Y	<p>The Council has a range of earmarked, MTFP and minimum levels of reserves to ensure its financial stability.</p>
The strength of the financial management function and reporting arrangements?	Y	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Enhancements to the system have been made, however, the Finance Teams are still catching up on delays caused by the system implementation. A move to a new supplier for support and maintenance of Unit4 provides an opportunity to enhance the reporting arrangements.</p>

		Training for all budget holders in the use of Unit4 is planned. A review of the Financial Procedures Rules has been undertaken.
Have the previous years Accounts been signed off by external audit to verify balances?	N	The Council's position in respect of its completion of the Statement of Accounts has been reported to the Audit and Governance Committee. The Statement of Accounts 2023/24 and 2024/25 were published in August 2025 and January 2026 respectively ensuring compliance with the backstop dates.
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.

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 4.8 above is followed. This underpins the budget 2026/27 and provides a stable platform from which to build over the medium term.
- A robust corporate and financial plan is required to 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 2026/27.

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 ahead of the Governments backstop date of February 2026.

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 Budget 2026/27 and MTFP 2026-30 for income and expenditure, the Council can set a balanced draft budget for 2026/27.
- 7.2 The recent reset of business rates and the outcomes of the fair funding review have placed the Council in a strong financial position over the medium term. As a result, the Council is able to set a balanced budget for 2026/27 and the following two years, whilst continuing to meet ongoing cost pressures, such as contract price inflation, pay awards, and increasing demand for services.
- 7.3 This has been achieved without the need to identify further savings at this time, reflecting the stability and sustainability of the Council's current financial position.
- 7.4 However, the main challenge will arise after the 2028/29 financial year, when the Council's transitional funding will come to an end. Over the next three years, it will be crucial for the Council to focus on rebuilding its business rates growth to help support the base budget beyond 2028/29. The current funding settlement provides an opportunity, as it enables the Council to replenish its business rates reserve over the medium term. This reserve can then be used to support future investment in the capital programme and any pipeline initiatives the Council may wish to pursue, ensuring continued financial resilience and the ability to respond to emerging priorities.
- 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.

Policies and other considerations, as appropriate	
Council Priorities:	The report encompasses the Council's budget, therefore, is relevant to all Council Priorities: <ul style="list-style-type: none"> - Planning and regeneration - Clean, green and Zero Carbon - Communities and Housing - A well-run council
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 £7.1m to investing in Coalville Regeneration

	Projects over five years.
Environment, Climate Change and Zero Carbon:	There is £17.1m investment to support carbon zero initiatives in the HRA.
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 Paul.stone@nwleicestershire.gov.uk

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 3 FEBRUARY 2026



Title of Report	CAPITAL STRATEGY, TREASURY STRATEGY AND PRUDENTIAL INDICATORS 2026/27	
Presented by	Councillor Keith Merrie MBE Finance and Corporate Portfolio Holder PH Briefed <input checked="" type="checkbox"/> Yes	
Background Papers	Council – 20 February 2025 Capital Strategy, Treasury Management Strategy and Prudential Indicators – 2025/26	Public Report: Yes Key Decision: Yes
Financial Implications	The report sets out the annual update of the core strategies which underpin the Council's approach to managing its capital investment. Signed off by the Section 151 Officer: Yes	
Legal Implications	The report and appendices have been compiled in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) The Prudential Code for Capital Finance in local authorities. Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing and corporate implications arising from this report. Signed off by the Head of Paid Service: Yes	
Purpose of Report	For Cabinet to review the 2026/27 Capital Strategy, Treasury Management Strategy and Prudential Indicators and recommend to Council for approval.	
Reason for Decision	To meet the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Government.	
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> ENDORSES THE ATTACHED STRATEGIES (APPENDIX 1-4) AND RECOMMENDS THEM TO COUNCIL FOR APPROVAL AT ITS MEETING ON 19 FEBRUARY 2026. DELEGATES AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE FINANCE AND CORPORATE PORTFOLIO HOLDER TO MAKE AMENDMENTS TO THE STRATEGIES PRIOR TO CONSIDERATION AT COUNCIL ON 19 FEBRUARY 2026 IN RESPONSE TO ANY REQUESTS FROM PORTFOLIO HOLDERS IN RESPECT OF THEIR PORTFOLIOS.. 	

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. As a consequence, 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 require Council 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 Council's Section 151 Officer has delegated responsibility for implementing and monitoring 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 Cabinet to recommend to Council for approval:

- Appendix 1 - Capital Strategy 2026/27;
- Appendix 2 - Treasury Management Strategy Statement 2026/27;
- Appendix 3 - Minimum Revenue Provision (MRP) Statement 2026/27
- Appendix 4 - Non-Treasury Investment Strategy 2026/27.

2.2 There are no major changes to the 2025/26 version of the strategies, other than the updating of the financial values.

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 shown 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
- the level of internal borrowing and timing of external borrowing decisions and capital expenditure.

Policies and other considerations, as appropriate	
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/Tenant Engagement:	Corporate Scrutiny Committee – 22/01/26 Public consultation will begin 14 January to 1 February 2026
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 anna.crouch@nwleicestershire.gov.uk

Appendix 1

Capital Strategy 2026/27

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 the new 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 2026/27, the Council is planning capital expenditure of £30.3 million as summarised in the table below.

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

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
General Fund services	16.9	9.4	6.2	2.6
Council housing (HRA)	15.6	22.6	25.8	18.3
TOTAL	32.5	32.0	32.0	20.9

*2025/26 forecast is based on the draft outturn position and may be subject to change

2.5 The main General Fund capital projects include Marlborough Centre Renovation £2.4m, Stenson Square Public realm regeneration £1.0m, Coalville Regeneration Framework £0.8m and Portfolio Backlog Maintenance £0.6m.

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 building of £15.0m new homes over the forecast period.

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.

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

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
<u>General Fund</u>				
Net Financing costs (£m)	1.8	1.1	1.1	1.1
Proportion of net revenue stream	10%	7%	6%	6%
<u>Housing Revenue Account</u>				
Net Financing costs (£m)	1.6	2.1	2.7	3.2
Proportion of net revenue stream	8%	11%	14%	16%

* 2025/26 forecasts are based on the draft outturn position and may be subject to change

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

5.2 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:

Table 3: Capital Financing in £ millions

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
External sources	6.1	5.6	5.6	5.6
Capital receipts	5.2	4.9	4.7	2.0
Revenue resources	19.2	11.8	9.0	4.9
Debt	1.9	9.7	12.7	8.4
TOTAL	32.5	32.0	32.0	20.9

* 2025/26 is a forecast based on the draft outturn position and may be subject to change

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 A).
- 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 2026/27.

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 The Business Rates Reserve will be available to finance the capital programme. This includes the additional business rates revenues from growth in the district 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. 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.

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

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
General Fund MRP	1.2	1.2	1.1	1.1
Housing Revenue Account MRP	1.3	1.5	1.0	1.4
Capital receipts	0	0	0	0
TOTAL	2.5	2.7	2.1	2.5

* 2025/26 forecast is based on the draft outturn position and may be subject to change

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 increase by £7.1m during 2026/27. 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

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
General Fund services	33.6	32.4	31.3	30.2
Council housing (HRA)	49.6	57.9	69.5	76.5
TOTAL CFR	83.2	90.3	100.8	106.7

* 2025/26 forecast is based on the draft outturn position and may be subject to change

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 2026/27.

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. Over the summer of 2025, the Council collaborated closely with Savills to ensure the Business Plan was thoroughly updated. This partnership involved detailed analysis and integration of the latest stock condition surveys, enabling the Council to accurately reflect the current state and future needs of its housing portfolio. As a result, key areas of housing investment—including planned and cyclical works, zero carbon initiatives, and new supply—are now underpinned by robust, up-to-date data, ensuring resources are targeted effectively and the plan remains fit for purpose.

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 over to Central Government 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 Council 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 Council 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 £3.5m of capital receipts (mostly HRA Right to buy receipts) in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2025/26 forecast*	2026/27 budget	2027/28 budget	2028/29 budget
Asset sales	3.4	3.5	3.2	3.5
Loans etc repaid	0	0	0	0
TOTAL	3.4	3.5	3.2	3.5

* 2025/26 forecasts are based on the draft outturn position and may be subject to change

6. Governance of the Capital Strategy

Approval of Capital Strategy and Capital Programme

6.1 The Capital Strategy is agreed annually alongside the TMSS by Full Council. 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 Approved 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 Committee 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 regularly, 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.

7. Risk Management

- 7.1 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.
- 7.2 In managing the overall programme of investment there are inherent risks associated such as changes in interest rates or credit risk of counter parties.
- 7.3 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.
- 7.4 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.

8. Skills and Knowledge

- 8.1 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), Head of Finance (Deputy Section 151 Officer) and Finance Team Managers are all 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).
- 9.2 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.
- 9.3 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.
- 9.4 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.

Flexible Use of Capital Receipts Strategy 2026/27**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 It was announced by Government alongside the Provisional Settlement on 18 December 2023 that the current scheme, which currently applies to expenditure and receipts incurred between 1 April 2022 and 31 March 2025, has been extended to 31 March 2030. Therefore, to make eligible use of the scheme the capital receipts, and any qualifying revenue expenditure, need to be incurred between 1 April 2022 and 31 March 2030.

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 2026/27, which commences on 1 April 2026.

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 2026/27 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 2026/27 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 2026/27

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 most significant impacts on the Council's treasury management strategy in 2026/27 are expected to include: the influence of the Government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.
- 2.2 The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was five-four, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.
- 2.3 Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

- 2.4 Consumer Prices Index (CPI) inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.
- 2.5 The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the Bank of England (BoE), while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%
- 2.6 The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 2.7 The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive month, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 2.8 **Credit outlook:** Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly in October, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
- 2.9 While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the Council's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.
- 2.10 **Interest rate forecast (22 December 2025):** Arlingclose, the Council's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.
- 2.11 Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

2.12 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

2.13 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.05%, and that new long-term loans will be borrowed at an average rate of 5.30%.

3 Local Context

3.1 On 31 December 2025, the Council held £54.49 million of borrowing and £41.25 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 be aware that, because the 2024/25 accounts have only just been finalised, this forecast relies on financial data from the draft 2024/25 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
Capital financing requirement	83.2	90.3	100.8	106.7
Less: External borrowing *	53.8	52.5	51.9	51.3
Internal borrowing	29.4	37.8	48.9	55.4
Less: Balance sheet resources	-72.1	-78.0	-84.1	-90.3
Treasury investments	42.6	40.1	35.2	34.9

* 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 2026/27 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

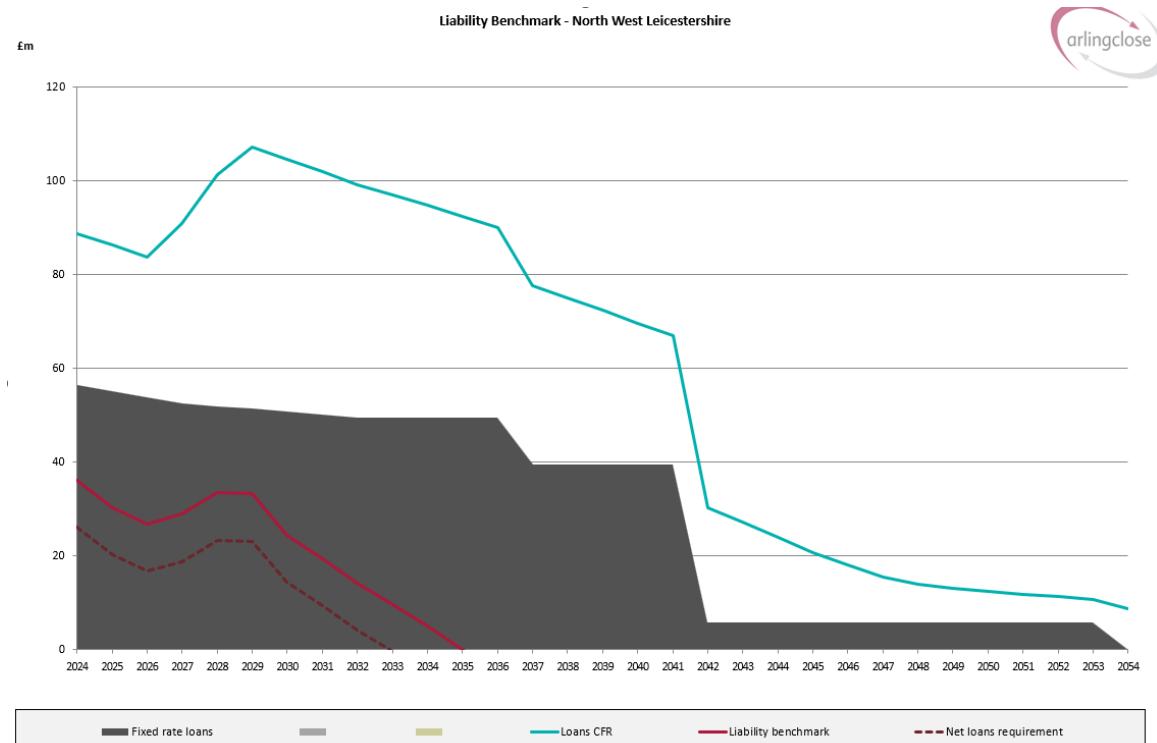
and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

3.6 Please note that the balance sheet resources figures are based on the 2024/25 draft accounts. Therefore, it is subject to change.

Table 2: Prudential Indicator: Liability benchmark

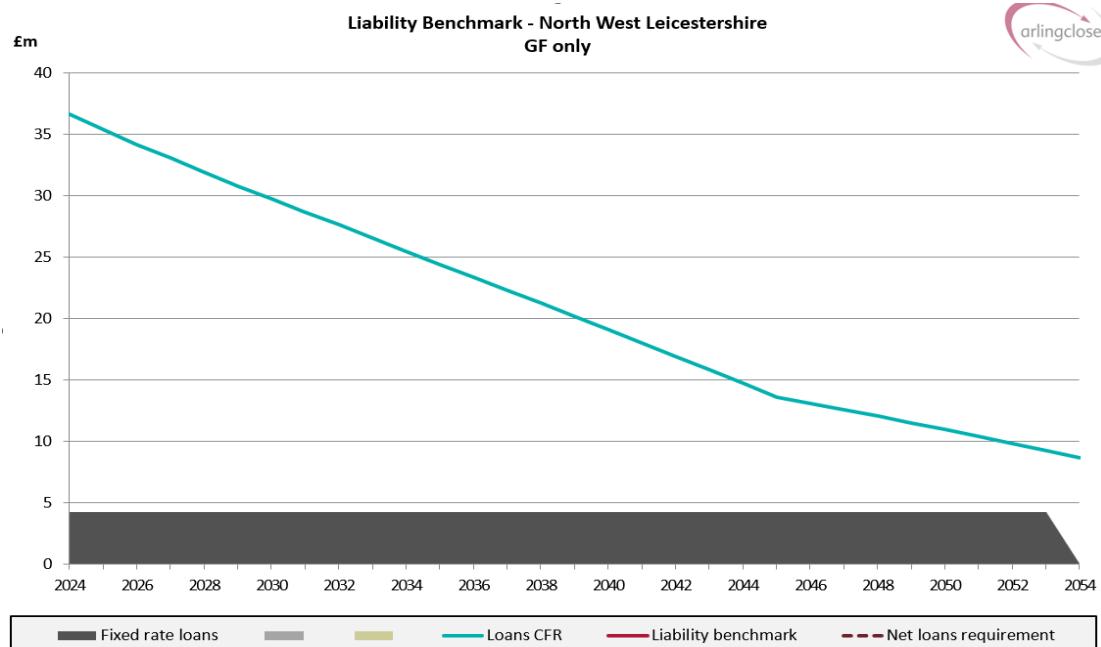
	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Loans CFR	83.2	90.3	100.8	106.7
Less: Balance sheet resources	-72.1	-78.0	-84.1	-90.3
Net loans requirement	11.2	12.3	16.7	16.4
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	21.2	22.3	26.7	26.4

3.7 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. Please note that the graphs below are in part using the draft 2024/25 accounts and may be subject to change:

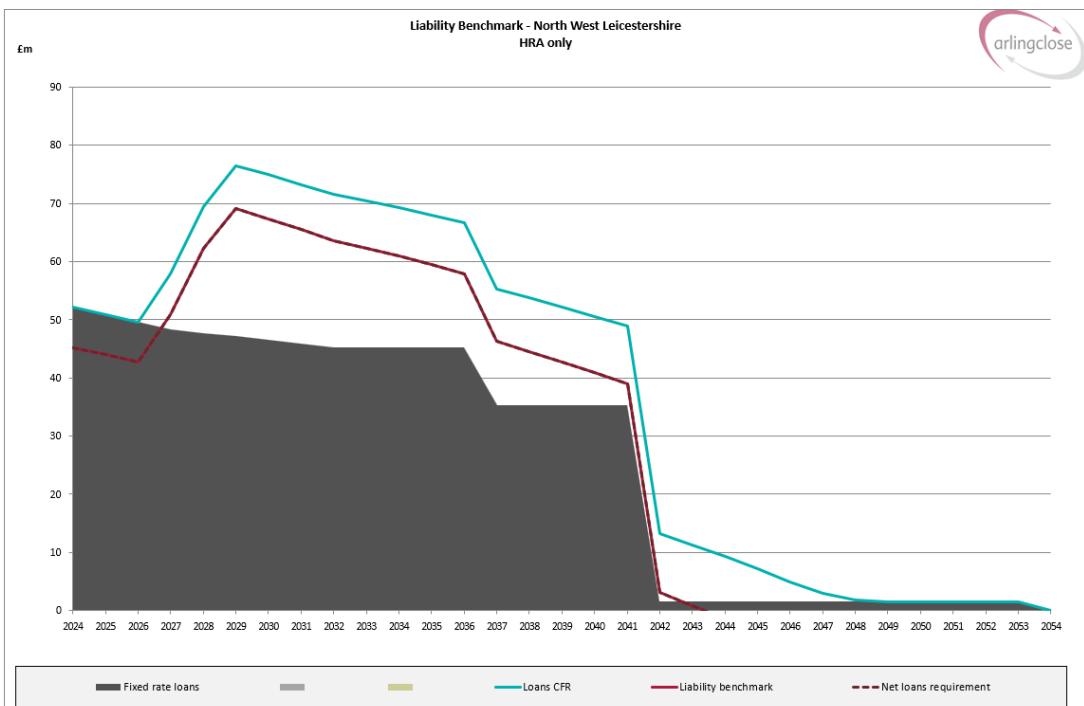


3.8 The above graph demonstrates the Council's overall forecasted borrowing requirement and anticipated underlying need to borrow. It shows that the Council is funding its CFR through a mixture of both internal and external borrowing.

3.9 The following graph shows the Liability Benchmark position for the general fund only. This is subject to change and reflects the forecasted position.



3.10 The following graph shows the Liability Benchmark position for the HRA. This shows that the HRA will likely require borrowing from 2026/27 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 2025, the Council held £54.49 million of borrowing and £41.25 million of treasury investments an increase of £8.75 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 is due to increase by around £7.1 million in 2026/27, this will increase 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 £102.3 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
Operational boundary – borrowing	83.2	90.3	100.8	106.7
	2.0	2.0	2.0	2.0
	85.2	92.3	102.8	108.7
Authorised Limit – borrowing	93.2	100.3	110.8	116.7
	2.0	2.0	2.0	2.0
	95.2	102.3	112.8	118.7

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 have fallen over the past year and are expected to fall a little further 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 2026/27 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 or insurance company 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
- 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 **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.

4.13 **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).

4.14 **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 2025, the Council's treasury investment balance has ranged between £28.95 million and £60 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 Code.

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 † **Time Limits:** These start on the earlier of date that the Authority is committed to make the investment and the date that cash is transferred to the counterparty.

5.12 **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.

- 5.13 **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.
- 5.14 The counterparty limit for loans to local authorities will be increased to an unlimited amount where (a) the government has announced that this authority will merge with the borrowing authority and (b) the loan is scheduled to be repaid after the expected date of the merger.
- 5.15 **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. A higher limit applies for investments fully secured on UK or other government collateral.
- 5.16 **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.
- 5.17 **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.
- 5.18 **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.
- 5.19 **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.
- 5.20 **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.

5.21 **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.

5.22 **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.

5.23 **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.

5.24 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.

5.25 **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.

5.26 **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.

5.27 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.

5.28 **Investment limits:** The Council's revenue reserves available, if required, to cover investment losses are forecast to be £22.6 million on 31 March 2025 and £24.1 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 unsecured 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.

5.29 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.

5.30 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

5.31 **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.

5.32 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
Upper limit on one-year revenue impact per a 1% <u>rise</u> in interest rates	£550,000
Upper limit on one-year revenue impact per a 1% <u>fall</u> in interest rates	£550,000

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 01/04/2026
Under 12 months	0%	70%	37%
12 months and within 24 months	0%	30%	1%
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%	53%
20 years and above	0%	30%	7%
TOTAL			100%

**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 £29.41 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	2026/27	2027/28	2028/29	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 earnt on S106 balances are repaid to the S106 fund. The value of the S106 funds as at 31 December 2025 equals £7.2 million. Reducing the Council's overall interest earnt forecast by an estimated £155,125.

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 2026/27 is £710,867, based on an average investment portfolio of £29.09 million at an interest rate of 3.05%. Deductions largely consisting of S106 Balances will reduce this by £155,125 leaving a total forecasted interest income of £555,742.

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 38% for the general fund totalling £210,867 and 62% for the HRA totalling £344,875.

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 2026/27 is £1.9 million. Of this £0.2 million refers to the General Fund and £1.7 million to the HRA. This is based on an average debt portfolio of £53.79 million at an average interest rate of 3.52%. £49.6 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
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Appendix A

Appendix A – Arlingclose Economic & Interest Rate Forecast – 22 December 2025

Underlying assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggest that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher.

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

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 2025

	31/12/2025 Actual portfolio £m	31/12/2025 Average rate %
External borrowing:		
Public Works Loan Board	50.56	3.28%
LOBO loans from banks	0.0	0.00%
Other loans	3.94	4.74%
Hinckley & Bosworth	0.05	3.14%
Total external borrowing	54.49	3.52%
Treasury investments:		
The UK Government	12.75	3.77%
Local authorities	5.00	4.40%
Banks (unsecured)	0.00	3.90%
Money market funds	18.50	3.90%
Total treasury investments	41.25	3.98%
Net debt	12.54	

Appendix 3

North West Leicestershire District Council

Minimum Revenue Provision Statement 2026/27

1. Annual Minimum Revenue Provision Statement 2026/27

- 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 former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.
- 1.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.
 - 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 on 1 April 2024 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 total charge to revenue remains unaffected by the new standard.
- For capital expenditure loans to third parties, the Authority will make nil MRP unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Authority's view is consistent with the current regulations.
- 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.

- 1.4 Capital expenditure incurred during 2026/27 will not be subject to a MRP charge until 2027/28.
- 1.5 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.

1.6 Based on the Council's latest estimate of its capital financing requirement (CFR) on 31 March 2026, the budget for MRP has been set as follows:

	31.03.2026 Estimated CFR £m	2026/27 Estimated MRP £m
Capital expenditure funded by borrowing before 01.04.2008	7.4	0.3
Capital expenditure funded by borrowing between 01.04.2008 and 31.03.2019	3.9	0.2
Unsupported capital expenditure after 31.03.2019	22.2	0.6
Transferred debt	0.1	0.0
Total General Fund	33.6	1.1
Assets in the Housing Revenue Account	1.5	0.0
HRA subsidy reform payment	48.1	1.5
Total Housing Revenue Account	49.6	1.5
Total	83.3	2.6

Appendix 4

North West Leicestershire District Council

Non-Treasury Investment Strategy 2026/27

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 authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Authority 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 Authority’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 £24.9 million and £42 million during the 2026/27 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 2026/27 for treasury management investments are covered in a separate document, the Treasury Management Strategy Statement 2026/27.

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	31.03.2026 forecast			2026/27
	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
TOTAL	Nil	Nil	Nil	Nil

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	31.03.2026 forecast			2026/27
	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
TOTAL	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil

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.

Table 3: Property held for investment purposes in £ millions

Property	31.3.2024 actual		31.3.2025 actual	
	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Industrial Units	0.49	8.14	0.88	9.02
Whitwick Business Centre	-0.53	0.62	0.03	0.65
Land	0.11	0.46	0.02	0.48
TOTAL	0.07	9.22	0.93	10.15

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. 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. Proportionality

6.1 The Council generates income from investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan.

6.2 The below table outlines the investment income from commercial investments against the net service expenditure. A more appropriate measure would be the gross service expenditure as that figure would not already be adjusted for income and show a truer reflection of the extent to which income from these commercial investments support the Council's overall revenue expenditure. The gross expenditure figures are not currently available for this report. The below uses net service expenditure to give the reader an idea of the overall scale.

Table 4: Proportionality of Investments £'000

	2025/26 Forecast £'000	2026/27 Budget £'000	2027/28 Budget £'000	2028/29 Budget £'000
Investment income	809	211	211	211
Net revenue expenditure	19,044	19,675	19,141	20,098
Proportion	4%	1%	1%	1%

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 2026/27.

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 5: Total investment exposure in £ millions

Total investment exposure	01.01.2026 Actual £m	31.03.2026 Forecast £m	31.03.2027 Forecast £m
Treasury management investments	41.3	27.3	32.1
Commercial investments: Property	10.15	10.15	10.15
TOTAL INVESTMENTS	51.45	37.45	42.25
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	51.45	37.45	42.25

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 5.

Table 6: Investments funded by borrowing in £ millions

Investments funded by borrowing	31.01.2026 Actual £m	31.03.2026 Forecast £m	31.03.2027 Forecast £m
Treasury management investments	4.2	4.2	4.2
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	1.8	1.1	1.0
Total Funded by Borrowing	6.0	5.3	5.2

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 7: Investment rate of return (net of all costs)

Investments net rate of return	2024/25 Actual	2025/26 Forecast	2026/27 Forecast
Treasury management investments	4%	4%	3%
Commercial investments: Property	4%	4%	4%

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 3 FEBRUARY 2026



Title of Report	GENERAL FUND BUDGET AND COUNCIL TAX 2026/27	
Presented by	Cllr Keith Merrie MBE Finance and Corporate Portfolio Holder <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 10px;"> PH Briefed <div style="border: 1px solid black; padding: 2px; border-radius: 5px; text-align: center;"> <input type="checkbox"/> Yes </div> </div>	
Background Papers	Council 20 February 2025: General Fund Budget and Council Tax 2025/26	Public Report: Yes
Financial Implications	This report sets out the General Fund Revenue budget, Capital Programme and the Special Expenses budget for 2026/27 to 2028/29, which are needed for the Council to continue to deliver its services to residents and businesses. This is in line with the local government reorganisation. Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications arising from this report. Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	The report and its appendices set out plans to create new posts and remove vacant posts from the establishment. Signed off by the Head of Paid Service: Yes	
Purpose of Report	For Cabinet to review the General Fund and Council Tax 2026/27 report and recommend to Council for approval and to also approve the 2026/27 Fees and Charges.	
Reason for Decision	Under the Constitution Cabinet is responsible for drawing up budget proposals for consideration by Full Council. Cabinet is also responsible for setting fees, charges and concession policies.	
Recommendations	THAT CABINET: <ol style="list-style-type: none"> 1. ENDORSES THE PROPOSED GENERAL FUND BUDGET AS DETAILED IN THIS REPORT AND ATTACHED APPENDICES AND RECOMMENDS IT TO COUNCIL FOR APPROVAL AT ITS MEETING ON 19 FEBRUARY 2026. 2. APPROVES THE CONTRIBUTION TO A CONTINGENCY BUDGET AS DETAILED IN APPENDIX 1 AND DELEGATES RESPONSIBILITY TO THE CHIEF EXECUTIVE IN CONSULTATION WITH THE STRATEGIC DIRECTOR OF RESOURCES (SECTION 151 OFFICER) AND THE RELEVANT PORTFOLIO HOLDER TO INCUR EXPENDITURE UNDER THAT BUDGET. 	

	<p>3. APPROVES THE FEES AND CHARGES AS SET OUT IN APPENDIX 3.</p> <p>4. DELEGATES AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE FINANCE AND CORPORATE PORTFOLIO HOLDER TO MAKE AMENDMENTS TO THE BUDGET PRIOR TO ITS CONSIDERATION AT COUNCIL ON 19 FEBRUARY 2026 IN RESPONSE TO ANY REQUESTS FROM PORTFOLIO HOLDERS IN RESPECT OF THEIR PORTFOLIO.</p> <p>5. APPROVES THE CREATION OF A £2M LEGACY FUND TO SUPPORT COMMUNITIES WITH CAPITAL AND REVENUE PROJECTS.</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 Delivery 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 significant and inter-related challenges. In broad terms these can be split into three categories: economic, local government, and local issues within North West Leicestershire. Each of these is explored below.

1.2 Economic

- 1.2.1 The most recent Office for Budget Responsibility (OBR) Economic and Fiscal Outlook indicates that the UK economy is expected to experience modest growth over the medium term, with real GDP growth forecast to remain around 1–1.5% per annum across the forecast period. Growth in 2026/27 is expected to remain below the UK's estimated long-term potential rate, reflecting weak productivity growth, subdued business investment and ongoing global economic uncertainty.
- 1.2.2 Inflation has continued to ease from the elevated levels seen in previous years, however the OBR forecasts that price pressures will remain volatile in the near term, with inflation expected to hover close to, but not consistently at, the Bank of England's 2% target during 2026/27. Fiscal measures announced in recent Budgets, alongside continued pressures on energy, housing and labour costs, are expected to limit the pace at which inflation fully stabilises.
- 1.2.3 The latest national data shows that the UK economy has experienced periods of very weak or flat growth, with output per head remaining broadly stagnant. This economic backdrop continues to present challenges for public finances, household incomes and demand for public services, all of which have direct and indirect implications for local government funding and financial resilience.

1.3 Local Government

- 1.3.1 Local authorities in England continue to face severe and sustained financial pressures that significantly affect their ability to deliver statutory and discretionary services. Core funding for local government has reduced substantially in real terms since 2010/11, resulting in long-term structural pressures and reduced financial flexibility across the sector.
- 1.3.2 Demand for key local government services, particularly adult social care, children's services, housing and homelessness, continues to rise. Demographic change, cost inflation, labour market pressures and increasing complexity of need have combined to drive expenditure growth well above general inflation.
- 1.3.3 The Government undertook a wide-ranging consultation on its Fair Funding Review and the reset of business rates over the summer period. The consultation sought views from local authorities and stakeholders on proposals to update the formulae used to allocate funding, with a particular focus on ensuring that needs assessments and funding distribution better reflect current service pressures and local circumstances.
- 1.3.4 Key changes included the introduction of updated needs-based formulas, revised weightings for deprivation and population growth, and a move to simplify and integrate a number of historic grants into the main settlement. Significantly, the business rates reset marked a shift from the previous system, which allowed councils to retain a proportion of any growth in business rates income since the last reset, to a model where accumulated growth is redistributed nationally, effectively 'resetting' councils' baselines.
- 1.3.5 As with any major reform to funding distribution, these changes have produced clear winners and losers across the sector.
- 1.3.6 Some councils have seen their relative funding allocations increase as a result of higher assessed needs or favourable adjustments, while others have lost out due to revised formula factors or the redistribution of business rates growth.
- 1.3.7 For North West Leicestershire, the Council has benefitted from the business rates reset due to its strong historic growth in business rates since the last reset. This is because, under the new system, councils with above-average business rates growth have their higher baseline recognised and partially protected before national redistribution, resulting in a higher share of retained income compared to authorities with lower growth.
- 1.3.8 The Council's proactive approach in supporting local economic development and encouraging business expansion has translated into a tangible financial benefit under the reset arrangements, helping to sustain local services amid continuing funding pressures.
- 1.3.9 It should be noted that the transitional arrangements currently in place are scheduled to end after the 2028/29 financial year. As such, it is prudent for the Council to ensure that a balanced budget is maintained beyond this period. Investing heavily in ongoing or recurring expenditure at this stage would not be appropriate, as it risks creating an unbalanced budget once the transitional support is withdrawn, effectively deferring the financial challenge rather than addressing it.
- 1.3.10 Proposals regarding how the available funding is to be utilised are set out in further detail later in this report, ensuring that financial decisions are made with due consideration to long-term sustainability and the avoidance of future budgetary pressures.
- 1.3.11 Some local authorities continue to face financial stress within the sector has continued to be evidenced using Exceptional Financial Support (EFS) and other forms of short-term intervention by Government. A growing number of authorities, particularly those with social care responsibilities, have required additional flexibility within the financial

framework to remain solvent. This has reinforced concerns that financial risk within local government is no longer isolated, but systemic in nature. In addition, the Government has once again offered exceptional financial support to local authorities for 2026/27. This support is intended to provide councils facing acute financial challenges with access to additional resources or bespoke assistance, helping to maintain essential services and manage budgetary pressures during a period of heightened demand and ongoing economic uncertainty. The continuation of such exceptional measures reflects recognition from central government of the unprecedented pressures impacting the sector and the need for targeted interventions to safeguard critical local services.

1.3.12 The Autumn Budget 2025, announced in October 2025, contained several significant funding announcements for local government in 2026/27, including:

- A projected increase in Core Spending Power (CSP) for local authorities across England of approximately £3.9 billion (around 5.8%) in cash terms compared with 2025/26, assuming typical council tax increases, equivalent to an estimated 3.5% real-terms increase after accounting for inflation.
- As part of the multi-year Local Government Finance Settlement, total Core Spending Power for councils in 2026/27 is expected to rise to around £77.7 billion, an increase of more than £9.2 billion compared with 2024/25.
- Continued integration of grants into the core settlement and reform of the business rates retention and Fair Funding systems will take effect, intended to simplify funding streams and move to a fairer distribution of funding.
- The Autumn Budget reaffirmed flexibilities for council tax referendum rules, maintaining existing principles and supporting council tax income as a key element of Core Spending Power, with additional assumed council tax growth estimated to contribute around £2.4 billion of further revenue in 2026/27 if councils set tax at typical maximum levels.

1.3.13 While additional funding for homelessness and prevention activity is welcome, the continued failure to fully address temporary accommodation subsidy shortfalls and Local Housing Allowance constraints means that councils are likely to continue experiencing significant financial pressures in this area during 2026/27.

1.3.14 The Government's confirmation of a move towards multi-year funding settlements, with 2026/27 anticipated to form part of a longer-term arrangement for local government, is a welcome development. This approach provides greater certainty of funding over the medium term, which is invaluable in supporting the Council as it navigates the transition to local government reorganisation. By enabling improved financial planning and stability, multi-year settlements allow the Council to make more informed decisions regarding service delivery, investment, and resource allocation, thereby strengthening its capacity to manage change and maintain essential services throughout the reorganisation process.

1.4 Local – North West Leicestershire

1.4.1 The Council continues to face significant local financial and operational pressures. Forecasts for 2025/26 indicate that the Council has continued to rely on agency staffing in a limited number of essential roles to ensure continuity of service delivery. This reflects ongoing national labour market challenges within local government, as highlighted by recent Local Government Association (LGA) analysis. The recruitment market is showing signs of improvement, but some pressures remain in planning and specialist finance roles, where competition for suitably qualified staff continues to be strong. Despite these challenges, the Council continues to maintain a robust level of reserves and remains in a more resilient financial position than a number of authorities that have required Exceptional Financial Support.

1.4.2 The move towards a multi-year funding settlement provides the Council with a valuable opportunity to invest in additional capacity where it is most needed, enabling a more strategic approach to resource planning and service delivery. This greater certainty over future funding allows the Council to target investment in key areas, supporting both operational effectiveness and the delivery of essential services without the need for savings or cuts to services.

1.4.3 In addition, the Council has implemented improvements to its recruitment procedures, which are already yielding positive results. These enhancements have supported better recruitment and retention outcomes, strengthening the organisation's ability to attract and retain skilled staff.

1.4.4 Forecasting income, particularly within planning and development services, continues to be challenging due to the inherent volatility in planning application volumes and wider economic conditions. The budget proposals for 2026/27 seek to reflect a more realistic assessment of income generation and cost pressures, including:

- Providing for pay award assumptions
- Adjusting budgets where income targets have proved unachievable
- Continuing targeted investment in corporate and support services to improve recruitment, retention and resilience.

1.4.5 The Council's approach to budget setting for 2026/27 continues to emphasise long-term financial sustainability, reducing reliance on reserves for day-to-day services and strengthening the Medium Term Financial Plan. The Local Government Financial Settlement provides an opportunity for the Council to set a balanced budget in each of the next three years without the need for savings, whilst also maintaining reserves to fund the capital programme and to support economic investment in the district. The Council will retain a healthy and appropriate level of reserves, providing resilience against financial risk and supporting continued service delivery.

1.4.6 The Council's external auditors have previously issued disclaimed opinions on historic financial statements, reflecting national issues within the local government audit system. Importantly, these opinions did not identify significant weaknesses in the Council's arrangements for financial sustainability, and work continues to strengthen financial reporting and governance arrangements.

1.4.7 This work has included enhancements to the core financial system, a move to a new support and maintenance contract for the core financial system, regular reporting on the council's in-year position to the corporate leadership team and members, and monthly meetings of the capital strategy group to oversee capital investment proposals. These initiatives have collectively strengthened the Council's financial oversight and facilitated more informed, timely decision-making, further underpinning the Council's commitment to transparency and effective resource management.

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 2026/27 and MTFP 2026-29
Financial Stability and Sustainability	<ul style="list-style-type: none"> • Plan ahead for potential Government funding changes (including Business Rates Reset) • Do not become overly reliant on Business Rates funding for on-going service provision • Use future surpluses in Business Rates funding for future one off investment to reduce ongoing revenue costs or generate income

Resources Focussed on Priorities	<ul style="list-style-type: none"> Align resources to Council Delivery Plan objectives
Maximising Our Sources of Income	<ul style="list-style-type: none"> Fees and Charges maximised in accordance with the Corporate Charging Policy (increased by inflation)
Managing our Risks	<ul style="list-style-type: none"> Acceptable level of risk tolerance Review of reserves strategy and position

1.6 Budget Assumptions

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

- Pay award - 2026/27 onwards to remain as 3%. This appears prudent given recent pay awards and fluctuations in inflation seen in recent years.
- 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 2026/27
Fuel	5%
Gas	5%
Electricity	5%
Water	5%

- Fees and charges – increased by the CPI as at September 2025. 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).

1.6.2 This approach is sensible in light of recent pay settlements and the volatility in inflation in recent years. In addition, the Council has incorporated a contingency budget within its financial plans to address any unforeseen price rises, including pay awards that may exceed expectations.

2.0 GENERAL FUND BUDGET 2026/27

2.1 General Fund Budget Summary

2.1.1 Appendix 1 shows the general fund budget position for 2025/26 and the budget for approval for 2026/27, as well as indicative budgets for 2027/28 to 2028/29 based on known information such as indicative pay awards.

2.1.2 Table 1 below highlights that in 2026/27 the net revenue expenditure has decreased by £649k compared to 2025/26 and the anticipated funding has increased by £15.2m. However there has been some technical changes for example, the Extended Producer Responsibility Payment was included in funding in 2025/26 and in 2026/27 has been netted off the expenditure within the service.

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

	2025/26 £'000	2026/27 £'000	Movement £'000
Total Funding	(19,074)	(34,293)	(15,219)
Net Revenue Expenditure	19,074	19,674	(600)
Funding (surplus)/deficit	0	(14,618)	(14,618)
Contributions to/(from) reserves	0	14,618	14,618

2.1.3 As outlined in section 1.3 above, the Council has experienced strong business rates growth in recent years, largely due to the business rates reset. This positive outcome has resulted in surplus funding for 2026/27. The surplus of £14m will be split. £2m is being transferred to a new legacy reserve and £12m to the Business Rates Reserve. More information about the legacy reserve can be found below in section 2.6.7. This reserve will support the Council's capital programme and further investment initiatives across the district. The use of these funds ensures the Council can continue to invest in key projects and maintain financial resilience, as well as deliver on its strategic priorities. In addition, the Council is currently in the process of identifying the cost implications of achieving net carbon zero. This cost is expected to be significant and is not yet included within the current capital programme. Any proposals arising from this work will be presented to Council in due course.

2.1.4 Within the Net Revenue Expenditure, there are multiple one-off expenditure proposals and are being met from the Medium-Term Financial Plan (MTFP) reserve and Business Rates Reserve (BRR). These can be identified in Appendix 2. The MTFP reserve was created to maintain financial resilience, allowing it to continue funding important projects while safeguarding its ability to deliver strategic priorities, even in the face of future financial challenges or changes in government funding.

2.1.5 A robust corporate and financial plan is in place to 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. 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 2026/27 to 2028/29 and a summary of the significant budget proposals for 2026/27 are detailed below:

- **Savings Agreed (£1,319k) including:**
 - Reduction in Employer Pension Contribution Rate (Actuarial Review) – (£834k)
Following the latest actuarial review, the employer pension contribution rate has been reduced, generating significant savings without impacting employee benefits or long-term pension fund sustainability.
 - Agency Model for Leisure Contract VAT Treatment – (£50k)
A revised agency model for VAT treatment within the leisure contract will result in efficiency savings, optimising tax arrangements while maintaining service delivery standards.
 - Everyone Active – Utility Benchmarking & NNDR – (£188k)

Benchmarking of utility costs and adjustments to National Non-Domestic Rates (NNDR) within the leisure contract should deliver cost reductions, reflecting improved contract management and energy efficiency measures.

- Land Charges Search Fees – Increased Demand – (£129k)
Higher demand for land charge searches has generated additional income, contributing to overall savings and supporting the Council's financial sustainability.
- **Additional Income £2.57m including:**
 - Extended Producer Responsibility (EPR) Grant – (£2.1m)
The EPR Grant began in 2025/26 and was listed under the 'Funding' section of last year's budget summary, with an estimated value of £1.3 million. For the 2026/27 budget, the grant (£2.1) has been applied to reduce expenses within the Waste Services Budget.
 - Food Waste Roll-Out – DEFRA Funding – (£324k)
As part of the national initiative to improve recycling and reduce landfill, the Department for Environment, Food & Rural Affairs (DEFRA) has provided grant funding to support the implementation of the food waste collection service. This funding contributes towards the costs of new infrastructure, equipment, and communications associated with the roll-out.
 - Summons Income – Revenues – (£90k)
Increased income has been generated through the recovery of costs associated with the issue of summons for non-payment of Council Tax and Business Rates. This reflects both improved collection processes and a higher volume of enforcement activity, ensuring compliance and protecting the Council's revenue base.
- **Reduction in Income £244k including:**
 - Newmarket & Outdoor Market – Reduced Income – £83k
Income from market operations has fallen due to reduced trader occupancy and footfall, influenced by broader retail trends and cost-of-living impacts on discretionary spending.
 - Trade Refuse – Reduced Income – £67k
Commercial waste income has declined as businesses seek cost reductions or adjust service levels in response to economic uncertainty, resulting in fewer contracts and lower tonnage collected.
- **Unavoidable cost pressures £4.8m including:**
 - Food Waste Roll-Out – £600k
The implementation of the new food waste collection service has resulted in an increase in staffing and operational costs to ensure compliance with the statutory requirement and will result in improved recycling performance.
 - Refuse and Recycling – Increased Agency Costs Due to Sickness – £170k
Higher-than-anticipated sickness levels within the waste collection workforce have necessitated the use of agency staff to maintain service continuity. This has led to additional expenditure beyond the original budget provision.
 - Refuse and Recycling – Increased Overtime/Casual Cover Due to Sickness – £147k

In addition to agency costs, overtime and casual cover have been required to ensure scheduled collections are completed on time, particularly during peak periods and to avoid service disruption.

- Refuse and Recycling – Hire of Vehicles Due to Ageing Fleet – £150k
The ageing refuse fleet has experienced increased downtime due to mechanical failures, requiring the short-term hire of vehicles to maintain operational capacity and meet statutory collection obligations.
- Garage/Fleet Services – Increased Parts Costs Due to Ageing Fleet – £175k
The maintenance of older vehicles has led to higher parts and repair costs, reflecting the need to keep essential fleet assets operational until replacement programmes can be delivered.
- Removal of Earmarked Reserve Funding for Environmental and Sustainability Programme Manager - £84k
The Environmental and Sustainability Programme Manager, previously funded from earmarked reserves, now requires ongoing revenue funding to ensure delivery of the Council's climate action commitments and sustainability objectives.
- Local Plan Examination – £85k
Costs associated with the statutory examination of the Local Plan, including inspector fees and legal support, have exceeded initial estimates. This is a critical step in ensuring compliance with national planning requirements.
- Insurance Premium Increase – £297k
Market conditions and sector-wide risk adjustments have resulted in a significant increase in insurance premiums across all policy areas, impacting the Council's core operating costs.
- Transformation Officer (Previously Funded from MTFP) – £52k
The Transformation Officer post, essential for driving organisational change and efficiency programmes, now requires permanent funding following the expiry of Medium-Term Financial Plan allocations.
- IT Licences and Maintenance Adjustments – £80k
Inflationary pressures and contractual renewals have led to increased costs for essential IT licences and system maintenance, ensuring continued compliance and service resilience.
- Local Government Reorganisation – £2m
Preparatory work and transitional arrangements for local government reorganisation have generated significant costs, including programme management, legal advice, and stakeholder engagement, to ensure readiness for structural changes.
- Temporary Accommodation Fund Contingency - £384k
A contingency fund has been created within the Strategic Housing - Homelessness budget, which equates to the government funding. This will be used during the year to offset additional expenses incurred.
- Salaries Adjustments - £376k
Salary budgets have been increased to account for scheduled incremental raises and potential pay awards. Additionally, the vacancy factor has been eliminated in several frontline services because it is no longer feasible.
- **Avoidable cost pressures £460k including:**

- Asset Protection Plans for Closed Churchyards, Parks, Play Areas – £65k
Development and implementation of asset protection plans to ensure the safety, maintenance, and long-term sustainability of closed churchyards, parks, and play areas. This proactive approach mitigates future liabilities and enhances community amenities.
- Two-Year Term to Tackle Fly-Tipping and Litter – £99k
Establishment of a dedicated GRIT (Grime Reduction and Intervention Team) for a two-year period to address persistent issues of fly-tipping and littering. This initiative aims to improve environmental quality, reduce enforcement costs, and enhance public confidence in local services.
- Year-End Support for Accounts Production – £60k
Provision of additional resources to support year-end accounts production, ensuring timely and accurate financial reporting in compliance with statutory requirements and audit standards.

2.3 The Year Ahead by Service Area

2.3.1 Transformation

2.3.1.1 The Council introduced its Transformation Delivery Plan in June 2024 to address significant financial challenges, including a projected funding gap caused by reductions in government funding, rising service demands, inflationary pressures, and the forthcoming reset of business rates in 2026/27. The plan is a strategic response aimed at ensuring long-term financial sustainability, improving service efficiency, and embedding a culture of continuous improvement across the organisation. It focuses on modernising processes, embracing digital innovation, and exploring new delivery models to maintain high-quality services for residents while achieving financial resilience.

2.3.1.2 Since its launch, the Transformation Delivery Plan has delivered substantial progress. Early measures, supported by an initial £0.5 million investment, have reduced the medium-term funding gap by approximately 50 percent. This achievement has lowered the projected shortfall for 2028/29 from over £4 million to around £2 million, providing a strong foundation for future savings and validating the Council's approach to transformation.

2.3.1.3 Work is continuing across a range of projects. Service process improvements are being implemented to streamline operations and deliver efficiencies. Digital transformation remains a priority, with initiatives such as expanding online services and digitising customer interactions to reduce manual processing and improve accessibility. In addition, a revised internet and intranet site is under development to enhance communication and user experience, and document management reviews are underway to improve information governance and operational efficiency. Governance enhancements, including compulsory training and strengthened oversight, are being embedded to support robust decision-making. The Council is also diversifying income streams through initiatives like the NWL Community Lottery, which has already generated significant funds for local causes. Alongside these, new service delivery models and technology-driven solutions are being developed to ensure the Council remains agile and responsive to future challenges.

2.3.1.4 The revised internet and intranet sites will provide a more intuitive and accessible platform for both residents and staff, improving engagement and enabling faster access to information and services. Document management reviews will ensure that records are stored and retrieved efficiently, reducing duplication, improving compliance with data protection requirements, and supporting a more streamlined approach to service delivery. Together, these initiatives will strengthen internal communication, enhance transparency, and contribute to the Council's overall efficiency goals.

2.3.1.5 The Transformation Delivery Plan is structured over short, medium, and long-term horizons. Immediate priorities focus on quick wins and cost reductions, while medium-term objectives include rolling out digital solutions and reimagined service models. Longer-term ambitions aim to embed continuous improvement and secure financial resilience well beyond 2028/29. Progress is monitored through regular performance reviews, ensuring transparency and accountability as the Council works towards closing the funding gap and delivering value for the community.

2.3.2 ICT

2.3.2.1 Hybrid/agile working operating model has meant that the service supports 550 officers, including councillors and remote offices, which is a pressure on ICT services to provide a first-class customer support service for the Council's staff and councillors. There have been staffing issues in 2025/26, resulting in the staffing resources being stretched. Staffing issues have now been resolved and the team starts 2026/27 with a fully resourced dynamic IT team to provide the necessary levels of service to the business.

2.3.2.2 There is a greater focus on IT security and IT audits which 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. Cyber security is an ever-challenging task with new threats and vulnerabilities emerging daily. In 2025/26, ICT officers spent a lot of time in remediating security issues from previous IT health checks. In 2026/27, there will be investment in new endpoint security software to further protect the organisation and renew the Council's Cyber Security accreditation. AI security and threats is another area of focus for 2026/27. The Council will explore how the use of AI tools can support service improvements. For example, for a new Request for Information (RFI) document will be written to support the Customer Service centre telephony platform.

2.3.2.3 There are a large number of ICT systems which require upgrades as the software reaches end of life or end of contract. Work has already been undertaken in 2025/26 to get these systems updated. 2026/27 will be a further year to complete the remaining system upgrades and move to supported platforms and the cloud as part of the IT roadmap and strategy.

2.3.2.4 There are likely to be several projects emerging from the Transformation Programme which will require ICT support, for example artificial intelligence (AI). The idea of centralising IT budgets has been a topic of conversation for several years, with the aim of achieving greater commercial savings. In 2026/27, the Council intends to explore this further, recognising the significant potential to realise efficiencies by bringing together IT budgets from all services into a single, centralised IT function.

2.3.2.5 The service is in the process of reviewing the numerous ICT contracts in services 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. Work has already started in 2025/26, with a renewal of the data centre contract saving £480K over five years. Further contracts are due for renewal this year which should deliver savings.

2.3.3 Finance and Internal Audit

2.3.3.1 The Finance Team has continued to face recruitment and retention challenges, however, this seems to be easing during 2025. Despite these issues, the team successfully completed the Statements of Accounts for 2023/24 and 2024/25 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 back to business as usual with the completion of the Statements of Accounts for 2025/26 in line with statutory requirements, as the Council aims to rebuild assurance in its financial reporting. Additionally, there will be a continued focus on improving the exchequer and financial planning systems and processes.

2.3.3.3 An extra resource was incorporated into the Internal Audit team during 2025/26, resulting in a substantial increase in the annual number of audit days from 315 to 502.

2.3.4 Legal and Support Services

2.3.4.1 Priorities for the Democratic Services Team in 2026/27 will be to conduct the Community Governance Review by December 2026 and to start preparations for the election to the new unitary authority in 2027.

2.3.4.2 The Legal Services Team will continue to undertake external work to bring in income for the Council, along with conducting the annual constitution review and supporting the Council's regeneration projects.

2.3.4.3 The Communications team will deliver its annual campaigns plan to support on corporate projects, including the Council's transformation programme and local government reorganisation.

2.3.5 Organisational Development/ Human Resources

2.3.5.1 In the year ahead, the Human Resources team will focus on addressing recruitment and retention challenges in key parts of the workforce, ensuring the Council remains a place where people want to join and stay. The team will also continue work to reduce sickness absence, supporting a healthier and more productive workforce.

2.3.6 Strategic Housing

2.3.6.1 National demand for Homelessness services continues to increase and this is replicated, to some extent, locally. Although this is likely to mean greater costs to the Council, the Council continues to explore ways to manage demand, through its preventative work; look to reduce unit costs of Temporary Accommodation, through the use of local partnerships; minimise the use of expensive, unsupported Bed and Breakfast accommodation and recoup some of the costs through a charging pilot, which will require customers to contribute towards the costs of their temporary accommodation. It is hoped that this will also be a useful mechanism in managing demand. Some increases in costs, around salaries, are anticipated and further discussion around new government funding formulae will necessitate review from 2026/27 onwards.

2.3.6.2 Historically, funding for temporary accommodation and homelessness was provided to local authorities as ring-fenced grants, ensuring that these resources were dedicated solely to supporting households in need of such services. However, under the revised funding arrangements for local government, these grants have now been incorporated into the broader Revenue Support Grant. Although nominal calculations have been undertaken to estimate the adequacy of the transferred funding, the Council has taken proactive steps to allocate sufficient budget to temporary accommodation, recognising and responding to the increased demand and financial pressures experienced in recent years.

2.3.7 Community Services

- 1.3.7.1 Community Services includes waste collection, recycling and street cleansing, parks and open spaces, health and wellbeing, licencing, port health, environmental health, community safety, community focus, environmental protection and fleet management.
- 1.3.7.2 Plans are in train to roll out in late 2026 a new recycling container scheme in the district with twin bins and food waste caddies which will conform to the government's Simpler Recycling requirements.
- 1.3.7.3 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 new Local Plan. There are associated risks with this complex workstream, including any unanticipated requirement for additional evidential work over and above that currently budgeted for. Resources have also had to be found for external consultants to help manage and support the Local Plan process following the retirement of the Planning Policy and Land Charges Manager in December 2025.
- 2.3.8.2 The new Local Plan needs to be submitted for Examination by December 2026 and in these circumstances the Local Plan Examination can be expected to start in Quarter 1/Quarter 2 in 2027. If the Local Plan is found 'unsound' at Examination, or if it is not possible to submit by December 2026, the Council will need to decide whether to prepare a Local Plan under the Government's new plan-making system. The costs of this are uncertain but can be expected to be substantial.
- 2.3.8.3 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, but increased in the second two quarters of 2024/25, in particular due to the number of major applications received, so that at the end of 2024/25 fee income received was over and above the projected budget. This additional income will be put in reserve to manage workload peaks and troughs and to balance the Planning and Development budget in future years. The latest projections show that the Planning application fee income 2025/26 is on target for the projected fee income budget to be achieved.

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 and businesses that incur a fee. Appendix 3(a) to 3(c) sets out key changes to fees and charges for 2026/27. In the main, the fees and charges have been increased by 3.8% which was the Consumer Prices Index (CPI) as at September 2025. There are a few other charges that have increased more than the inflation amount such as, Electrical Vehicle Charging

charges and car parking charges. A more details breakdown of these charges can be found in Appendix 3.

2.5 Funding

2.5.1 The Provisional Local Government Finance Settlement for 2026/27 has now been released. The information is based on the settlement documentation and local intelligence. There have been significant changes to the funding formula for local authorities and these are set out in section 1.3 above.

2.5.2 The key funding changes for 2026/27 are as follows:

- **New Homes Bonus:** The Council will no longer receive New Homes Bonus funding as a separate grant, as it has now been incorporated into the Revenue Support Grant allocation. Accordingly, no standalone income has been included within the budget or Medium-Term Financial Plan for 2026/27 onwards.
- **Council Tax increased by £249k to £6.5m** – Council Tax income assumptions are based on the approved Council Tax Base and proposed Council Tax increase of 2.75% for 2026/27.
- **Non Domestic Rates (Business Rates) decreased by £5m to £3.7m** – the 2026/27 financial year marks a significant Business Rates reset, primarily driven by a major nationwide revaluation of non-domestic properties, changing rateable values, alongside reforms to the 50% business rates retention system and adjustments to multipliers. In addition to this, the Council's new baseline and tariff funding strips out the growth accumulated from previous years.
- **Minimum Funding Guarantee (MFG)** - This grant has ceased and is no longer included within the funding settlement.
- **Extended Producer Responsibility Grant** – Funding for Extended Producer Responsibility has now been transferred to Waste Services, and a total grant of £2.1 million has been confirmed for 26/27. This is likely to reduce each year in line with sustainability drives.
- **Revenue Support Grant (RSG) increased by £18.7m to £18.8m** – The Council will receive RSG of £18.8m in 2026/27. This is now the only core government grant included within the settlement. The settlement confirms the cessation of a number of previous specific grants, with some funding rolled into RSG, increasing the overall allocation but reducing transparency and certainty around future funding levels.
- **National Insurance Grant** – The specific grant previously provided to partially fund National Insurance increases is no longer paid separately. Government information indicates that this funding has been rolled into the Revenue Support Grant allocation. No separate income line has therefore been included within the budget.
- **95% Income Protection Floor of £4.9m** – Under the provisional Local Government Finance Settlement, the government is introducing transitional protections to limit how far a Council's funding can fall as the new Fair Funding reforms are phased in. The 95% Income Protection Floor is one of these protections, In simple terms, it guarantees that a qualifying local authority will not see its post-reform income fall below 95% of its 2025-26 income baseline.
- **Homelessness, Rough Sleeping and Domestic Abuse Grant - £384k** – In the provisional settlement, the government has consolidated several previous funding streams into a single grant. The new consolidated grant brings together the prevention element of the Homelessness Prevention Grant, Rough Sleeping funding and Domestic Abuse funding.

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 £5.4m as at 31 March 2027.

2.6.2 In addition to this reserve, the Council also has earmarked reserves estimated to be £22.6m as at 31 March 2027, increasing to £45.1m by 31 March 2029 and general balances of £1.5m. A Legacy reserve of £2m is being created in 26/27 from part of the surplus budget with spend forecast to be £1m in 2026/27 and £1m in 2027/28. A summary of these reserves can be found in Table 2 below.

2.6.3 In addition, the Council will build up its reserves over the medium-term to support the funding of the capital programme. This prudent approach will ensure that sufficient resources are available to meet future investment needs whilst maintaining financial stability.

Table 2: Summary of estimated reserves 2026/27 – 2028/29

Reserve Name	Estimated Balance as at 1/4/26 £000	Commitments & Budget Proposals 26/27 £000	Estimated balance as at 31/3/27 £000
Earmarked Reserves - General Fund	4,155	(580)	3,576
MTFP Reserve	7,418	(264)	5,357
Business Rates Reserve	11,341	16	11,357
Legacy Reserve	0	1,000	1,000
General Balance (minimum level of reserves)	1,544	0	1,544
Total Reserves	24,459	172	24,631

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 £7.4m after taking into account the funding of one-off budgets for 2026/27. It will be used to mitigate unbudgeted pressures, pump-priming investment opportunities and the transformation programme, as well as funding the capacity to deliver a medium-term financial plan.

2.6.5 Contributions into the business rates reserve are expected to be net £1m in 2026/27 and £41.6m across the next three years. The spend is mainly to fund the capital programme and also some one-off revenue expenditure. The additional contributions into the reserve are from the surplus budget. This leaves an estimated balance of £35.4m at 31/3/29.

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

2.6.7 As the Council prepares for Local Government Reorganisation, currently scheduled for 2028, there is a clear intent to make the most of the funds presently at our disposal to invest in important community projects across the district. The Council intends for this significant investment to be accessible, ensuring that every area benefits from the opportunities provided. This approach underlines the Council's commitment to supporting local priorities and delivering meaningful outcomes for residents throughout the district, both in the immediate term and as it transitions into the new governance arrangements.

2.6.8 Therefore, the Council's intention is to establish a £2 million Legacy Grant Fund, designed to support projects that the Council may have delivered in the absence of Local Government Reorganisation. The fund will be available for the 2026/27 financial year, with grants ranging from £10,000 to £250,000, and will be open to applications that align with existing Council strategies, such as regeneration, cycling and walking, and broader community enhancement objectives.

2.6.9 The scheme will offer both revenue and capital funding, providing flexibility to support a wide range of initiatives. Robust governance arrangements will be put in place, including the appointment of a Senior Responsible Officer and clear accountability throughout the grant lifecycle. The application process will be accessible and well-publicised, with a strong emphasis on monitoring, evaluation, and value for money in line with government guidance.

2.6.10 Applications will be invited from May 2026, with a potential second call in October 2026 if funds remain. Grants will be processed efficiently, with small grants managed by Community Services and larger grants by the Economic Development Team. Up to £100,000 will be allocated for administration to ensure effective delivery.

2.6.11 The fund will be financed from the Business Rates Reserve. Consideration will be given to including areas subject to special expenses, with appropriate legal and procedural safeguards to ensure compliance and transparency.

2.6.12 A further, more detailed report will be brought back to Cabinet in due course, setting out the full operational details of the scheme, including eligibility, assessment criteria, and governance arrangements.

3.0 CAPITAL PROGRAMME 2026/27 TO 2028/29

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 2026/27 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 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 The Capital Strategy is available within the Capital Strategy, Treasury Strategy and Prudential Indicators report on the same agenda.

3.2.1 2026/27-2028/29 Capital Programme

3.2.2 The proposed General Fund capital programme is outlined in Appendix 4. The three-year programme totals £18.29m and £9.5m for 2026/27. A summary of the higher value schemes for 2026/27 are:

Active Programme

- **Marlborough Centre purchase and renovation:** The Marlborough Centre project commenced in 2021 following the acquisition of the building for conversion and refurbishment. At the time of purchase, the Council relied on an early cost estimate based on the building's known condition and acquisition price. Since then, planning permission for the conversion and refurbishment has been secured, and a contractor has been engaged under a Pre-Construction Services Agreement. Through this process, significantly more detail is now available regarding the scope of works and the constraints that must be managed, including impacts on neighbouring properties, existing tenants, and the need to protect Marlborough Square. Using this updated information, the Council's Cost Consultants and the contractor have developed a revised cost estimate at RIBA Stage 4. This latest estimate indicates that the likely cost to complete the project will be approximately £2.4 million higher than originally anticipated.

The key reasons for this increase are:

- Additional works identified following detailed inspections and surveys undertaken post-purchase.
- Compensation payments required for tenants unable to trade during periods of conversion and refurbishment.
- Construction cost inflation between 2021 and 2026.
- **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.
- **Laptop replacements:** To maintain operational efficiency and security, outdated laptops that no longer meet performance standards or software requirements will be replaced. This ensures staff have reliable, secure devices to deliver services effectively and reduces the risk of system failures.
- **Refuse bins:** Investment in new household waste bins is essential to support waste collection services. Many existing bins are damaged or at end-of-life, impacting service quality and compliance with health and safety standards. Replacements will improve durability and maintain cleanliness across the community.
- **Property portfolio backlog maintenance:** This project addresses essential maintenance across the Council's property portfolio, tackling overdue repairs and compliance issues. Proactive investment will prevent further deterioration, reduce long-term costs, and ensure buildings remain safe, functional, and fit for purpose.

Development Pool (require further Cabinet approval)

- **Coalville Regeneration Framework:** to deliver projects set out in the Coalville regeneration framework document which is one of 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.
- **Stenson Square:** This is a £2m investment across two years 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. The first year investment was included in the 2025/26 Capital Programme.

- **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. The first year investment was included in the 2025/26 Capital Programme. This project is unlikely to commence until 2026/27.
-

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

Funding Sources	Total £ '000
Grants / Contributions	4,763
Revenue Contributions	325
Business Rates Reserve	13,200
Total	18,287

4.0 SPECIAL EXPENSES 2026/27

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 three-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 2026/27 Budget Setting

4.5.1 A budget requirement covering the period 2026/27 to 2028/29 has been produced for each special expense area and is available at Appendix 6. Also included in Appendix 6, is the movement from the 2025/26 to 2026/27 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 2026/27

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, all special expense accounts have sufficient balances forecast for 2026/27.

4.6.2 For Whitwick, the deficit has arisen due to a reduction in previous years burial fee income. The proposal is to increase the precept over the next two years along with a review of the Planned and Preventative Maintenance (PPM) to enable the recovery of the deficit.

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

Special Expense Area	Council Tax Band D 2025/26	Increase/ (Decrease)	Council Tax Band D 2025/26
Coalville	81.20	1.62	82.82
Coleorton	2.88	(0.58)	2.30
Hugglescote/Donington-le-Heath	9.93	1.99	11.92
Oakthorpe, Donisthorpe and Acresford	12.20	(1.22)	10.98
Ravenstone with Snibston	1.04	(0.21)	0.83
Whitwick	8.41	4.21	12.62

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 2026/27 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	<p>The 2025/26 budget includes investments in areas that previously had overspending. Additionally, extra resources have been allocated to departments experiencing increased demand.</p> <p>The ongoing and unavoidable pressures, alongside potential reductions in reserve levels, have been factored into budget plans for 2026/27 and the medium term.</p> <p>The Provisional Local Government Finance Settlement provides a multi-year settlement which will ensure that the Council sets a</p>

Area	Y/N	Comments
		balanced budget over the medium term and is in a position to build its reserves to ensure investment in the capital programme without the need to borrow.
Are arrangements for monitoring and reporting performance against the savings plans robust?	Y	<p>Prior to the 2024/25 financial year, the Council had not been required to make significant savings to maintain its financial position.</p> <p>To support closing the anticipated 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>In addition, there are a range of budget options proposed for the General Fund Budget 2026/27. Delivery of savings/efficiencies will be monitored throughout the financial year and reported to the Corporate Leadership Team and Portfolio Holders 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.</p> <p>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 Cabinet Members.</p>
The reasonableness of the underlying budget assumptions	Y	<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. There have also been several budget workshops with Cabinet Members.</p> <p>External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.</p>
The alignment of resources with the Council's service and organisational priorities	Y	<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. The Council is</p>

Area	Y/N	Comments
		aware of the investment required over this period.
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 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> <p>The Provisional Local Government Finance Settlement provides an opportunity for the Council to build reserves to support the capital programme and one-off investment.</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.</p> <p>Where income targets have been deemed unrealistic, these have been addressed as part of the 2026/27 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	<p>The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.</p> <p>The Government's provisional finance settlement enables the Council to set a balanced budget without requiring any additional savings. However, it should be noted that there is likely to be a significant financial challenge, or 'cliff edge', following the end of the current settlement period in 2028/29.</p>

Area	Y/N	Comments
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.
Is there a reasonable contingency available to cover the financial risks faced by the Council?	Y	<p>The Council has incorporated estimates for pay awards, 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>It is prudent to create a contingency budget to meet unforeseen demand pressures and to support a balanced in-year budget position</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?	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?	Y	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Enhancements to the system have been made, however, the Finance Teams are still catching up on delays caused by the system implementation. A move to a new supplier for support and maintenance of Unit4 provides an opportunity to enhance the reporting arrangements.</p> <p>Training for all budget holders in the use of Unit4 is in progress.</p> <p>A review of the Financial Procedures Rules has been undertaken.</p>
Have the previous years Accounts been signed off by external audit to verify balances?	N	The Council's position in respect of its completion of the Statement of Accounts has been reported to the Audit and Governance Committee. The Statement of Accounts 2023/24 and 2024/25 were published in August 2025 and January 2026 respectively ensuring compliance with the backstop dates.
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.

6.0 CONSULTATION

6.1 Consultation with Members

6.1.1 The Corporate Scrutiny Committee considered the HRA fund budget at the meeting on the 22 January 2026. THIS SECTION WILL BE UPDATED AFTER THE SCRUTINY MEETING

6.2 Public Consultation

6.2.1 As part of the budget consultation, the Council launched an online survey from 14 January 2026 to the 1 February 2026 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.

7.0 CONCLUSIONS

7.1 Based on the assumptions made in the Budget 2026/27 and MTFP 2026-29 for income and expenditure, the Council can set a balanced proposed budget for 2026/27.

Policies and other considerations, as appropriate	
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 £7.1m to investing in Coalville Regeneration Projects over three years.
Environment and Climate Change:	The Council is currently in the process of identifying the cost implications of achieving net carbon zero. This cost is expected to be significant and is not yet included within the current capital programme. Any proposals arising from this work will be presented to Council in due course.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 22 January 2026 Public consultation ran from 14 January to 1 February 2026 Parish and town councils, trade unions and the Federation of Small Businesses - 14 January to 1 February 2026.
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.
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Appendix 1

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL GENERAL FUND SUMMARY BUDGET 2026/27

2025/26 Budget £	Service	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £
201,490	Chief Executive	228,200	234,530	241,050
756,780	Human Resources	778,040	796,960	813,710
1,866,830	Legal & Support Services	2,002,820	2,050,500	2,118,590
2,825,100		3,009,060	3,081,990	3,173,350
137,970	Strategic Director of Place	150,210	154,520	158,950
1,264,315	Property & Economic Regeneration	1,918,460	1,962,355	2,021,675
1,099,730	Planning	1,024,710	1,097,256	1,163,906
(4,600)	Joint Strategic Planning	(3,130)	(2,800)	(2,450)
2,497,415		3,090,249	3,211,330	3,342,080
110,990	Director of Communities	122,560	125,840	129,220
5,792,340	Community Services	5,310,300	6,617,340	6,992,710
540,188	Strategic Housing	983,393	1,059,855	1,167,450
6,443,517		6,416,253	7,803,035	8,289,379
237,130	Strategic Director of Resources	319,690	327,480	335,510
130,030	Internal Audit	148,640	209,100	214,720
1,011,180	Customer Services	1,101,200	1,131,310	1,160,800
1,110,460	Finance	1,190,270	1,364,070	1,498,410
1,211,620	Revenues & Benefits	1,232,700	1,277,950	1,301,460
1,252,280	ICT	1,471,080	1,521,890	1,539,930
0	Business Change	55,260	56,890	58,570
4,952,700		5,518,840	5,888,690	6,109,400
116,120	Non Distributed - Revenue Expenditure on Surplus Assets	120,060	121,080	121,080
71,330	Non Distributed - Retirement Benefits	72,710	74,120	74,120
108,500	Corporate & Democratic Core	109,810	109,810	109,810
1,656,601	Pay Award, Employers NI and Utilities Contingency	102,350	157,100	214,410
478,573	Contingency	500,000	0	0
0	Local Government Reorganisation	2,000,000	0	0
19,149,856		20,939,332	20,447,155	21,433,630
(1,713,876)	Net Recharges from General Fund	(2,441,030)	(2,441,030)	(2,441,030)
17,435,980		18,498,302	18,006,125	18,992,600
	CORPORATE ITEMS AND FINANCING			
	Corporate Income and Expenditure			
1,788,070	Net Financing Costs	1,387,167	1,345,843	1,316,063
(150,360)	Investment Income	(210,867)	(210,867)	(210,867)
19,073,690		19,674,602	19,141,101	20,097,796
0	Contribution to/(from) Balances/Reserves	14,618,443	15,044,124	13,970,797
19,073,690		34,293,046	34,185,225	34,068,593
(0)		0	0	0
	MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)			
	ANTICIPATED BASELINE FUNDING GAP			

2025/26 Budget £	Service	2026/27 Indicative £	2027/28 Indicative £	2028/29 Indicative £
	Financed By			
(679,330)	New Homes Bonus	0	0	0
0	Council Tax - Previous year's Surplus/(Deficit)	0	0	0
(6,268,350)	Council Tax	(6,508,273)	(6,757,778)	(7,016,084)
(8,673,560)	Non Domestic Rates	(3,674,652)	(3,758,942)	(3,834,773)
(1,577,320)	Minimum Funding Guarantee	0	0	0
(1,574,000)	Extended Producer Responsibility	0	0	0
(131,200)	Revenue Support Grant	(18,819,370)	(11,601,137)	(4,204,755)
(169,930)	National Insurance Grant	0	0	0
0	95% Income Protection Floor	(4,894,878)	(11,613,083)	(18,469,692)
0	Homelessness, Rough Sleeping and Domestic Abuse	(383,933)	(442,345)	(531,349)
0	Recovery Grant	(11,940)	(11,940)	(11,940)
(19,073,690)		TOTAL FUNDING AVAILABLE	(34,293,046)	(34,185,225)

		2026/27	2027/28	2028/29	Funding Source (if Reserves)
Revised Budget		18,724,013	19,553,532	20,056,106	
Savings					
Reduction in the Employers Contribution Pension Rate following the actuarial review	All	- 834,499	- 834,499	- 834,499	
Agency model potential for leisure contract re HMRC VAT treatment	Community Services	- 50,000	- 100,000	- 100,000	
Housing keeping savings from vacant post within Community Services	Community Services	- 28,680	- 28,680	- 28,680	
Staff Savings from Waste Service Review.	Community Services	- - 115,990	- 238,410		
Equipment & Service contracts no longer required	Community Services	- -	- 9,000		
Recycling bags (no longer required)	Community Services	- 3,000	- 24,000	- 30,000	
Air Quality Monitoring Equipment	Community Services	- 5,000	- 15,000	- 15,000	
Inflation on car park fees (10% on 25/26 budget)	Community Services	- 18,000	- 18,000	- 18,000	
Everyone Active - utility benchmarking and business rates	Community Services	- 188,000	- 185,000	- 182,000	
Vehicle & Fleet Maintenance - reduced gas/swap to bio LPG	Community Services	- 11,000	- 11,000	- 11,000	
Trade refuse - reduced disposal costs	Community Services	- 32,000	- 32,000	- 32,000	
Removal of the Professional Fees budget in Planning and Policy Teams	Place	- 20,000	- 20,000	- 20,000	
Land Charges Search Fees - increase in demand for service with more houses expected to be build	Place	- 129,000	- 129,000	- 129,000	
Previous budget request for Microsoft licences in 27/28 no longer required	Resources	- -	10,000	- 10,000	
Total Savings		- 1,319,179	- 1,523,169	- 1,657,589	
					
Additional Income					
Extended Producer Responsibility	Community Services	- 2,094,900	- 1,675,920	- 1,256,940	
Charnwood Burial contract increase in income due to full cost recovery.	Community Services	- 24,150	- 24,150	- 24,150	
On-street enforcement (increase in income - fully reimbursed by LCC)	Community Services	- 20,880	- 20,880	- 20,880	
Food Waste Roll Out - DEFRA Funding	Community Services	- 324,490	- -	- -	
Summons Income - Revenues	Resources	- 90,000	- 90,000	- 90,000	
Internal Audit - additional income from Charnwood and Blaby	Resources	- 7,010	- 9,650	- 16,620	
Joint Strategic Planning - additional income from partners	Place	- 7,360	- 8,290	- 9,280	
Total Additional Income		- 2,568,790	- 1,828,890	- 1,417,870	
					
Reduction in Income					
Everyone Active - contract income	Community Services	49,240	59,520	74,010	
Coalville Car Parks -2hrs free in Coalville	Community Services	21,000	21,000	21,000	
Newmarket & Outdoor market - reduced income budget	Community Services	83,000	83,030	83,030	
Trade refuse -reduced income	Community Services	67,000	67,000	67,000	
Reduced income - Loss of contract for sweeping at Bardon	Community Services	17,000	17,000	17,000	
Reduced Housing Benefit Admin Grant	Resources	6,410	6,410	6,410	
Total Reduction in Income		243,650	253,960	268,450	
					
Unavoidable Cost Pressures					
Moving the Council's democratic services system (ModGov) from maintaining on premise to the cloud	Chief Executives	5,550			
Food waste roll out - implementing the Government's food waste initiative. This is the revenue costs, but there are also associated capital costs	Community Services	599,880	840,650	840,650	
Tacho technology for O license compliance and driver fobs	Community Services	20,000	20,000	20,000	

		2026/27	2027/28	2028/29	Funding Source (if Reserves)
Blaby District Council - Revenue contribution for administering Disabled Facilities Grant's	Community Services	27,440	27,440	27,440	
Refuse & Recycling - increased agency due to sickness	Community Services	170,000	170,000	85,000	
Refuse & Recycling - increased overtime/casual cover due to sickness	Community Services	147,000	147,000	73,000	
Refuse & Recycling - hire of vehicles. Increase due to ageing fleet and purchase of new vehicles delayed	Community Services	150,000	50,000	50,000	
Garage/Fleet services - purchase of parts, increase due to ageing fleet and increased repairs and maintenance	Community Services	175,000	88,000	-	Business Rates Reserve
Removal of Earmarked Reserve which currently funds Environmental and Sustainability Programme Manager post and working budget. This ensures ongoing funding for the post in future years	Community Services	83,980	83,980	83,980	
Increase in electricity budget to cover costs of Electrical Vehicle Charging in car parking	Community Services	35,000	35,000	35,000	
CCTV contract due for retender during 26/27, expected increase in cost	Community Services	8,000	8,000	8,000	
Net adjustment from deletion of old budgets for Port Health exp & income and increased income from full cost recovery	Community Services	28,910	28,910	28,910	
Increase in pest control contract charges	Community Services	9,000	9,000	9,000	
Refuse & Recycling - Increase in repairs & maintenance of equipment due to age	Community Services	11,000	11,000	-	
Local Plan Examination	Place	85,000	-	-	Business Rates Reserve
Electricity - Electric Vehicle Charge Point Feeder Pillar Whitwick Business Centre	Place	17,000	17,000	17,000	
Cash Receipting System - increase in licence fees	Resources	-	-	-	
Insurance - increase in premium	Resources	297,240	441,340	606,840	
Transformation Officer (previously funded from MTFP)	Resources	52,030	52,030	52,030	
Internal Audit Staffing - 2 year funded post made permanent	Resources	-	53,190	53,190	
Access PaySuite Licence Fees - inflationary increases	Resources	11,500	12,500	13,500	
IT Licences - to bring budget in line with forecasted costs	Resources	33,940	33,940	33,940	
IT Maintenance - to bring budget in line with forecasted costs	Resources	28,290	28,290	28,290	
Ilken licences for Legal - already purchased in 25/26	Resources	6,120	6,120	6,120	
Local Government Reorganisation	Corporate	2,000,000	-	-	
Contingency for increased cost of temporary accommodation (Funded by Grant Income)	Community Services	383,933	442,345	531,349	
Removal of vacancy factor against some services	All	196,120	196,120	196,120	
Salaries - Pay Award, increments	All	179,596	373,997	587,437	
Total Unavoidable Cost Pressure		4,761,529	3,175,852	3,386,796	
Avoidable Cost Pressure					
Flex Collect; trial continuation funded by Extended Producer Responsibility Fund	Community Services	40,180	-	-	
Asset protection plans for closed churchyards, CV park depot, sports pavilions, play areas	Community Services	65,230	87,640	40,950	
Public Conveniences - redecoration at CV & Ashby and new flooring at CV	Community Services	7,000	-	-	
Love Your Neighbourhood	Community Services	10,000	10,000	-	Business Rates Reserve
Two staff and a caged vehicle for a two year term to tackle litter fly tips and sweeping	Community Services	99,250	98,250	-	Business Rates Reserve
HRA Procurement Officer - reduction in recharge - original figure net of est recharges	Resources	27,440	27,440	27,440	
Replacement of Touchpoint contact centre	Resources	-	18,000	18,000	
Sophos XDR is an Extended Detection and Response	Resources	37,000	37,000	37,000	
Microsoft CoPilot Licences - roll out	Resources	22,950	38,250	38,250	
Phase 3 Development of Unit 4	Resources	50,000	50,000		Medium term Financial Plan
Year-end support for the production of the 25/26 and 26/27 accounts.	Resources	60,000	60,000		
ICT Service Desk Analyst - fixed term post to permanent	Resources	40,740	40,740	40,740	
Total Avoidable Pressure		459,790	467,320	202,380	
Other					
Contingency		500,000	-	-	
Below £5k changes		59,926	59,922	59,913	

		2026/27	2027/28	2028/29	Funding Source (if Reserves)
Housekeeping		- 270	- 270	- 270	
Recharges increase (within Net Cost of Services, e.g. Grounds Maintenance, Insurance, printing etc)		- 158,130	- 158,130	- 158,130	
Recharges increase (Service Management)		- 195,844	- 195,844	- 195,844	
Financing Costs		- 352,331	- 356,424	- 385,638	
Investment Income		- 60,507	- 60,507	- 60,507	
Total Other		- 207,156	- 711,253	- 740,476	
Proposals Funded from Reserves					
Medium Term Financial Plan		- 50,000	- 50,000	-	
Business Rates Reserve		- 369,250	- 196,250	-	
Total Proposals Funded from Reserves		- 419,250	- 246,250	-	
Transfer to Reserves					
Capacity Reserve		500,000	500,000	500,000	
Legacy Reserve		2,000,000	-	-	
Business Rates Reserve		12,118,443	14,544,124	13,470,797	
Total Transfer to Reserve		14,618,443	15,044,124	13,970,797	
BUDGET REQUIREMENT		34,293,050	34,185,226	34,068,594	
FUNDING					
					
Total Funding as per Council 20/02/25		18,175,000	17,410,300	16,690,820	
Council Tax		- 11,147	- 22,762	- 36,036	
Non Domestic Rates		- 6,617,668	- 5,804,128	- 4,986,707	
Extended Producer Responsibility		- 1,259,000	- 1,007,000	- 806,000	
Revenue Support Grant		18,715,114	11,541,447	4,193,535	
Homelessness, Rough Sleeping and Domestic Abuse		383,933	442,345	531,349	
95% income protection floor		4,894,878	11,613,083	18,469,692	
Recovery Grant		11,940	11,940	11,940	
TOTAL FUNDING		34,293,050	34,185,226	34,068,594	

North West Leicestershire District Council
Proposed Fees & Charges 2026/27 - Place Directorate

Service	Fee/Charge	Charging Policy	2025/26 Fees	2026/27 Proposed Fees	Percentage Change in	
					Fees	Basis for Change
Property Services	Rent of Commercial Property	Rent agreement	No change	No change	n/a	Where new lease negotiated.
Property Services	Maintenance Charge for Commercial Property	% of rent	Various	Various	n/a	Where new lease negotiated.
Property Services	Service Charges for Commercial Property	Actual cost	No change	No change	n/a	Based on actual costs
Property Services	Electrical Vehicle	Profit Generating	70p kwh	80p kwh	14.0%	Free parking in EV spaces but increase by 10p per kwh
Property Services	New Market	Subsidised	Fees vary from £17.50 to £60	Fees vary from £17.50 to £60	0.0%	No increase
Property Services	Car Parking	Full Cost Recovery	Fees vary from £0.65 to £38	Fees vary from £0.70 to £41.80	10.0%	proposal to increase parking fees by 10% and first 2 hrs free parking in Coalville
Property Services	Public Conveniences - Ashby & Coalville	Subsidised	flat rate of £0.30p	flat rate of £0.30p	0.0%	No increase
Property Services (Leisure Services - Special Expenses)	Burial fees	Full Cost Recovery	Fees vary from £80 to £2,279	Fees vary from £83 to £1,778	17.0%	Removal of triple fees and increase other fees as part of benchmarking exercise
Property Services (Leisure Services - Special Expenses)	Monument and other Cemetery Charges	Full Cost Recovery	Fees vary from £25 to £2,110	Fees vary from £26 to £2,190	3.8%	September CPI
Planning	Copy Planning/ Planning App Documents		No change	No change	0.0%	
Planning	Search fees CON29		No change	No change	0.0%	
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

North West Leicestershire District Council
Proposed Fees & Charges 2026/27 - Communities Directorate

Service	Fee/Charge	Charging Policy	2025/26 Fees	2026/27 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	£26 For 1-3 items, £6.40 for each additional item	3.8%	September CPI
Waste Services	POP's Collections	Full Cost Recovery	£38.00 For 1-3 items, £7.90 for each additional item up to a maximum of 6 items	£39.50 For 1-3 items, £8.20 for each additional item up to a maximum of 6 items	3.8%	September CPI
Waste Services	Trade Refuse	Full Cost Recovery	between £10.20 to £21.60 for 240l, 360l, 1100l bins (per bin per collection)	between £10.60 to £22.40 for 240l, 360l, 1100l bins (per bin per collection)	3.8%	September CPI
Waste Services	Trade Sacks	Full Cost Recovery	£3.50 per sack (min 50 sacks)	£3.60 per sack (min 50 sacks)	3.8%	September CPI
Waste Services	Trade Recycling	Full Cost Recovery	between £4.40 to £7.40 for 240l, 360l, 1100l bins (per bin per collection)	between £4.60 to £7.70 for 240l, 360l, 1100l bins (per bin per collection)	3.8%	September CPI
Waste Services	Additional Garden Waste bin collection	Subsidised/Full Cost Recovery	£58.00	£60.00	3.8%	September CPI
Waste Services	Emptying of litter bins	Full Cost Recovery	between £3.90 to £6.90 (per bin per wk)	between £4.00 to £7.10 (per bin per wk)	3.8%	September CPI
Waste Services	MOT's - Staff vehicles	Subsidised	£41.00	£43.00	3.8%	September CPI
Waste Services	Air Con Service - Staff vehicles	Full Cost Recovery	£44.00	£46.00	3.8%	September CPI
Leisure Services	Football pitch fees	Subsidised	Per match: Junior £36, Adult £61. Per season: Junior £340, Adult £612	Per match: Junior £37, Adult £63. Per season: Junior £353, Adult £635	3.8%	September CPI
Leisure Services	3G Pitch fees (Hermitage Rec Grd)	Subsidised/Full Cost Recovery	Between £35 to £86 depending on pitch size and Adult/Junior	Between £36 to £107.80 depending on pitch size and Adult/Junior	various	amendments to inherited charging policy with fees to increase over 5 years based on benchmarking
Environmental Protection	Private Sector Housing	Full Cost Recovery	From £115 to £517	From £119 to £537	3.8%	September CPI
Environmental Protection	Environmental Regulation of Industrial Plant	Full Cost Recovery	From £47 to £3,363	From £47 to £3,363	0.0%	Statutory fees
Environmental Protection	Scrap Metal Dealers - Licenses	Full Cost Recovery	Fees vary from £42 to £602	Fees vary from £44 to £625	3.8%	September CPI
Environmental Protection	High Hedges	Full Cost Recovery	£602.00	£625.00	3.8%	September CPI
Environmental Protection	Noise surveys	Full Cost Recovery	£491.00	£510.00	3.8%	September CPI
Environmental Protection	Caravans/Mobile Homes	Full Cost Recovery	Fees vary from £86 to £448	Fees vary from £89 to £465	3.8%	September CPI
Environmental Health	Licensing	Subsidised/Full Cost Recovery	Fees vary between £3.30 and £64,000	Fees vary between £3.40 and £64,000	3.8%	September CPI, excluding statutory fees which remain unchanged
Environmental Health	Health and Food Safety	Full Cost Recovery	Fees vary between £5.40 and £175	Fees vary between £5.60 and £200	3.8% & 14%	Majority increased by September CPI, minority increased by 14% to ensure full cost recovery
Environmental Health	Border Inspection Post	Full Cost Recovery	Fees vary between £10 and £122	Fees vary between £10 and £127	3.8%	September CPI
Environmental Health	Pest Control	Subsidised/Full Cost Recovery	Fees vary between £20.10 and £224	Fees vary between £20.90 and £233	3.8%	September CPI
GF Housing	Caravan Site Rental	Rental Agreement	£44.13 from April 2025 on anniversary of individual rental agreement	£45.81 from April 2026 on anniversary of individual rental agreement	3.8%	September CPI
GF Housing	Lifelines for Private Customers - Basic	Contract	£5.19 pw	£5.19 pw	0.0%	No Increase

Service	Fee/Charge	Charging Policy	2025/26 Fees	2026/27 Proposed Fees	Percentage Change in Fees	Basis for Change
GF Housing	Lifelines Private Customers - Enhanced	Contract	£7.81 pw	£7.81 pw	0.0%	No Increase
GF Housing	Lifelines for Registered Providers - Basic	Contract	£2.37 to £4.14 pw	£2.37 to £4.14 pw	0.0%	No Increase

North West Leicestershire District Council
Proposed Fees & Charges 2026/27 - Resources & Chief Executive Directorates

Service	Fee/Charge	Charging Policy	2025/26 Fees		2026/27 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	Data - per 1000 electors or part thereof £1.50 + handling fee £20 Printed copy per 1000 electors or part thereof £5 + handling fee £10			0.0%	Statutory - no change
Democratic Services	Address Management		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 £33.00 per flat.	Renaming existing Property £49.00. Naming/numbering existing property £49.00. Naming/numbering a development of up to 5 plots £49.00 per plot. Naming/numbering a development of more than 5 plots £245.00 + £26.00 for each plot from 6 onwards. Naming a street £184. Change to development after notification: Admin £64.00 plus £33.00 per plot Street re-naming at residents request £322 plus all compensation met by applicant Confirmation of postal address details £33.00 Number a new flat complex £33.00 per flat.			3.8%	September CPI
ICT	Print Room Sales	Cost plus 25%	Mono 7p + paper and finishing Colour 8p + paper and finishing +25% for external customers	Mono 7.3p + paper and finishing Colour 8.3p + paper and finishing +25% for external customers			3.8%	September CPI
Finance - Insurance	External charges (Insurance)	Cost	Cost	Cost			Various	As per cost
Revs & Bens	Council Tax Summons/Liability Orders	Cost	£70.50	£70.50			0.0%	No Change
Revs & Bens	NNDR Summons/Liability Orders	Cost	£90.00	£90.00			0.0%	No Change

Project	2026/27 For Approval	2027/28 Indicative Budget	2028/29 Indicative Budget	Total	Funding									
					Grant	Capital Receipt	Revenue	Business Rates Reserve	EMR	Total				
ACTIVE PROGRAMME														
Coalville Regeneration Projects														
Marlborough Centre Purchase and Renovation	2,400,000	2,400,000	-	4,800,000				4,800,000		4,800,000				
Capitalisation of Salaries	500,000	500,000	500,000	1,500,000				1,500,000		1,500,000				
Total Coalville Regeneration Projects	2,900,000	2,900,000	500,000	6,300,000	-	-	-	6,300,000	-	6,300,000				
Systems/ICT Systems														
Laptop Replacement	55,000	89,000	40,000	184,000				184,000		184,000				
Total Systems/ICT Systems	55,000	89,000	40,000	184,000	-	-	-	184,000	-	184,000				
Vehicles, Plant and Equipment														
Refuse Bins and Recycling Containers (Annual Programme)	200,000	202,000	228,720	630,720				630,720		630,720				
Tacho technology and driver fobs	29,000			29,000				29,000		29,000				
Total Vehicles, Plant and Equipment	229,000	202,000	228,720	659,720	-	-	-	659,720	-	659,720				
→														
New Construction or Renovation														
Portfolio Backlog Maintenance	600,000	600,000		1,200,000				1,200,000		1,200,000				
Total New Construction or Renovation	600,000	600,000	-	1,200,000	-	-	-	1,200,000	-	1,200,000				
TOTAL ACTIVE PROGRAMME	3,784,000	3,791,000	768,720	8,343,720	-	-	-	8,343,720	-	8,343,720				
DEVELOPMENT POOL														
Coalville Regeneration Projects														
Coalville Regeneration Framework	800,000			800,000				800,000		800,000				
Total Coalville Regeneration Projects	800,000	-	-	800,000	-	-	-	800,000	-	800,000				
Systems/ICT Systems														
CCTV - Upgrade to Server & new cameras	20,000			20,000				20,000		20,000				
Windows Software Replacement		50,000		50,000				50,000		50,000				
Touchpoint Contact Centre		30,000		30,000				30,000		30,000				
Total Systems/ICT Systems	20,000	80,000	-	100,000	-	-	-	100,000	-	100,000				
Vehicle, Plant and Equipment														
Fleet Replacement Programme (replacement programme)	99,000	637,000		736,000				736,000		736,000				
Noise Monitoring Equipment	20,000			20,000				20,000		20,000				

Project	2026/27 For Approval	2027/28 Indicative Budget	2028/29 Indicative Budget	Total	Funding					
					Grant	Capital Receipt	Revenue	Business Rates Reserve	EMR	Total
Mobile Vehicle message sign (matrix trailer)	20,000			20,000				20,000		20,000
Car Parking - replace Pay & Display machines	40,000			40,000				40,000		40,000
GF - Play Areas new equipment	49,000	30,000	46,000	125,000				125,000		125,000
Parks - Electric Gates	15,000			15,000				15,000		15,000
Total Vehicle, Plant and Equipment	243,000	667,000	46,000	956,000	-	-	-	956,000	-	956,000
New Construction or Renovation										
Hermitage Recreational ground 3G Pitch	150,000			150,000				150,000		150,000
Stenson Square Public Realm	1,000,000			1,000,000				1,000,000		1,000,000
Enterprise Park	1,850,000			1,850,000				1,850,000		1,850,000
Total New Construction or Renovation	3,000,000	-	-	3,000,000	-	-	-	3,000,000	-	3,000,000
TOTAL DEVELOPMENT POOL	4,063,000	747,000	46,000	4,856,000	-	-	-	4,856,000	-	4,856,000
REFCUS										
Disabled Facilities Grants (Adapted Property Improvement Grants)	817,540	817,540	817,540	2,452,620	2,452,620					2,452,620
Local Nutrient Mitigation Fund	770,000	770,000	770,000	2,310,000	2,310,000					2,310,000
Total REFCUS	1,587,540	1,587,540	1,587,540	4,762,620	4,762,620	-	-	-	-	4,762,620
SPECIAL EXPENSES										
Special Expenses Play Areas	55,710	83,370	185,630	324,710			324,710			324,710
TOTAL SPECIAL EXPENSES	55,710	83,370	185,630	324,710	-	-	324,710	-	-	324,710
TOTAL CAPITAL PROGRAMME	9,490,250	6,208,910	2,587,890	18,287,050	4,762,620	-	324,710	13,199,720	-	18,287,050

Project	2026/27 For Approval	2027/28 Indicative Budget	2028/29 Indicative Budget	Total	Funding					
					Grant	Capital Receipt	Revenue	Business Rates Reserve	EMR	Total
Capital Programme Reconciliation										
Capital Programme Approved by Council 04/11/25	7,688,310	2,881,233	2,000,310	12,569,853	4,320,930	-	-	8,248,923	-	12,569,853
Capital Proposals:										
Marlborough Centre Purchase and Renovation		2,347,077		2,347,077				2,347,077		2,347,077
Laptop Replacement	6,000	40,000	-	20,000	26,000			26,000		26,000
Refuse Bins and Recycling Containers (Annual Programme)				228,720	228,720			228,720		228,720
Tacho technology driver fobs	29,000				29,000			29,000		29,000
Portfolio Backlog Maintenance	600,000	600,000			1,200,000			1,200,000		1,200,000
Coalville Regeneration Framework	800,000				800,000			800,000		800,000
CCTV - Upgrade to Server & new cameras	20,000				20,000			20,000		20,000
Windows Software Replacement		50,000			50,000			50,000		50,000
Touchpoint Contact Centre		30,000			30,000			30,000		30,000
Noise Monitoring Equipment	20,000				20,000			20,000		20,000
Mobile Vehicle message sign (matrix trailer)	20,000				20,000			20,000		20,000
Car Parking - replace Pay & Display machines	40,000				40,000			40,000		40,000
GF-Play Areas new equipment	49,000	30,000	46,000	125,000				125,000		125,000
Parks - Electric Gates	15,000			15,000				15,000		15,000
Disabled Facilities Grants (Adapted Property Improvement Grants)	147,230	147,230	147,230	441,690						441,690
Special Expenses Play Areas	55,710	83,370	185,630	324,710				324,710		324,710
Total Proposals	1,801,940	3,327,677	587,580	5,717,197	441,690	-	324,710	4,950,797	-	5,717,197
Capital Programme for approval 20/02/26	9,490,250	6,208,910	2,587,890	18,287,050	4,762,620	-	324,710	13,199,720	-	18,287,050

Appendix 5

North West Leicestershire District Council Estimated Reserves 2026/27 to 2028/29

TEAM	Estimated Balance as at 1/4/26 £	Commitments & Budget Proposals 26/27 £	Estimated balance as at 31/3/27 £	Future commitment incl budget proposals 27/28 to 28/29 £	Estimated Balance as at 31/3/29 £
Earmarked Reserves:					
Chief Executive	28	(14)	14	(14)	0
Human Resources	17	0	17	0	17
Legal & Support Services	116	45	161	(110)	51
Community Services	683	(455)	228	(170)	58
Strategic Housing	394	0	394	0	394
Planning & Infrastructure	1,462	(12)	1,450	(4)	1,446
Property and Economic Regeneration	487	(43)	444	(43)	402
Joint Strategic Planning	153	0	153	0	153
Director of Resources	79	0	79	0	79
Customer Services	4	(3)	1	(1)	0
Business Change	431	(74)	356	0	356
ICT	23	(23)	0	0	0
Internal Audit	0	0	0	0	0
Finance	279	0	279	(75)	204
MTFP Reserve	7,418	(264)	7,154	(107)	7,047
Business Rates Reserve	11,341	16	11,357	24,055	35,413
Legacy Reserve	0	1,000	1,000	(1,000)	0
Total earmarked reserves - General Fund	22,915	172	23,087	22,532	45,618
Other reserves General Fund:					
General Balance (minimum level of reserves)	1,544	0	1,544	0	1,544
Total other Reserves - General Fund	1,544	0	1,544	0	1,544
TOTAL ALL RESERVES - GENERAL FUND	24,459	172	24,631	22,532	47,163
Total earmarked reserves - Special Expenses	64	(8)	56	(7)	49
Other reserves Special Expenses:					
General Balance	57	0	57	0	57
Total other Reserves - Special Expenses	57	0	57	0	57
TOTAL ALL RESERVES - SPECIAL EXPENSES	121	(8)	113	(7)	106

SPECIAL EXPENSES BUDGET SUMMARY 2025/26-2028/29

COALVILLE	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Cemetery	(8,120)	(3,260)	(2,840)	(1,710)
Planned Preventative Maintenance (Cemetery)	29,450	7,670	7,900	13,130
Other Expenses	5,000	6,000	6,000	6,000
Parks, Recreation Grounds & Open Spaces	312,220	316,980	311,590	319,530
Planned Preventative Maintenance (Parks/Recreation Grounds)	14,450	76,710	96,870	195,690
Events	98,340	99,400	100,160	100,910
Net Cost of Services	451,340	503,500	519,680	633,550
Service & Committee Management	92,710	91,120	93,860	96,680
Net Cost of Services after Recharges	544,050	594,620	613,540	730,230
Funded By:				
Contribution To/ (From) Reserves	31,008	(16,288)	(17,449)	(115,838)
Precept (Council Tax)	(575,058)	(578,332)	(596,091)	(614,392)
Total Funding	(544,050)	(594,620)	(613,540)	(730,230)

WHITWICK	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Cemetery	8,960	9,650	9,930	10,920
Open Space and Car Park	4,330	4,470	4,600	4,740
Planned Preventative Maintenance	9,100	3,200	15,100	3,400
Net Cost of Services	22,390	17,320	29,630	19,060
Service Management	14,550	14,010	14,430	14,860
Net Cost of Services after Recharges	36,940	31,330	44,060	33,920
Funded By:				
Contribution To/ (From) Reserves	(13,770)	3,287	7,922	44,152
Precept (Council Tax)	(23,170)	(34,617)	(51,982)	(78,072)
Total Funding	(36,940)	(31,330)	(44,060)	(33,920)

HUGGLESCOTE & DONINGTON-LE-HEATH	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Cemetery	5,540	8,220	9,190	10,210
Planned Preventative Maintenance	38,080	2,660	35,740	2,820
Net Cost of Services	43,620	10,880	44,930	13,030
Service Management	15,220	14,470	14,910	15,360
Net Cost of Services after Recharges	58,840	25,350	59,840	28,390
Funded By:				
Contribution To/ (From) Reserves	(32,605)	9,301	(17,526)	23,296
Precept (Council Tax)	(26,235)	(34,651)	(42,314)	(51,686)
Total Funding	(58,840)	(25,350)	(59,840)	(28,390)

COLEORTON	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Open Space	1,100	1,150	1,190	1,230
Planned Preventative Maintenance	0	0	0	0
Net Cost of Services	1,100	1,150	1,190	1,230
Service Management	0	0	0	0
Net Cost of Services after Recharges	1,100	1,150	1,190	1,230
Funded By:				
Contribution To/ (From) Reserves	593	207	(97)	(351)
Precept (Council Tax)	(1,693)	(1,357)	(1,093)	(879)
Total Funding	(1,100)	(1,150)	(1,190)	(1,230)

OAKTHORPE, DONISTHORPE & ACRESFORD	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Play Areas	4,370	4,540	4,670	4,800
Planned Preventative Maintenance	0	0	0	2,200
Net Cost of Services	4,370	4,540	4,670	7,000
Service Management	0	0	0	0
Net Cost of Services after Recharges	4,370	4,540	4,670	7,000
Funded By:				
Contribution To/ (From) Reserves	7,305	5,913	4,864	1,694
Precept (Council Tax)	(11,675)	(10,453)	(9,534)	(8,694)
Total Funding	(4,370)	(4,540)	(4,670)	(7,000)

RAVENSTONE	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Open Space	490	510	530	550
Planned Preventative Maintenance	660	680	700	720
Net Cost of Services	1,150	1,190	1,230	1,270
Service Management	0	0	0	0
Net Cost of Services after Recharges	1,150	1,190	1,230	1,270
Funded By:				
Contribution To/ (From) Reserves	(39)	(291)	(508)	(684)
Precept (Council Tax)	(1,111)	(899)	(722)	(586)
Total Funding	(1,150)	(1,190)	(1,230)	(1,270)

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 3 FEBRUARY 2026



Title of Report	HOUSING REVENUE ACCOUNT BUDGET AND RENTS 2026/27	
Presented by	Councillor Andrew Woodman Housing, Property and Customer Services Portfolio Holder PH Briefed <input checked="" type="checkbox"/> Yes	
Background Papers	Council 20 February 2025: Housing Revenue 2025/26 Account HRA Budget and Rent Setting	Public Report: Yes
Financial Implications	<p>This report sets out the Housing Revenue Account (HRA) budget including both capital and revenue for the period 2026/27 to 2028/29.</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>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>No direct legal implications arising.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>No direct Staffing and Corporate implications arising.</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	For Cabinet to review the Housing Revenue Account budget and Rents for 2026/27 and recommend to Council for approval and to also approve the 2026/27 Fees and Charges.	
Reason for Decision	Under the Constitution Cabinet is responsible for drawing up budget proposals for consideration by Full Council. Cabinet is also responsible for setting fees, charges and concession policies.	
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> ENDORSES THE HOUSING REVENUE BUDGET AND RECOMMENDS IT TO COUNCIL FOR APPROVAL AT ITS MEETING ON 19 FEBRUARY 2026; APPROVES THE FEES AND CHARGES AS SET OUT IN APPENDIX 3; AND 	

	<p>3. DELEGATES AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE PORTFOLIO HOLDER TO MAKE AMENDMENTS TO THE BUDGET PRIOR TO CONSIDERATION AT COUNCIL ON 19 FEBRUARY 2026 IN RESPONSE TO ANY REQUESTS FROM PORTFOLIO HOLDERS IN RESPECT OF THEIR PORTFOLIOS.</p>
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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 to contend with. In broad terms, these can be split into two categories: economic and housing. Each of these is explored below:

1.2 Economic

- 1.2.2 The recent report by the Office of Budget Responsibility (OBR) in respect of the Economic and Fiscal Outlook describes somewhat weaker medium-term real GDP growth, with medium-term productivity growth being reduced by 0.3% to 1% in-year.
- 1.2.3 On inflation, the OBR now expects headline Consumer Prices Index (CPI) inflation to be higher in the near term than its March 2025 forecast, remaining elevated at around 3.5% in 2025 and easing to 2.5% in 2026.

1.3 Housing

- 1.3.1 In response to the government Devolution revolution strategy, mayors will get unprecedented powers to drive growth, turbo charge housebuilding and improve transport in a transformative fashion. 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 Whilst North West Leicestershire is not party to any devolved arrangements and is not part of any Mayoral authority, in recognition of the broader context in which this budget is being set, the Council has strengthened its financial management over the past 12 months. It has continued to apply robust processes in developing its draft budget plans for 2026/27 and the medium term. This reflects an increased organisational focus on financial sustainability. The approach, building on methods

used in previous years, has included:

- Services completing budget proposals to justify the need for any changes to the budget.
- 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:

- A pay award of 3% has been assumed annually for future years.
- 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. Following the recent report from the Regulator of Social Housing, this includes £150k of additional resources to improve frontline estate services.
- Contracts have been linked to the CPI/Retail Price Index (RPI) as per individual agreements.
- Fees and charges have been increased by CPI inflation in most cases. However, for the Lifeline service the proposed charge has been frozen due to affordability concerns (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 inflation from September 2025 (published in October 2025) which was 3.8% plus 1%, giving a total increase of 4.8% for 2026/27.
- The number of properties sold through Right to Buy is assumed to rise sharply from the previous estimate of 23 to 79 in 2025/26. Sales are then expected to fall back to 25 in 2026/27 and to stabilise at 12 per year from 2027/28 onwards. This profile reflects a one-off spike in completions of applications that were initiated before November 2024, ahead of the withdrawal of the increased Right to Buy discounts.
- Future borrowing is assumed to cost 5.3% in interest payments.

2.0 HOUSING REVENUE ACCOUNT BUDGET AND MTFS 2026/27 to 2028/29

2.1 HRA Budget Summary

2.1.1 Appendix 1 shows the HRA budget position for 2025/26 and the budget for 2026/27 to 2028/29.

2.1.2 Table 1 below shows that in 2026/27; the budgeted net operating expenditure has increased by £1.637m compared to 2025/26 and income has increased by £0.837m from increased rental income.

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

	2025/26 Budget	2026/27 Budget	Movement
	£'000	£'000	£'000
Income	(21,830)	(22,667)	(837)
Operating Expenditure	19,002	20,639	1,637
Operating (surplus)/deficit	(2,828)	(2,028)	800
Appropriations	2,766	2,028	(738)
Net (surplus)/deficit	(62)	-	62

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 2026/27 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. For 2026/27, the Council proposes to increase the rent by 4.8%, which is in line with the Rent Standard of CPI +1% for 2026/27. (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 £21.5 million in 2026/27.

2.2.2 The average annual rent for Social and Affordable Rent properties in 2025/26 is £5,410.82 and £7,448.66 (2025/26: £5,163.00 and £7,107.50 respectively). The average weekly rent in 2025/26 is £108.22 and £148.97 for Social and Affordable Rent respectively (£103.26 and £142.15 for 2025/26) which is an increase of £4.96 and £6.82 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 2026/27 specifically, the itemised budget changes of £902k include:

- **Net increase in income totalling (£845k).** This is largely due to rental increases.
- **Cost pressures of £1,534k.** This is due to capital charges and inflationary

pressures.

- **Pay-related increased costs of £212K.** This is due to pay awards and pay grade increments.

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 2026/27 are listed in Appendix 3. Most service charges increased by 3.8% (September CPI) in line with the corporate charging policy although some have increased by underlying contract inflation.

3.0 HRA CAPITAL PROGRAMME 2026/27 TO 2028/29

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

	2026/27 Budget £'000	2027/28 Indicative £'000	2028/29 Indicative £'000	Total £'000
Stock Investment	13,450	13,450	13,450	40,350
Estate Improvements	500	500	500	1,500
Fleet Replacement	3,000	-	0	3,000
Other Capital	2,150	2,150	2,150	6,450
Total Approved Programme	19,100	16,100	16,100	51,300
Total Development Pool	3,464	9,681	2,199	15,344
Housing Revenue Account Total	22,564	25,781	18,299	66,644

3.1.2 Over the three-year period, the total programme totals £66.64m, an increase of £20.1m over the previous three-year programme. The difference is due to an increase of £4.8m in the Development Pool (new supply) and the Approved Programme has an increase of £15.3m, mainly due to increased Stock Investment, which includes £5.1m more investment towards Zero Carbon.

- **New Supply:** This programme includes internal developments as well as some acquisitions of individual properties planned.
- **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 The £15.3m within the Development Pool between 2026/27 and 2028/29 is part of the wider plan to invest £20m over the next 5 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

	2026/27 Budget £'000	2027/28 Indicative £'000	2028/29 Indicative £'000	Total £'000
Reserves	3,877	4,193	3,705	11,775
Capital Receipts	1,500	1,500	1,500	4,500
RTB Receipts	3,464	3,231	510	7,205
Revenue contributions	8	201	200	409
External Borrowing	9,716	12,655	8,385	30,756
Grants	4,000	4,000	4,000	12,000
Housing Revenue Account Total	22,566	25,780	18,300	66,646

3.2.2 Table 3, above, forecasts shows that £30.8m external borrowing will be required over three years to fund the capital programme. This is an increase of £12.6m compared to the equivalent three-year period in 2025/26. This is due to decreased usage of reserves to fund projects.

4.0 DEBT

- 4.1 The loan balance for the HRA is forecast to be £53.8m at the end of 2025/26. There are annuity loan repayments of approximately £1.3m to make each year, these repayments are usually funded from working balances but once working balances reach the £1m minimum, they will be funded from other capital resources.
- 4.2 There are also loans to be repaid at maturity. 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 sets aside funding each year in a Debt Repayment Reserve to ensure there is sufficient funding to repay debt when it matures. The budget assumes £2.8m is set aside in 2026/27 from the HRA to make the scheduled repayments at maturity, this increases each year as there is further borrowing to finance the capital programme (shown in Table 4).

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

Reserve	31/03/2026 £000	31/03/2027 £000	31/03/2028 £000
Major Repairs Reserve	4,162	4,496	4,677
Capital Receipts	6,221	5,642	1,984
Debt Repayment Reserve	7,801	8,889	10,310
Total Capital Reserves	18,184	19,027	16,971
HRA Reserve	1,000	1,000	1,000
Earmarked Reserves	115	0	0
Total Revenue Reserves	1,115	1,000	1,000

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 2025/26 financial monitoring is showing a projected breakeven position as of Q2. This is mainly due to staff vacancies and the overachievement of income due to the reductions in voids. However further reviews will be undertaken as the year progresses to update the in-year forecast.
The reasonableness of the underlying budget assumptions	Y	All budget proposals have been justified by service managers, reviewed by the Finance team and subject to budget challenge sessions in the new process. There have also been several budget workshops with Cabinet Members. External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.

Area	Y/N	Comments
The alignment of resources with the Council's service and organisational priorities	Y	<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. The Council is aware of the investment required over this period</p>
A review of the major risks associated with the budget	Y	<p>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.</p>
The availability of unearmarked reserves to meet unforeseen cost pressures	Y	<p>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.</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 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.</p>
Has a reasonable estimate of demand and cost pressures been made?	Y	<p>The enhanced budget process used in the development of the draft budget has improved the reasonableness of estimates.</p>
Has a reasonable estimate of future income been made?	Y	<p>The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.</p>

Area	Y/N	Comments
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	For 2025/26, portfolio holders were kept informed of the in-year position on a quarterly basis. Directors also held regular meetings with finance teams to ensure a clear understanding of the financial position throughout the year. Unit4 training is required for all budget holders.
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?	Y	The Council implemented a new financial system in April 2023 to improve its reporting. Enhancements to the system have been made, however, the Finance Teams are still catching up on delays caused by the system implementation. A move to a new supplier for support and maintenance of Unit4 provides an opportunity to enhance the reporting arrangements. Training for all budget holders in the use of Unit4 is planned. A review of the Financial Procedures Rules has been undertaken.
Have the previous year's Accounts been signed off by external audit to verify balances?	N	The Council's position in respect of its completion of the Statement of Accounts has been reported to the Audit and Governance Committee. The Statement of Accounts 2023/24 and 2024/25 were published in August 2025 and January 2026 respectively ensuring compliance with the backstop dates.

Area	Y/N	Comments
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.

7.0 CONSULTATION

7.1 Consultation with Members

7.1.1 The Corporate Scrutiny Committee considered the HRA fund budget at the meeting on the 22 January 2026. *THIS SECTION WILL BE UPDATED AFTER THE SCRUTINY MEETING*

7.2 Public Consultation

- 7.2.1 As part of the budget consultation, the Council launched an online survey from 14 January 2026 to the 1 February 2026 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.
- 7.2.2 The proposed budget was presented at the Tenant and Leaseholder Consultation Forum on 22 January 2026.
- 7.3 A supplementary paper will be issued prior to Cabinet on the 3 February 2026 with the outcome of the consultation.

Policies and other considerations, as appropriate	
Council Priorities:	The budget provides funding for the Council to deliver against the priorities for the HRA.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	The equality impact assessment will be completed for the final budget to be presented to Cabinet.
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 £40.4m to Stock Investment over three years to improve homes, and £15.3m 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 £17.1m.
Consultation/Community Engagement:	Corporate Scrutiny Committee 22 January 2026 Public consultation - 14 January to 1 February Tenants and Leaseholders Consultation Forum – 22 January 2026.
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 Section 151 Officer anna.crouch@nwleicestershire.gov.uk

North West Leicestershire District Council

Appendix 1 - HRA SUMMARY BUDGET 2026/27 to 2028/29

2025/26 Revised Budget	HOUSING REVENUE ACCOUNT SUMMARY	2026/27 Requested Budget	2027/28 Indicative	2028/29 Indicative
£	Expenditure	£	£	£
8,492,780	Repairs & Maintenance	9,020,459	9,234,695	9,419,389
4,385,000	Supervision & Management	4,892,097	5,007,189	5,106,231
100,000	Provision for Doubtful Debts	100,000	100,000	100,000
4,161,536	Depreciation	4,496,088	4,677,396	4,815,327
1,862,408	Capital Financing & Debt Management	2,130,011	2,693,838	3,225,619
19,001,724	Total Expenditure	20,638,655	21,713,118	22,666,566
	Income			
(21,483,043)	Rent & Service Charges	(22,257,483)	(23,137,806)	(24,004,461)
(40,200)	Non-Dwelling Rents	(42,812)	(42,812)	(42,812)
(13,235)	Other Income	(13,738)	(13,738)	(13,738)
(293,722)	Investment Income	(352,800)	(368,800)	(330,400)
(21,830,200)	Total Income	(22,666,833)	(23,563,156)	(24,391,411)
(2,828,476)	Net Operating Expenditure/(Surplus)	(2,028,178)	(1,850,038)	(1,724,845)
	Appropriations			
1,290,145	Debt repayment	1,319,347	569,205	583,927
0	Transfer to/(from) reserves	701,332	1,079,905	940,918
1,476,325	Revenue Contribution to Capital	7,500	200,928	200,000
2,766,470	Total Appropriations	2,028,179	1,850,038	1,724,845
(62,006)	NET (SURPLUS)/DEFICIT	0	(0)	0
	Balance brought Forward	(1,000,000)	(1,000,000)	(1,000,001)
(937,995)	(Surplus)/Deficit In Year	0	(0)	0
(62,006)	Balance Carried Forward	(1,000,000)	(1,000,001)	(1,000,000)

North West Leicestershire District Council

Housing Revenue Account- Proposed Amendments to Budgets 2026/27 to 2028/29

Proposal Title	Proposal Description & Service Impact	2026/27	2027/28	2028/29
		£	£	£
Pay Changes	Salary pressures (including pay award + budget proposals)	42,973	43,994	45,038
Pay Awards	Change in staffing costs due to pay awards	169,297	188,281	193,929
Total Pay Related Costs		212,270	232,275	238,967
Heating contract	Inflation on heating maintenance contract	47,450	48,897	50,364
Recharges to the General Fund	Inflation on services provided to the General Fund	(150,997)	(154,583)	(157,675)
Recharges from the General Fund	Inflation on services provided from the General Fund	266,730	273,065	278,526
General inflation	Through Capital Charges and inflationary pressures	804,217	659,690	623,233
Total Inflation Increases		967,400	827,069	794,449
Housing Inspectorate Report	Addressing matters raised in Housing Inspectorate Report	150,000	0	0
Total Budget Pressures		150,000	0	0
Investment Income	Investment income on HRA balances	47,540	0	0
Loan interest	Interest Payable on existing Treasury loans	(29,201)	(25,953)	(14,185)
Loan interest	Changes in loan interest due to capital financing requirements	398,771	676,864	456,936
Total Other Corporate Amendments		417,109	650,911	442,751
Dwellings Rents	Dwellings Rent (decrease)/increase	(811,238)	(856,128)	(841,802)
Service Charges	Recharge to General Fund for services delivered by HRA	(27,946)	(28,610)	(29,182)
Central heating charges	Central heating charges	(4,787)	(2,992)	(2,519)

North West Leicestershire District Council
Housing Revenue Account- Proposed Amendments to Budgets 2026/27 to 2028/29

Proposal Title	Proposal Description & Service Impact	2026/27	2027/28	2028/29
		£	£	£
Income	Two de minimus proposals	(1,177)	(1,162)	(1,132)
Total Changes In Income		(845,147)	(888,891)	(874,635)
	<u>Total Budget Amendments</u>	<u>901,631</u>	<u>821,363</u>	<u>601,532</u>

North West Leicestershire District Council
Proposed Fees & Charges 2026/27 - Housing Revenue Account

Fee/Charge	2025/26 Fees	2026/27 Proposed Fees	% Change in Fees	Basis for Change
Central Heating	0 Bed: £9.46pw 1 Bed: £11.42pw 2 Bed: £13.09pw 3 Bed: £15.08pw	0 Bed: £9.91pw 1 Bed: £11.97pw 2 Bed: £13.72pw 3 Bed: £15.80pw	4.80%	Sept CPI + 1%
Garage and Site Rent	Garage: £8.78pw Garage Site: £5.62pw. New Garage £13.77pw.	Garage: £9.11pw Garage Site: £5.82pw. New garage £14.29 pw.	3.80%	Sept CPI
Service charges:				
Cleaning & Window Cleaning	£0.70 to £12.53 pw	£0.73 to £12.99 pw	3.71%	As per cost
Grounds Maintenance	£0.24 to £8.11 pw	£0.25 to £8.40 pw	3.50%	As per cost
Repairs to common parts	£0.08 to £1.74 pw	£0.03 to £2.55 pw	-18.13%	As per cost
Repairs/replacement of items in Laundry	£1.23 to £7.90 pw	£2.67 to £3.42 pw	-5.25%	As per cost
Admin Fee	15% of chargeable services	15% of chargeable services	1.58%	As per cost
Lifeline - Older Persons Service Management Fee	£3.68 pw	£3.85 pw	4.50%	Sep RPI
Lifeline - Maintenance of Control Centre				
Link Equipment (for hardwired systems)	£0.26 to £4.09 pw	£0.24 to £3.71 pw	-9.17%	As per cost
Door Entry Systems	£0.03 to £0.20 pw	£0.47 to £0.55 pw	304.49%	As per cost
Electricity	£0.15 pw to £11.52 pw	£0.16 to £12.07 pw	4.80%	Sept CPI + 1%
Scooter Store (now included in overall electricity cost)	£0.47 to £1.17 pw	-	-	-
Repairs and replacement in kitchen and common rooms	£0.01 to £0.13 pw	£0.06 to £0.38 pw	206.00%	As per cost
Health & Safety: Legionella testing	£1.08 to £2.00 pw	£1.11 to £2.05 pw	2.63%	As per cost
Health & Safety: Fire alarm and emergency lighting checks	£0.11 to £0.28 pw	£0.12 to £0.30 pw	3.87%	As per cost

NORTHWEST LEICESTERSHIRE DISTRICT COUNCIL HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2026/27-2028/29

PROJECT	2026/27	2027/28	2028/29	Total	Major Repairs Reserve	Capital Receipts	RTB Receipts	RCCO	Grants	Prudential Borrowing	Total
	For Approval	Indicative	Indicative								
	£	£	£	£							

Stock Investment

Home Improvement Programme	5,500,000	5,500,000	5,500,000	16,500,000
Asbestos	400,000	400,000	400,000	1,200,000
Roofs	500,000	500,000	500,000	1,500,000
Commercial Boilers	250,000	250,000	250,000	750,000
Stock Condition Surveys	-	-	-	-
Zero Carbon	5,700,000	5,700,000	5,700,000	17,100,000
Communal Entrance Doors	600,000	600,000	600,000	1,800,000
Acquisitions	500,000	500,000	500,000	1,500,000
Total Stock Investments	13,450,000	13,450,000	13,450,000	40,350,000

11,774,590	-	-	208,428	-	4,516,982	16,500,000
-	-	-	-	-	1,200,000	1,200,000
-	-	-	-	-	1,500,000	1,500,000
-	-	-	-	-	750,000	750,000
-	-	-	-	-	-	-
-	4,500,000	-	200,000	12,000,000	400,000	17,100,000
-	-	-	-	-	1,800,000	1,800,000
-	-	-	-	-	1,500,000	1,500,000
11,774,590	4,500,000	-	408,428	12,000,000	11,666,982	40,350,000

Estate Improvements

Off-Street Parking	300,000	300,000	300,000	900,000
Estate Projects	100,000	100,000	100,000	300,000
Garage Demolition	50,000	50,000	50,000	150,000
Footpaths and Unadopted Roads	50,000	50,000	50,000	150,000
Total Estate Improvement	500,000	500,000	500,000	1,500,000

-	-	-	-	-	900,000	900,000
-	-	-	-	-	300,000	300,000
-	-	-	-	-	150,000	150,000
-	-	-	-	-	150,000	150,000
-	-	-	-	-	1,500,000	1,500,000

Fleet Replacement

Vehicles	3,000,000	-	-	3,000,000
Total Fleet Replacement	3,000,000	-	-	3,000,000

-	-	-	-	-	3,000,000	3,000,000
-	-	-	-	-	3,000,000	3,000,000

Other Capital

Sheltered Scheme Improvements	1,000,000	1,000,000	1,000,000	3,000,000
Passive Fire Safety	400,000	400,000	400,000	1,200,000

-	-	-	-	-	3,000,000	3,000,000
-	-	-	-	-	1,200,000	1,200,000

PROJECT	2026/27	2027/28	2028/29	Total	Major Repairs Reserve	Capital Receipts	RTB Receipts	RCCO	Grants	Prudential Borrowing	Total
	For Approval	Indicative	Indicative								
	£	£	£								
Scheme Lighting	200,000	200,000	200,000	600,000	-	-	-	-	-	600,000	600,000
Electrical Upgrades	100,000	100,000	100,000	300,000	-	-	-	-	-	300,000	300,000
Tunstall System	-	-	-	-	-	-	-	-	-	-	-
Major Aids and Adaptations	450,000	450,000	450,000	1,350,000	-	-	-	-	-	1,350,000	1,350,000
Housing Management IT System	-	-	-	-	-	-	-	-	-	-	-
Total Other Capital	2,150,000	2,150,000	2,150,000	6,450,000	-	-	-	-	-	6,450,000	6,450,000
Total Active Projects	19,100,000	16,100,000	16,100,000	51,300,000	11,774,590	4,500,000	-	408,428	12,000,000	22,133,557	51,300,000

DEVELOPMENT POOL

New Supply	3,464,319	9,680,704	2,199,130	15,344,153	-	-	7,205,339	-	-	8,138,814	15,344,153
Total Development Pool	3,464,319	9,680,704	2,199,130	15,344,153	-	-	7,205,339	-	-	8,138,814	15,344,153
TOTAL HRA CAPITAL PROGRAMME	22,564,319	25,780,704	18,299,130	66,644,153	11,774,590	4,500,000	7,205,339	408,428	12,000,000	30,755,796	66,644,153

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – THURSDAY, 22 JANUARY 2026



Title of Report	FINANCE UPDATE - 2025/26 QUARTER 2	
Presented by	Cllr Keith Merrie MBE Finance and Corporate Portfolio Holder	
Background Papers	Cabinet 16 December 2025 <u>General Fund Finance Update – 2025/26 Quarter 1</u> <u>Housing Revenue Account (HRA) Finance Update – 2025/26 Quarter 1</u>	Public Report: Yes
Financial Implications	<p>The attached reports outline the financial position of both the General Fund and Housing Revenue Account (HRA) as at Quarter Two 2025/26.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>No legal implications arising from this report.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>Any staffing implications of this report are detailed in the body of the report and the attached appendices.</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	<p>To provide the Corporate Scrutiny Committee with an update on the financial position for the General Fund and HRA as at Quarter Two 2025/26.</p>	
Recommendations	<p>THAT CORPORATE SCRUTINY COMMITTEE:</p> <ol style="list-style-type: none"> NOTES THE 2025/26 FORECAST UNDERSPEND ON THE GENERAL FUND ACCOUNT; NOTES THAT A BREAK-EVEN POSITION IS CURRENTLY FORECAST ON THE HOUSING REVENUE ACCOUNT FPR 2025/26 BASED ON QUARTER 2 INFORMATION; AND PROVIDES ANY COMMENTS FOR CONSIDERATION BY CABINET WHEN IT RECEIVES ITS NEXT QUARTERLY UPDATE. 	

1.0 BACKGROUND

1.1 To update Members on the financial position of the Council following the second quarter's budget monitoring exercise for both the General Fund and Housing Revenue Account details of which were reported to Cabinet on 16 December 2025. Both reports are shown in Appendix A and B.

2.0 GENERAL FUND

2.1 The 'General Fund Finance Update – 2025/26 Quarter 2' (Appendix A) provides an overview of the financial position of the General Fund for the period 1 April 2025 to 30 September 2025. A summary of the report is as follows:

General Fund Revenue Update

The forecast indicates an underspend of £496k for the General Fund budget for 2025/26, based on data from April to September 2025. Significant variances include overspending in the Community Services and Resources Directorates, while the Corporate and Democratic Core shows a surplus. The budget incorporated savings of £573k, with £19k achieved and £527k on track to be realised. The Council faces ongoing financial challenges common to local authorities, necessitating a focus on mitigating overspends and ensuring financial sustainability.

Section 106 Agreements

The Council held £6.5m in Section 106 agreement funds as of 31 March 2025, with an additional £456k received during the year. Expenditures of £91k have been made on various community projects, resulting in a total balance of £6.9m as of 30 September 2025.

General Fund Reserves

The Council's earmarked reserves are projected to decrease significantly due to the strategy of utilising reserves for capital projects. The business rates reserve is expected to be £11.8m by March 31, 2026, with most of it committed to future capital programmes.

General Fund Capital

The revised budget for the General Fund Capital Active Programme is £10.9 million, with actual spending at £905k (8% of the budget). A forecast outturn of £3m is anticipated, with £7.9m expected to slip into future years, primarily due to delays in procuring specialist vehicles in relation to Waste Services.

Capital Prudential Indicators

The report outlines key Capital Prudential Indicators, including estimates of capital expenditure, the Capital Financing Requirement, and external debt indicators, ensuring that capital investment plans remain affordable and sustainable.

Special Expenses

The forecast for Special Expenses indicates minor variances, with Coalville special expenses projected to be under budget, while Hugglescote and Whitwick are expected to exceed their budgets. Deficits in some special expense areas will be addressed in future budget settings to maintain a minimum balance.

Treasury Management

Investment income is forecasted to increase significantly due to higher than forecast balances invested in Money Market Funds. Borrowing interest expenditure is expected to align with the budget, with no new borrowing planned to replace repaid loans.

3.0 HOUSING REVENUE ACCOUNT (HRA)

3.1 The 'Housing Revenue Account Finance Update – 2025/26 Quarter 2' (Appendix B) provides an overview of the financial position of the HRA for the period 1 April 2025 to 30 September 2025. A summary of the report is as follows:

HRA Financial Overview

The HRA is forecasted to break even for the 2025/26 financial year, with total income slightly below budget and operating expenditure exceeding budget by £305k. Significant variances include a £380k overspend on repairs and maintenance, attributed to addressing historic repairs, and a £67k overspend on supervision and management, partially offset by staff vacancy savings. Interest income is projected to exceed budget by £142k due to high market interest rates.

HRA Reserves

The HRA has a provisional balance of £20.1m, with a minimum reserve of £1m for unforeseen expenditures. Earmarked reserves total £2.1m, while the remaining balance is allocated for capital projects and debt repayment.

Capital Programme Update

The revised budget for the HRA Capital Programme is £14.9m, with actual spending at £1.4m and a forecast outturn of £17.2m, indicating a £2.3m overspend to be covered by previous years' budget slippage. Key projects include stock investment, new supply, and various improvements, with some projects experiencing delays and anticipated slippage into future years.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council The spending from the budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and zero carbon:	The Council is forecast to invest £800k on Zero Carbon Home Improvements.
Consultation/Community Engagement:	None
Risks:	Although inflation has decreased, the impact of the high inflation means the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the Council's ability to maintain financial stability and achieve its long-term financial objectives. The budgets will continue to be monitored throughout the year to ensure the Council remains within its funding envelope.
Officer Contact	Anna Crouch Head of Finance & Deputy S151 Officer anna.crouch@nwleicestershire.gov.uk

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 16 DECEMBER 2025



Title of Report	GENERAL FUND FINANCE UPDATE - 2025/26 QUARTER 2	
Presented by	Councillor Keith Merrie Finance and Corporate Portfolio Holder <div style="display: flex; justify-content: space-between; align-items: center;"> PH Briefed <div style="border: 1px solid black; padding: 2px; border-radius: 5px; text-align: center;"> <input type="checkbox"/> Yes </div> </div>	
Background Papers	Council 20 February 2025: <u>General Fund Budget and</u> <u>Council Tax 2025/26</u>	Public Report: Yes
	Cabinet 26 August 2025: <u>2025/26 Quarter 1 General</u> <u>Fund Finance Update</u>	Key Decision: Yes
Financial Implications	Any financial implications of this report are detailed in the body of the report and the attached appendices. Signed off by the Section 151 Officer: Yes	
Legal Implications	No legal implications arising from this report. Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	Any staffing implications of this report are detailed in the body of the report and the attached appendices. Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Cabinet with an update on the financial position on the General Fund as at Quarter 2 2025/26.	
Reason for Decision	The Council's Financial Procedure Rules state that the S151 Officer must monitor and control expenditure against budget allocations and report to Cabinet on the overall position on a regular basis.	
Recommendations	<p>CABINET IS RECOMMENDED TO:</p> <ol style="list-style-type: none"> 1. NOTE THE FORECAST UNDERSPEND ON GENERAL FUND FOR 2025/26 OF £496K BASED ON QUARTER 2 INFORMATION. 2. NOTE THE SPECIAL EXPENSES FORECAST OUTTURN FIGURES FOR 2025/26 BASED ON QUARTER 2 INFORMATION. 3. NOTE THE GENERAL FUND CAPITAL PROGRAMME DETAILED IN APPENDIX 5. 	

1.0 INTRODUCTION

1.1 This report updates Cabinet on the General Fund spending from 1 April to 30 September 2025, with a focus on significant variances from approved budgets. Due to finance system backlog and delays in closing the 2024/25 accounts, detailed analysis was not possible; therefore, only major variances are reported based on available information and discussions with Finance and budget holders. The finance team is prioritising completion of the 2024/25 Statement of Accounts, scheduled for release in the coming weeks.

1.2 A series of meetings have taken place with portfolio holders, providing an opportunity to discuss the financial positions relevant to their respective portfolios in detail. These discussions have been instrumental in refining the overall understanding of both current and anticipated pressures across the Council.

2.0 GENERAL FUND REVENUE

2.1 Table 1 below summarises the second quarter position summarised by Directorate. The current projections are that an underspend of £496k on the overall General Fund budget is expected for 2025/26.

Table 1 – General Fund Revenue 2025/26 Quarter 2 Forecast Outturn Position

Directorate	Revised Budget £'000	Forecast £'000	Variance £'000
Chief Executive Directorate	3,013	3,080	67
Place Directorate	2,247	2,359	112
Community Services Directorate	7,951	8,514	563
Resources Directorate	5,432	5,863	431
Corporate & Democratic Core & Other Budgets	506	303	(203)
NET COST OF SERVICES	19,150	20,120	970
Net Recharges from General Fund	(1,714)	(2,055)	(341)
NET COST OF SERVICES AFTER RECHARGES	17,436	18,065	629
Total Corporate Items and Financing	1,638	979	(659)
NET REVENUE EXPENDITURE	19,074	19,044	(30)
Contribution to/(from) Balances/Reserves	(0)	(0)	0
NET EXPENDITURE (AFTER RESERVE CONTRIBUTIONS)	19,074	19,044	(30)
FUNDING TOTAL	(19,074)	(19,540)	(466)
FORECAST (UNDERSPEND) / OVERSPEND	(0)	(496)	(496)

2.2 Cabinet should note that the position is a forecast and could change by 31 March 2026. The forecast underspend will be transferred to the Medium-Term Financial Plan (MTFP) Reserve at year-end.

2.3 There are several variances that make up the forecast outturn detailed above. Appendix 1 provides a detailed analysis of the forecast outturn variances by service.

2.4 The 2025/26 budget incorporated savings totalling £573k. These have been reviewed to establish delivery against set targets and updated according to a RAG rating system as follows: green achieved, amber on track to be achieved, red at risk of non-delivery. £19k savings have been achieved (green) whilst £527k savings are on track to be achieved (amber). The detailed proposals are in Appendix 2.

2.5 While there is an underspend, the Council has incorporated mitigations in the budget proposals for 2026/27 to address some of the financial challenges. The challenges the Council faces are significant and common across all local authorities, indicating that the Council is not unique in this regard. The Council's focus will be on mitigating overspends in specific areas, for example, utilising market supplements for the difficult to recruit to posts.

2.6 Whilst suboptimal, the Council remains committed to ensuring financial sustainability over the medium term. The Council's transformation programme will aid in developing proposals that ensure that services deliver value for money. Departments will continue to review budgets to achieve necessary savings, despite the challenging and volatile climate and the rising demand for our services.

3.0 SECTION 106 AGREEMENTS

3.1 Section 106 agreement funds of £6.5m were held by the Council as at 31 March 2025. During the financial year, the Council has received an additional £456k contributions and £91k has been spent so far by the Police Authority, Healthcare, River Mease and Recreations/Parks. A breakdown of the £6.9m balance as at 30 September 2025 is provided at Appendix 3.

4.0 GENERAL FUND RESERVES

4.1 The Council holds reserves that are earmarked for a particular purpose and are set aside to meet known or predicted future expenditure in relation to that purpose. The reserves are monitored alongside the budget as part of budget monitoring.

4.2 Assuming that reserves are utilised in line with the timescales agreed as part of their approval, reserves represent an effective means of utilising surpluses and underspends whilst also ensuring delivery of projects. There is a significant reduction in the business rates reserve, this is due to the Council's strategy of utilising reserves to fund the capital programme. Whilst the balance reduced to approximately £1m at the end of the year, a contribution to the reserve is expected to support future years capital investments.

4.4 Table 2 below summarises the forecasted position in respect of earmarked reserves and other reserves held by the Council. Full details by service can be found in Appendix 4.

4.5 The balance of the business rates reserve is forecast to be £11.8m by the 31 March 2026. Most of this balance (£10.3m) has been committed within the approved capital programme for 2026/27 and 2027/28 and an additional £0.8m in revenue one off proposals.

Table 2 – General Fund Usable Revenue Reserves Quarter 2 Forecast

	Provisional Balance as at 01/04/25 £'000	In Year Movements £'000	Forecasted Balance as at 31/03/26 £'000
Service Earmarked Reserves	4,142	(548)	3,593
Business Rates	9,269	(8,332)	937
MTFP	6,716	(722)	5,993
Special Expenses	99	(35)	64
Total Earmarked Reserves	20,226	(9,638)	10,587
General Fund Balance	1,544	-	1,544
Special Expenses	83	-	83
Total Reserves	21,853	(9,638)	12,214

5.0 GENERAL FUND CAPITAL

5.1 The revised budget for the General Fund Capital Active Programme for 2025/26 is £10.9m. The actual spend from April to September 2025 was £905k, representing 8% of the revised budget. The forecast outturn is £3m representing 27% of the revised budget and £7.9m of the budget will slip into future years. The majority of the slippage, £7.5m, into 2026/27, is due to the long lead time in procuring specialist vehicles within the fleet replacement programme.

5.2 Table 3 shows the expenditure and forecast against the budget at quarter two, with a more detailed information in Appendix 5.

Table 3 – Quarter 2 2025/26 Outturn on the General Fund Capital

Project	Revised Budget £'000	Actual Expenditure £'000	Forecast Outturn £'000	Variance £'000	Slippage to 2026/27 £'000
Coalville Regeneration Projects	1,061	81	875	-186	250
UK Shared Prosperity Investment Plan	146	146	146	-	-
Zero Carbon	300	0	250	-50	-
Systems/ICT Systems	220	95	220	-	-
Vehicles, Plant and Equipment	7,736	37	237	-7,499	7,499
New Construction or Renovation	1,441	545	1,277	-164	164
Total Active Programme	10,904	905	3,020	-7,883	7,913
Total REFCUS	2,255	222	978	-1,276	1,276
Total Special Expenses	22	-	20	2	

6.0 CAPITAL PRUDENTIAL INDICATORS

6.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Capital Prudential Indicators are a set of forward-looking measures required under the Prudential Code for Capital Finance in Local Authorities, designed to ensure that local authority capital investment plans are affordable, prudent, and sustainable. They form part of the statutory framework under the Local Government Act 2003 and are closely linked to Treasury Management indicators. They provide transparency and accountability for capital investment decisions, support strategic planning and risk management and ensure borrowing and investment decisions are taken in accordance with good professional practice.

6.2 The key Capital Prudential Indicators are:

1. Estimates of Capital Expenditure

- Forecast of planned capital spending for the forthcoming and following years.
- Shows the scale of investment and its impact on resources.

2. Capital Financing Requirement (CFR)

- Represents the underlying need to borrow for capital purposes.
- Increases when capital expenditure is financed via borrowing and decreases as debt is repaid, via Minimum Revenue Provision (MRP).

3. External Debt Indicators

- **Operational Boundary:** The expected maximum level of external debt during the year (borrowing + long-term liabilities).
- **Authorised Limit:** The statutory upper limit on external debt that must not be breached without Council approval.
- **Actual External Debt:** The real position at a point in time.

4. Affordability Indicator

- **Ratio of Financing Costs to Net Revenue Stream:** Shows the proportion of revenue budget used for debt charges.

6.3 It is a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis. The Capital Prudential Indicators for quarter two can be found in Appendix 6.

7.0 SPECIAL EXPENSES

7.1 Table 6 below summarises the forecast outturn position for the Special Expense areas. Further information is contained within Appendix 7 which provides a more detailed analysis.

Table 6 - Special Expenses 2025/26 Quarter 2 Monitoring and Forecast Outturn Position

	Approved Budget £'000	Forecast Outturn £'000	Variance
Expenditure Requirement	646	656	10
Precept	(639)	(639)	-
Transfer to/(from) reserves	(7)	(17)	(10)

7.2 At the end of the second quarter, Coalville special expenses are forecast to be £4k under budget, Hugglescote special expenses £10k over budget and Whitwick special expenses £3k over budget, with other special expense areas forecasting minor variances. It is forecast that budget shortfalls will be funded from balances where available or if not recovered through future years budget setting process.

7.3 The major variances are summarised in table 7 below:

Table 7 – Special Expenses Major Variances

Special Expenses - Major Variances		£'000
<u>Coalville</u>		
Cemetery – increased income from burial and monument fees		(1)
Parks, Recreational Grounds, Open Spaces - increased repairs and maintenance		2
Events – reduced salaries and overtime		(5)
<u>Hugglescote</u>		
Cemetery – increased repairs and maintenance		3
Cemetery – reduced income from burial fees		7
<u>Whitwick</u>		
Cemetery – increased repairs and maintenance		2
Cemetery – increased water charges		2
Cemetery – increased income from burial and monument fees		(2)

7.4 The provisional balances as at 1 April 2025 and the forecast outturn as at 31 March 2026 are shown in Table 8 below. Two of the current Special Expense areas are forecast to be in a deficit position. The deficits for current special expenses will be recovered over future years to ensure that a minimum of 10% balances are retained.

Table 8 - Forecasted Special Expense Balances 2025/26

	Provisional Balances 01.04.25 Surplus/ (Deficit) £	Forecast Contribution to/(from) Balances £	Forecast Balances 31.03.26 Surplus/ (Deficit) £
<u>Current</u>			
Coalville	46,655	34,508	81,163
Whitwick	(4,934)	(16,280)	(21,214)
Hugglescote/Donington Le Heath	44,645	(42,965)	1,680
Coleorton	348	583	931
Oakthorpe, Donisthorpe and Acresford	(10,578)	7,015	(3,563)
Ravenstone	1,520	(39)	1,481
<u>Previous</u>			
Lockington/Hemington	2,286	-	2,286
Measham	1,940	-	1,940
Stretton	(1,719)	-	(1,719)
Appleby Magna	2,608	-	2,608

7.5 A list of the Special Expense earmarked reserves as at the end of September 2025 are shown in table 9 below. Appendix 8 gives a more detailed analysis.

Table 9 - 2025/26 Special Expenses Earmarked Reserves

	Balances 01.04.25 £	Spend to date £	Forecast Spend £	Forecast Balance as at 31.03.26 £
Coalville	97,480	12,300	21,272	63,908
Oakthorpe, Donisthorpe and Acresford	1,660	-	1,660	-
	99,140	12,300	22,932	63,908

8.0 TREASURY MANAGEMENT

8.1 The following outlines the Treasury position and variance to budget of the Council's Treasury Management function. The Council's Treasury Management Strategy for 2025/26 was approved at a Council meeting on 20 February 2025. 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.

8.2 Table 10 shows the progression of investment income and borrowing interest as at 30 September 2025.

Table 10 – Treasury Management Forecast Outturn 2025/26

	Budget £'000	Forecast £'000	Variance £'000
Investment Interest Income:			
General Fund	(150)	(809)	(659)
Housing Revenue Account	(294)	(436)	(142)
S106 Deductions	-	(271)	(271)
Total	(443)	(1,515)	(1,071)
Borrowing:			
Interest Expenditure	1,920	1,920	-
Principal Repaid	1,297	1,297	-
Total	3,217	3,217	-
Net Financing Costs	2,774	1,702	(1,071)

8.3 Investment interest income is forecast to increase from £0.4m to £1.24m (excluding S106 deductions) due to the authority holding higher than forecast balances, which have been mainly invested in well-paying Money Market Funds.

8.4 Borrowing interest expenditure is forecast be in line with budget.

8.5 Table 11 shows a summary of the Council's external investments and borrowing along with the interest rate of return/borrowing.

Table 11 – Treasury Summary

	Balance 01.04.25 £'m	Movement £'m	Balance 31.03.25 £'m	Rate at 30.09.25 £'m
Long-Term borrowing	53.8	-	53.8	3.54%
Short-term borrowing	1.3	(0.6)	0.7	2.24%
Total borrowing	55.1	(0.6)	54.5	3.51%
Long-term investments	-	-	-	0.00%
Short-term investments	10.0	8.0	18.0	4.20%
Cash and Cash Equivalents	19.5	(6.5)	13.0	4.27%
Total investments	29.5	1.5	31.0	4.23%
Net borrowing	25.6	(2.1)	23.5	

8.6 Further information on the Council's borrowing and investments can be found in Appendix 9.

8.7 During the reporting period the Council has paid back £0.6m in principle on its Public Works Loan Board (PWLB) loans. It is forecast to repay £1.29m in PWLB loan principle by the end of the year. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council The spending from the budget provides funding for the Council to deliver against all its priorities.
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/Tenant Engagement:	None.
Risks:	<p>Although inflation has decreased, the impact of the high inflation means the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the organisation's ability to maintain financial stability and achieve its long-term financial objectives.</p> <p>The budgets will continue to be monitored throughout the year to ensure the Council remains within its funding envelope.</p>
Officer Contact	Anna Crouch Head of Finance & Deputy S151 Officer anna.crouch@nwleicestershire.gov.uk

North West Leicestershire District Council
2025/26 Quarter 2 Variances

Service	Revised Budget £	Forecast £	Variance £	Comments on major variances
Chief Executive	225,330	231,040	5,710	
Human Resources	806,150	853,130	46,980	
Legal & Support Services	1,981,250	1,996,060	14,810	
Chief Executive Directorate	3,012,730	3,080,230	67,500	
Strategic Director of Place	154,560	153,980	(580)	
Property and Economic Regeneration	828,905	854,277	25,372	
Planning & Infrastructure	1,260,020	1,383,880	123,860	Overspend of £126k in relation to Development Management incurred due to elevated expenses associated with urban design initiatives, the "Our Place" project, and related publicity activities.
Joint Strategic Planning	3,870	(32,940)	(36,810)	
Place Directorate	2,247,355	2,359,197	111,842	
Head of Community Services	123,600	120,940	(2,660)	
Community Services	7,235,680	7,698,890	463,210	<p>Environmental Protection - There has been no increase or decrease in staff numbers and this relates to the service not being able to meet the vacancy target.</p> <p>Markets Reduced Income Lower than forecasted footfall into Newmarket is reflected in the reduced number of traders being attracted to Newmarket, this is also the case regarding outdoor markets on Friday and Saturdays although the one-off special events are proving popular. Two events have needed to be cancelled due to high winds in the last quarter.</p> <p>Reduced air quality There is less spend on the equipment budget for monitoring air quality across the district which reflects in part the fact that Air Quality Management areas are now reduced to one in the district</p> <p>Increased CCTV monitoring costs This reflects rising operational costs being experienced by the Council's contractor which the Council has a legal obligation to meet.</p> <p>Reduced HVO costs Hydrotreated Vegetable Oil has been gaining popularity as a cleaner alternative to fossil diesel. However, recent market dynamics are leading to a reduction in its pricing due to increased global production capacity, technological advancements, government incentives and policy support. As of September 2024, global bunker fuel prices have been trending downward, with notable declines driven by a combination of weaker demand and improved supply conditions.</p> <p>Our ordering remains currently every two to three weeks dependent on demand, and our orders remain at between 18,000 and 20,000 litres each occasion. This frequency and ordering pattern remains consistent with historical ordering patterns for NWLDC.</p> <p>Leisure Services Grounds Maintenance - This is down to the increased requests in one-off works from Housing Services for jobs to be undertaken that aren't covered as part of the Service Level Agreement. The team has limited additional capacity to undertake these works and so the majority are either delivered as overtime, by casuals, or they are sub-contracted out. However, the income generated through the charges for these works is greater than the additional expenditure paid out on overtime, casuals and external contractors</p> <p>Leisure contractor reduced utility benchmarking. The reduction in utility benchmarking payments to Everyone Active is down to three elements;</p> <ul style="list-style-type: none"> •Utility rates for our leisure partner, Everyone Active, have reduced significantly following a period of them being extremely high •Electricity consumption at Ashby Leisure Centre and Lido has reduced due to the installation of LED lamps throughout the building and a refinement of the Building Management System (BMS) so that pumps can be ramped down more effectively overnight and at quieter times. •Electricity consumption at Whitwick and Coalville Leisure Centre has reduced due to the installation of 400 solar panels and storage batteries
Strategic Housing	592,206	694,410	102,204	A projected overspend of £72k in Rough Sleeping is mainly attributed to higher third-party service costs and salaries surpassing available grant funding. Similarly, an £86k overspend is expected due to staff costs not covered by the Homelessness Prevention Grant, although this figure could decrease if asylum grant funding is obtained in the second half of the year. Conversely, Housing Strategy and Homelessness shows a £56k underspend thanks to additional received grant funding.
Community Services Directorate	7,951,486	8,514,240	562,754	
Strategic Director of Resources	258,040	261,350	3,310	
Audit	160,600	159,580	(1,020)	
Finance	1,303,670	1,743,100	439,430	The Council has hired agency staff to address its financial reporting backlog, publishing three sets of accounts since December 2024. Efforts have been made to upgrade the Unit4 system to meet requirements. Agency costs are funded from the MTFP reserve and additional investment income, which helps offset these expenses. Some of these costs are also recharged to the HRA.
Revenues and Benefits	1,288,820	1,207,370	(81,450)	Additional £92k summons income.
ICT	1,300,080	1,393,350	93,270	Due to sickness and resignations within the ICT, additional agency costs have been incurred, partially offset by a reduction in staffing costs. Recruitment for permanent roles is ongoing, with start dates at the end of January 2026. A £36K print charge overspend likely, results from insufficient internal charges to cover lease costs, potentially compounded by reduced Council-wide printing; a review with Finance is planned. The £56K overspend is split between 6DG cloud/datacentre contract overlap and general price increases, though costs should decrease as the new contract progresses.
Customer Services	1,114,340	1,094,510	(19,830)	
Business Change	6,280	4,010	(2,270)	
Resources Directorate	5,431,830	5,863,270	431,440	
Contingency	210,504	0	(210,504)	
Corporate & Democratic Core & Other Budgets	295,950	303,210	7,260	
Corporate & Democratic Core & Other Budgets	506,454	303,210	(203,244)	
NET COST OF SERVICES	19,149,855	20,120,147	970,292	
Recharges to/(from) Other Funds	(1,713,876)	(2,055,190)	(341,314)	
Net Recharges from General Fund	(1,713,876)	(2,055,190)	(341,314)	
NET COST OF SERVICES AFTER RECHARGES	17,435,979	18,064,957	628,978	
Net Financing Costs	1,788,071	1,788,071	0	
Investment Income	(150,360)	(809,000)	(658,640)	
Total Corporate Items and Financing	1,637,711	979,071	(658,640)	
NET REVENUE EXPENDITURE	19,073,690	19,044,028	(29,662)	
Contribution to/(from) Balances/Reserves	0	0	0	
NET EXPENDITURE (AFTER RESERVE CONTRIBUTIONS)	19,073,690	19,044,028	(29,662)	
FUNDING TOTAL	(19,073,690)	(19,539,750)	(466,060)	
FORECAST (UNDERSPEND) / OVERSPEND	0	(495,722)	(495,722)	

NORTH WEST LEICESTERSHIRE SAVINGS PROGRAMME PERFORMANCE AT QUARTER 2 2025/26

	Service	Proposal Description & Service Impact	2025/26 £'000	2026/27 £'000	2025/26 Achieved £'000	2025/26 On Track £'000	2025/26 At Risk of Non Achievement £'000	Comments
Community Services	Community Services	Savings Agreed Deletion of Leisure Officer post at Measham Leisure Centre.	(18)		(18)	0	0	Post deleted and savings fully achieved.
Community Services	Community Services	Deletion of Community Focus post.	(53)		0	0	(53)	Vacant post has now been filled on a three year contract. Savings will not be achieved.
Community Services	Community Services	Disabled Facilities Grant service provision saving	(1)		(1)	0	0	Saving Achieved
Community Services	Community Services	Everyone Active changes in line with contract	26	(38)	26	0	0	Growth provided in 2025/26, savings for 2026/27 are on track.
Place	Property and Economic Regeneration	Funding of regeneration salaries – capitalisation of salaries which provides a saving on the revenue budget	(500)		0	(500)	0	On track to be achieved.
Various	Various	De minimis budgets ranging from £2k to £10k including subscriptions and additional income	(27)		0	(27)	0	On track to be achieved.
Total Savings			(573)	(38)	7	(527)	(53)	

Section 106 Quarter 2 2025/26 Position

Legal Agreements under Section 106 of the Town and Country Planning Act secure developer contributions to mitigate the impacts of the development on the local area. The District Council holds funds generated from legal agreements on behalf of the Council and third parties, such as the Healthcare bodies or the National Forest Company. The Council then holds those funds in an interest-bearing account until they are spent by the body responsible for implementing the requirements in the legal agreement which secured them.

The table below summarises the position at 30 September 2025 for the various types of contributions included in agreements.

Type of Contribution	Provisional Opening Balance £	Contributions Received £	Contributions Paid to Third Parties £	Closing Balance £
River Mease - Available	302,255	0	(11,976)	290,279
River Mease - Retain	27,042	0	0	27,042
Air Quality	56,598	0	0	56,598
Leicestershire County Council	0	332,664	0	332,664
Police	137,440	0	(11,513)	125,927
Recreation/Play Areas/Leisure	760,974	0	(24,198)	760,974
Parish Councils	0	0	0	0
Affordable Housing	2,523,964	75,000	0	2,598,964
National Forest - Available	14,067	0	0	14,067
Healthcare	944,086	48,545	(43,432)	949,198
Highways	1,604,313	0	0	1,604,313
Network Rail	19,294	0	0	19,294
CCTV	13,035	0	0	13,035
Land & Open Space	98,226	0	0	98,226
	6,501,294	456,209	(91,120)	6,866,382

*River Mease monies are split in to two pots. Those in the 'Retain' pot is where payment has been made upon the grant of planning permission, but the requirement was for money to be paid at commencement of development. Therefore, until development commences this money cannot be used. If it was and the development did not start, the applicant would be able to reclaim the money.

Please note that the financial data currently presented is subject to ongoing updates due to a processing backlog within the finance system. Consequently, the figures may not yet represent the most current or complete position. We recommend taking this into account when reviewing the information. Further updates will be communicated once the backlog has been fully resolved.

North West Leicestershire District Council
Estimated Reserves as at 31st March 2026

Service Area	Provisional Balance as at 01/04/2025	Forecasted Movement (From)/To Reserves 2025/26	Forecasted Balance as at 31/03/2026
	£	£	£
Chief Executive	100	(75)	25
Human Resources	30	(14)	16
Legal & Support Services	86	12	98
Community Services	1,042	(233)	809
Strategic Housing	394	0	394
Planning & Infrastructure	871	(62)	809
Property and Economic Regeneration	420	(11)	409
Joint Strategic Planning	172	0	172
Director of Resources	80	(1)	79
Customer Services	7	(3)	4
Business Change	549	(118)	431
ICT	0	23	23
Internal Audit	0	0	0
Finance	346	(66)	279
Service Earmarked Reserves	4,097	(548)	3,548
Business Rates	9,356	2,421	11,777
MTFP	6,716	(720)	5,996
Special Expenses	99	(35)	64
Total Earmarked Reserves	20,268	1,118	21,385
Unallocated			
General Fund	1,544	0	1,544
Special Expenses	83	0	83
Total Reserves - General Fund & Special Expenses	21,895	1,118	23,012

GENERAL FUND CAPITAL 2025/26 QUARTER 2

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Slippage to 2026/27	Funding				Comments
						Grant	Revenue	Business Rates Reserve	Total	
£	£	£	£	£	£	£	£	£	£	£
ACTIVE PROGRAMME										
Coalville Regeneration Projects										
Marlborough Square Improvements	61,039	71,556	125,200	64,161	-			125,200	125,200	Final account being settled, this is an estimate. Overspend to be funded from Business Rates Reserve.
Marlborough Centre Purchase and Renovation	500,000	9,212	250,000	- 250,000	250,000			250,000	250,000	Delay in starting the Preconstruction services agreement, balance will be slipped into 26/27
Capitalisation of Salaries	500,000	-	500,000	-	-			500,000	500,000	Salaries will be capitalised at year end
Total Coalville Regeneration Projects	1,061,039	80,768	875,200	- 185,839	250,000			875,200	875,200	
UK Shared Prosperity Investment Plan Programme (UKSPF)										
Moira Furnace	145,859	145,859	145,859	-	-		145,859		145,859	
Total Vehicles, Plant and Equipment	145,859	145,859	145,859				145,859	-	145,859	
Zero Carbon										
Solar EV Hub Moneyhill	300,000	-	250,000	- 50,000	-	250,000			250,000	Scheme to be covered by grant, £50k additional contribution from reserves unlikely to be needed
Total Zero Carbon	300,000	-	250,000	- 50,000	-	250,000			250,000	
Systems/ICT Systems										
Laptop Replacement	92,000	49,284	92,000	-	-			92,000	92,000	
Replacement Windows Server	50,000	-	50,000	-	-			50,000	50,000	
Wide Area Network (WAN)	50,000	46,168	50,000	-	-			50,000	50,000	
Replacement Audit Visual Equipment	27,554	-	27,554	-	-			27,554	27,554	
Total Systems/ICT Systems	219,554	95,452	219,554					219,554	219,554	
Vehicles, Plant and Equipment										
Refuse Bins and Recycling Containers (Annual Programme)	200,000	-	200,000	-	-			200,000	200,000	
Food Waste Collections	1,154,138	-	-	1,154,138	1,154,138			-		Expenditure delayed until 26/27 due to procurement delays.
Refuse Bins and Recycling Containers (Project)	1,674,000	37,114	37,114	- 1,636,886	1,636,886			37,114	37,114	Expenditure delayed until 26/27 due to procurement delays.
Fleet Replacement Programme	4,708,000	-	-	- 4,708,000	4,708,000			-		Expenditure delayed until 26/27 due to procurement delays.
Total Vehicles, Plant and Equipment	7,736,138	37,114	237,114	- 7,499,024	7,499,024			237,114	237,114	
New Construction or Renovation										
The Courtyard Roof Repair	200,000	-	200,000	-	-			200,000	200,000	
Service Road Resurfacing	500,000	-	500,000	-	-			500,000	500,000	
Car Park Resurfacing	164,000	-	-	164,000	164,000			-		Work unlikely to be completed in 25/26, will be carried forward to 26/27
Customer Contact Centre Refurbishment	17,450	-	17,450	-	-			17,450	17,450	
Moira Furnace	266,741	259,601	266,741	-	-			266,741	266,741	
St John Ambulance Building	270,000	270,000	270,000	-	-			270,000	270,000	
New Print and Post Room (WBC)	23,000	-	23,000	-	-			23,000	23,000	
Hermitage Recreation Eco Park - Tree Planting	-	15,900	16,000	16,000	-			16,000	16,000	Budget to be carried forward from 2024/25 as part of the closedown of the accounts.
Total New Construction or Renovation	1,441,191	545,501	1,293,191	- 148,000	164,000			1,293,191	1,293,191	
TOTAL ACTIVE PROGRAMME	10,903,781	904,694	3,020,918	- 7,882,863	7,913,024	395,859		2,625,059	3,020,918	

REFCUS

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Slippage to 2026/27	Funding				Comments
						Grant	Revenue	Business Rates Reserve	Total	
£	£	£	£	£	£	£	£	£	£	£
Disabled Facilities Grants	1,614,059	222,381	728,333	- 885,726	885,726	728,333			728,333	
Castle Donington 3G Pitch Development	250,000	-	250,000	-	-			250,000	250,000	
Rural England Prosperity Fund	140,699	-	-	- 140,699	140,699				-	
Local Nutrient Mitigation Fund	250,000	-	-	- 250,000	250,000				-	
Total REFCUS	2,254,758	222,381	978,333	- 1,276,425	1,276,425	728,333	-	250,000	978,333	
SPECIAL EXPENSES										
Coaville Cemetery - Meadow Lane (Broomley's)	22,000	-	20,000	- 2,000	-	20,000		20,000	Project to be delivered £2k under budget	
TOTAL SPECIAL EXPENSES	22,000	-	20,000	- 2,000	-	-	20,000	-	20,000	
TOTAL CAPITAL PROGRAMME	13,180,539	1,127,075	4,019,251	- 9,161,288	9,189,449	1,124,192	20,000	2,875,059	4,019,251	

Prudential Indicators Quarter Two 2025/26

The Council measures and manages its capital expenditure, borrowing and commercial investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Council has undertaken and is planning capital expenditure as summarised below.

	2024/25 draft outturn* £'m	2025/26 forecast £'m	2026/27 budget £'m
General Fund services	4.3	3.9	6.4
Council housing (HRA)	5.2	17.2	15.1

* 2024/25 figures are based on the draft outturn position and may be subject to change.

The main General Fund capital projects to date have included Coalville regeneration project £1.1m, Disabled Facility Grants (DFG) £0.7m and Fleet replacement programme and food waste collections £7.5m. HRA capital expenditure is recorded separately and to date includes New Supply £5.7m, Home Improvement Projects £9.7m and Other HRA Projects £2.8m.

Capital Financing Requirement: The Council'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 Minimum Revenue Provision (MRP)/loans fund repayments and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

	2024/25 draft outturn* £'m	2025/26 forecast £'m	2026/27 budget £'m
General Fund services	34	32.6	31.3
Council housing (HRA)	54.9	55.4	61.9
TOTAL CFR	88.9	88.6	93.2

* 2024/25 figures are based on the draft outturn position and may be subject to change

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	2024/25 draft outturn* £'m	2025/26 budget £'m	2026/27 budget £'m	Debt at 30.09.25 £'m
Debt (incl. PFI & leases)	55.1	53.8	52.5	54.5
Capital Financing Requirement	88.9	88.6	93.2	

* 2024/25 figures are based on the draft outturn position and may be subject to change.

Debt and the Authorised Limit and Operational Boundary: 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.

	Maximum debt 2025/26	Debt at 30.09.25	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied? Yes/No
Borrowing	55.1	54.5	100.8	90.8	Yes
PFI & Finance Leases	0.0	0.0	2.0	2.0	Yes
Total debt	55.1	54.5	102.8	92.8	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments 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 general government grants.

	2024/25 Forecast*	2025/26 Budget	2026/27 Budget
<u>General Fund</u>			
Net Financing Costs (£m)	1.6	1.9	1.8
Proportion of net revenue stream	8%	10%	11%
<u>Housing Revenue Account</u>			
Net Financing Costs (£m)	1.3	1.9	2.1
Proportion of net revenue stream	6%	9%	9%

* 2024/25 figures are based on the draft outturn position and may be subject to change.

Treasury Management Indicators: These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments and other voluntary indicators are within the Audit and Governance Committee 12 November 2025 – Treasury Management Update Report – Quarter 2.

Special Expenses 2025/26 Q2 Monitoring & Forecast Outturn Position

COALVILLE SPECIAL EXPENSES	Approved Budget £	Forecast Outturn £	Variance £
Parks, Recreation Grounds & Open Spaces	£ 326,670	328,900	2,230
Broomley's Cemetery & Closed Cemetery	21,330	20,550	(780)
Coalville in Bloom	5,000	5,000	0
Coalville Events	98,340	93,390	(4,950)
SPECIAL EXPENSES (NET COST OF SERVICE)	451,340	447,840	(3,500)
Service Management recharges/Admin Buildings	92,710	92,710	0
NET COST OF SERVICES AFTER RECHARGES	544,050	540,550	(3,500)
Contribution to/(from) Balances/Reserves	31,008	34,508	3,500
MET FROM COUNCIL TAX (Budget Requirement)	575,058	575,058	0
FUNDED BY:			
Precept	(575,058)	(575,058)	0
EMR not required - returned to balances	0	0	0
	(575,058)	(575,058)	0

OTHER SPECIAL EXPENSES	Approved Budget £	Forecast Outturn £	Variance £
Whitwick	£ 22,390	24,900	2,510
Hugglescote	43,620	53,980	10,360
Coleorton	1,100	1,110	10
Ravenstone	1,150	1,150	0
Oakthorpe & Donisthorpe	4,370	4,660	290
OTHER SPECIAL EXPENSES (NET COST OF SERVICE)	72,630	85,800	13,170
Service Management recharges/Admin Buildings	29,770	29,770	0
NET COST OF SERVICES AFTER RECHARGES	102,400	115,570	13,170
Contribution to/(from) Balances/Reserves	(38,516)	(51,686)	(13,170)
MET FROM COUNCIL TAX (Budget Requirement)	63,884	63,884	0
FUNDED BY:			
Precept	(63,884)	(63,884)	0
EMR not required - returned to balances	0	0	0
	(63,884)	(63,884)	0

2025/26 Special Expenses Earmarked Reserves

Reserve	Balances 01.04.25 £	Spend to date £	Forecast Spend £	No Longer Required £	Forecast Balance as at 31.03.26 £
<u>Coalville - Earmarked Reserve (S106)</u>	£	£	£	£	£
Western Ave Rec Grd Improvements	42,970	5,100	0	0	37,870
Ongoing Grds Mtce - various sites	33,238	7,200	0	0	26,038
	76,208	12,300	0	0	63,908
<u>Coalville - PPM Earmarked Reserve</u>					
Scotlands Recreation - Repairs to potholes	1,903	0	1,903	0	0
Broomleys Cemetery - Path repairs (sealing)	8,634	0	8,634	0	0
Play Areas (various) - Painting of Equipment	5,400	0	5,400	0	0
Bardon match funding - Cropston drive/Sharpley Ave play areas	5,335	0	5,335	0	0
	21,272	0	21,272	0	0
Total Coalville	97,480	12,300	21,272	0	63,908
<u>Oakthorpe & Donisthorpe - PPM Earmarked Reserve</u>					
Play Area - Painting of Equipment	1,660	0	1,660	0	0
Total Oakthorpe & Donisthorpe	1,660	0	1,660	0	0
Total Earmarked Reserves	99,140	12,300	22,932	0	63,908

Appendix 9

Treasury Management – Borrowing and Investments

Borrowing

Table 1 below shows the breakdown of the types of external borrowing held by the Council:

Table 1 – Borrowing summary

	31.03.25 Balance	Net Movement	30.09.25 Balance	30.09.25 Weighted Average Rate %	30.09.25 Weighted Average Maturity (years)
	£m	£m	£m		
Public Works Loan Board	51.1	-0.6	50.5	3.41%	13.5
Banks (fixed-term)	3.9	0.0	3.9	0.34%	2.1
Local authorities (long-term)	0.1	0.0	0.1	3.14%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	55.1	-0.6	54.5	3.48%	15.6

Since the beginning of the reporting period the Council has paid £0.96m in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 25/26 in total is £1.9m. The overall interest rate on borrowing is 3.48%.

During the reporting period the Council has paid back £0.6m principal on its loans. It is forecasting to repay £1.3m in PWLB loan principal by the end of the year. £1.29m 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. The budget for borrowing principal repayments was in line to be met.

Investments

The breakdown of external investments held by the Council and movement since 31 March 2025 are shown in Table 2 below:

Table 2 – Investment summary

	31.3.25 Balance	Net Movement	30.09.25 Balance	30.09.25 Income Return	30.09.25 Weighted Average Maturity (days)
	£m	£m	£m	%	
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	0.0	18.0	18.0	4.20%	8
Money Market Funds	19.5	-6.5	13.0	4.27%	1
Total investments	19.5	11.5	31.0	4.23%	9

The Council has budgeted £0.44m in interest income from investments after S106 deductions in 2025/26. Actual income received by 30 September 2025 was £0.98m. We are now forecasting the risk adjusted interest received by 31 March 2026 to be £1.51m and after S106 deductions income to be £1.24m.

The updated forecast of £1.24m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 65% to the GF and 35% 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.

Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

These forecasts are likely to change again over the coming months as such an 80% risk adjustment is placed on anticipated income to avoid overreliance on interest return on budgets.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 16 DECEMBER 2025



Title of Report	HOUSING REVENUE ACCOUNT (HRA) FINANCE UPDATE - 2025/26 QUARTER 2	
Presented by	Councillor Andrew Woodman Housing, Property and Customer Services Portfolio Holder PH Briefed <input checked="" type="checkbox"/> Yes	
Background Papers	Council 22 February 2025: Housing Revenue Account (HRA) Budget and Rent Setting 2025/26 Cabinet 26 August 2025: 2025/26 Quarter 1 Housing Revenue Account (HRA) Finance Update	Public Report: Yes Key Decision: No
Financial Implications	Any financial implications of this report are detailed in the body of the report and the attached appendices. Signed off by the Section 151 Officer: Yes	
Legal Implications	No legal implications arising from this report. Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	Any staffing implications of this report are detailed in the body of the report and the attached appendices. Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Cabinet with an update on the financial position on the Housing Revenue Account as at Quarter Two 2025/26.	
Reason for Decision	The Council's Financial Procedure Rules state that the S151 Officer must monitor and control expenditure against budget allocations and report to Cabinet on the overall position on a regular basis.	
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1. NOTES THAT A BREAK-EVEN POSITION IS CURRENTLY FORECAST ON THE HOUSING REVENUE ACCOUNT FOR 2025/26 BASED ON QUARTER 2 INFORMATION. 2. NOTES THE REVISED HOUSING CAPITAL FORECAST DETAILED IN APPENDIX 2. 	

1.0 INTRODUCTION

1.1 This report updates Cabinet on the Housing Revenue Account (HRA) spending from 1 April to 30 September 2025, with a focus on significant variances from approved budgets. Due to finance system backlog and delays in closing the 2024/25 accounts, detailed analysis was not possible; therefore, only major variances are reported, based on available information and discussions between the finance team and budget

holders. The finance team is prioritising completion of the 2024/25 Statement of Accounts, scheduled for release in the coming weeks.

1.2 In addition to the Revenue Account, there is an update on the HRA capital programme for the period 1 April 2025 to 30 September 2025 on the proposed resourcing of the capital programme and the level of Council capital resources available, including capital receipts.

2.0 HOUSING REVENUE ACCOUNT

HRA Income and Expenditure

2.1 Table 1 below shows the summary income and expenditure forecast outturn and variance for the HRA which is currently forecasting spending to budget at Quarter 2.

Table 1 – HRA 2025/26 Quarter 2 Forecast Outturn Position

	Budget £'000	Forecast £'000	Variance £'000
Income	(21,930)	(21,912)	18
Operating Expenditure	19,164	19,468	305
Operating (surplus)/deficit	(2,766)	(2,444)	323
Appropriations	2,766	2,443	(323)
Net (surplus)/deficit	-	-	-

2.2 Appendix 1 contains a more detailed table of the Quarter Two forecast position.

2.3 The Council continues to work actively to improve services delivered by the HRA and ensure the impact on tenants is considered in all service delivery. Work on this so far has included:

- Commissioning an independent review of processes.
- Commissioning contractors to assist in delivering against repairs backlogs.
- Working on reconfiguration of IT systems to improve efficiency and facilitate improved processes.
- Preparing a plan for further actions within the service in response to the recent Regulator of Social Housing inspection outcome.

2.4 Variances include:

- £380k forecast overspend on repairs and maintenance, primarily reflecting progress made in addressing historic work-in-progress and outstanding repairs.
- There is a £67k forecasted overspend on supervision and management due to a £233k saving from staff vacancies in some areas, which partly offsets a £341k rise in recharged costs from GF to HRA from higher service cost apportionment and other minor variances.
- £142k interest income received over and above that budgeted, due to continuing elevated market interest rates.

HRA Reserves

2.5 The HRA provisionally has a balance of £20.1m. A minimum balance of £1.0m is maintained to ensure the HRA has sufficient funding to cover unforeseen revenue expenditure, £2.1m is held in Earmarked Reserves and the remaining balances are to be used for capital projects and for the repayment of debt.

2.6 Table 2 below shows a summary of usable HRA reserves.

Table 2 – HRA Usable Reserves forecast 2025/26

Reserve	Provisional Balance at 31/03/25 £'000	In Year Changes £'000	Forecast Balance at 31/03/26 £'000
HRA Earmarked Reserves	2,115	-	2,115
HRA General Balance	1,098	-	1,098
HRA Capital Receipts	6,575	-	6,575
Major Repairs Reserve	2,840	-	2,840
HRA Debt Repayment Reserve	6,218	1,290	7,508
TOTAL	18,846	1,290	20,136

Capital Programme

2.7 The revised 2025/26 budget for the Active Programme HRA Capital Programme is £14.9m. Actual spend at the end of Quarter 2 was £1.4m and forecast outturn is £17.2m, representing 115% of the revised budget resulting in £2.3m overspend which will be covered by budget slippage from previous years.

2.8 Table 3 shows the expenditure and forecast against the budget at quarter two, with a more detailed information in Appendix 2.

Table 3 – HRA Capital Active Programme

Scheme	Revised Budget £'000	Qtr 2 Actual £'000	Forecast Outturn £'000	Variance £'000
Stock Investment	9,715	511	9,577	-138
New Supply	2,338	65	5,226	2,888
Estate Improvements	500	150	510	10
Fleet Replacement	100	-	-	-100
Sheltered Scheme Improvements	700	-	400	-300
Scheme Lighting	350	-	150	-200
Tunstall System	-	40	40	40
Major Aids and Adaptations	400	191	450	50
Passive Fire Safety	800	369	800	0
Total	14,903	1,357	17,153	2,250

2.9 Within the HRA Active Projects are:

- Stock Investment – This is a project with a revised budget of £9.7m. Actual spend, as at the end of the quarter, was £0.5m representing 5% of the revised budget and the forecast spend is £9.6m up to the end of the 2025/26 financial year, representing 99% of the revised budget. The slippage of £100k anticipated is for roof replacement for smaller schemes will be carried out in 2026/27, as the aim is to address the larger schemes in 2025/26.
- The New Supply programme with a budget of £2.3m, has spent to date of £65k. The forecast outturn is £5.2m (more information is included within Appendix 2), the overspend of £2.9m will be funded by previous years underspend. Much of this slippage is not in direct control of the Council – for example S106 development delays and delivery partner delays.
- Fleet replacement programme with a budget of £100k. This will slip into future years due to a delay in acquiring the new vehicles.
- Sheltered scheme improvements with a budget of £0.7m and nil spend to date. This is predicted to slip £0.3m into future years due to internal resource not being able to complete the procurement process and deliver works onsite.
- A scheme lighting project with a budget of £350k and nil spend to date is forecast to spend £150k in year and £200k to slip into future years. This project is facing delays due to internal resource not being able to complete the procurement process and deliver works onsite.
- There are overspends totalling £0.1m within the Tunstall System and Major Aids and Adaptations which will be covered from underspends elsewhere within the programme.

Policies and other considerations, as appropriate	
Council Priorities:	<p>A well-run council</p> <p>The spending from the budget provides funding for the Council to deliver against all its priorities.</p>
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon:	The Council is forecast to invest £800k on Zero Carbon Home Improvements.
Consultation/Community/Tenant Engagement:	None
Risks:	<p>Although inflation has decreased, the impact of the high inflation means the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the organisation's ability to maintain financial stability and achieve its long-term financial objectives.</p> <p>Real returns (i.e. after inflation) are and have been negative despite investment returns rising. So even if the Council changed its policy to add interest earnings to reserves it still would not solve the whole problem. Indeed, very few investment returns are beating inflation and in general if you wanted higher returns the Council would need to invest for a longer period and/or with riskier assets. This is not something the Council has decided to do.</p> <p>The budgets will continue to be monitored throughout the year to ensure that Council expenditure remains within its funding envelope.</p>
Officer Contact	<p>Anna Crouch Head of Finance and Deputy S151 Officer anna.crouch@nwleicestershire.gov.uk</p>

2025/26 HRA QUARTER 2 FORECAST OUTTURN POSITION

	Revised Budget (£'000)	Forecast (£'000)	Variance (£'000)	Comments
EXPENDITURE				
Repairs and Maintenance	9,003	9,383	380	The overspend is due to the progress in addressing historic work-in-progress and outstanding repairs.
Supervision and Management	4,328	4,395	67	The overspend is due to recharged costs into the HRA for support services being higher than originally budgeted. Measures continue to be put in place to address this.
CAPITAL CHARGES				
Depreciation	4,162	4,162	0	
Debt Management Expenses	3	3	0	
Provision for Doubtful Debts	100	100	0	
Capital Financing and Debt Management	1,862	1,862	0	
Investment Income	(294)	(436)	(142)	Interest income related to HRA balances is ahead of budget due to continued elevated interest rates.
	5,833	5,691	(142)	
TOTAL EXPENDITURE	19,164	19,468	305	
INCOME				
Rent and Service Charges	(21,609)	(21,609)	0	
Non-Dwelling Rents	(64)	(64)	0	
Garages & Sites	0	0	0	
Other Income	(257)	(238)	18	
TOTAL INCOME	(21,930)	(21,912)	18	
NET COST OF SERVICES	(2,766)	(2,444)	323	
APPROPRIATIONS				
Transfer to/from reserves	1,290	1,290	0	
Revenue Contribution to Capital	1,476	1,153	(323)	
	2,766	2,443	(323)	
NET (SURPLUS)/DEFICIT	0	(0)	(0)	

HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME QUARTER 2

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Comments
ACTIVE PROGRAMME					
Stock Investment					
Home Improvement Programme	4,500,000	182,072	4,500,000	-	Internal Repairs Team projected spend of £2.2m with Wates (external building contractor) delivering £2.3m by March 2026.
Asbestos	400,000	-	200,000	- 200,000	Asbestos removals have been completed under the Home Improvement Programme as extensive removals have been identified to a value of approx. £120k. A further £40k will be spent on communal sites. Various other removals will be required on other projects taking the overall expenditure to £200k for the year.
Roofs	500,000	-	400,000	- 100,000	Park View Roof replacement estimated at £400k. Remainder to be spent on smaller blocks is feasible or rolled over to the next financial year.
Commercial Boilers	250,000	-	200,000	- 50,000	£200k to be spent on ad hoc boiler programme by end of the year. £50k surplus as one commercial site for upgrade now included within Zero Carbon grant funding on Social Housing Decarbonisation Fund 2.2, Warmer Homes Wave 3 (WH:SHF Wave 3).
Stock Condition Surveys	65,000	76,998	76,998	11,998	

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Comments
Zero Carbon	4,000,000	252,352	4,200,000	200,000	£800k to be spent on remainder of Social Housing Decarbonisation Fund 2.2, Warmer homes Wave 3 has a minimum committed spend of £4.2m for 25/26 with an expected £3.4m to be spent by the end of March 2026.
Total Stock Investment	9,715,000	511,422	9,576,998	- 138,002	
New Supply					
New Supply	2,338,000	64,721	5,226,018	2,888,018	<p>Main Street Oakthorpe - £1,400,000.00 - DA to be signed by close of play Friday 17 October.</p> <p>Standard hill - £1,884,986.00 - DA to be signed, awaiting response from developer.</p> <p>Queen Street - £1,139,666.39 - Due to go out to tender October/November with contractor appointment January.</p> <p>Woulds Court - £10,680.00 - Feasibility undertaken.</p> <p>27 St Saviours - £27,610.62 - Works to commence 13 October 2026.</p> <p>4 The Paddocks - £61,934.33 - 90% completed on site, costs incorrectly allocated against Aids and Adaptations - to be journalized.</p> <p>6 Clarke Road - £179,000.00 - Property purchased August 2025.</p> <p>63 Normanton Road - £123,190.00 - Property purchase August 2025.</p> <p>Forest Road - £360,550.00 - Handover expected March 2026.</p>
Total New Supply	2,338,000	64,721	5,226,018	2,888,018	

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Comments
Estate Improvements					
Off-Street Parking	300,000	104,800	300,000	-	
Estate Projects	100,000	-	70,000	- 30,000	External door replacement programme to schemes and blocks. Rollover required to next year and increase in budget to accommodate all sites.
Garage Demolition	50,000	-	90,000	40,000	Budget and costs incurred to be moved out of capital assets and into in-year expenditure
Footpaths and Unadopted Roads	50,000	77,180	50,000	-	Miscoding to budget taking the spend over and should allocated to Off Street Parking
Total Estate Improvements	500,000	181,980	510,000	10,000	
Fleet Replacement					
Vehicles	100,000	-	-	- 100,000	Procurement delays
Total Fleet Replacement	100,000	-	-	- 100,000	
Other Capital Schemes					
Sheltered Scheme Improvements	700,000		400,000	- 300,000	Procurement still in progress for a contractor to be in place. Works expected to start in some capacity before the end of the year with an expenditure forecast of £400k before the end of March 2026.
Passive Fire Safety	800,000	368,935	800,000	-	
Scheme Lighting	350,000	-	150,000	- 200,000	Procurement about to be finalised on setting a contractor to deliver. Approximate value of electrical works delivered expected to be £150k by the end of March 2026.
Major Aids and Adaptations	400,000	190,589	450,000	50,000	
Tunstall System	-	39,681	40,000	40,000	

Project Name	2025/26 Revised Budget	Actual Expenditure	Forecast Outturn	Variance	Comments
Total Other Capital Schemes	2,250,000	599,205	1,840,000	- 410,000	
TOTAL ACTIVE PROGRAMME	14,903,000	1,357,328	17,153,016	2,250,016	-

Corporate Scrutiny Committee – WORK PROGRAMME (as at 19/11/25)

Date of Meeting	Item	Lead Officer	Witnesses	Agenda Item Duration
March 2025				
19 March 2026	Council Delivery Plan – Performance Report – 2025/26 Quarter 3 To report the Council's performance during the previous quarter, measured against the indicators as set out in the Council Delivery Plan 2023 – 2028.	Hannah Panter, Head of Human Resources and Organisational Development	-	30 minutes
19 March 2026	Finance Update – 2025/26 Quarter 3 For Members to note and comment on the performance of the General Fund and Housing Revenue Account (HRA) budgets during the previous quarter.	Paul Stone, Strategic Director of Resources	-	30 minutes
19 March 2026	Housing Action Plans Post Inspection This report will set out the proposed action plans following the recent housing regulator inspection and highlight performance and issues impeding delivery of an efficient and good housing service.	Andy Barton, Strategic Director of Communities	-	30 minutes
19 March 2026	Corporate Asset Management Strategy The Committee are requested to consider the strategy as part of the 2026 review.	Paul Wheatley, Head of Economic Regeneration and Property	-	30 minutes

Date of Meeting	Item	Lead Officer	Witnesses	Agenda Item Duration
June 2025				
18 June 2026	Annual Scrutiny Report To present the work of the two scrutiny committees for the 2025/26 civic year.	Andy Barton, Strategic Director of Communities	-	20 minutes

Work requests considered by the Scrutiny Work Programming Group

Request	Update
No current work requests.	-

Principles and Criteria used for Assessing Items Put Forward

Identify Issues for consideration by Scrutiny

- Consulting with members of Scrutiny Committees, senior officers, Cabinet members – horizon scanning on policy development
- Looking at the corporate priorities, Council Delivery Plan and Cabinet Forward plan – identify key issues/topics for investigation/inquiry
- Considering events and decisions in the Council's calendar which could require an input/consultation via scrutiny – eg budget setting, CDP development
- Considering requests from members – eg via another forum or scoping report submitted
- Evaluating the Council's performance – eg quarterly reports, end of year reports, reviewing success of a particular scheme or initiative
- Reviewing any follow up work required after previous scrutiny work

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Prioritise the potential list of scrutiny topics based on factors including

- the resources required to deliver it (from members, offices and financially)
- the value and level of impact which could be achieved
- link to the council's priorities
- whether it is a regular recurring item which requires consideration before Cabinet/Council approval
- consideration of the guidance for selecting scrutiny topics

Topics are suitable for Scrutiny when	Topics are not suitable for Scrutiny when
Scrutiny could have an impact and add value	The issue is already being addressed elsewhere and change is imminent
The topic is of high local importance and reflects the concerns of local people	The topic would be better addressed elsewhere (and will be referred there)
The resources are available that would be required to conduct the review – staff and budget	Scrutiny involvement would have limited or no impact on outcomes
It avoids duplication of work elsewhere	The topic would be sub-judice or prejudicial to the councils interests
The issues is one that the committee can realistically influence	The topic is too broad to make a review realistic
The issue is related to an area where the council or one of its partners is not performing well	New legislation or guidance relating to the topic is expected in the next year

DRAFT Notice of Executive Key Decisions

The attached notice lists the matters which are likely to be the subject of a key decision by the Council's executive and executive decision making bodies. This notice is produced in accordance with the Constitution adopted by North West Leicestershire District Council and will be published a minimum of 28 days before the date on which a key decision is to be made on behalf of the Council.

The date of publication of this notice is Friday, 23 January 2026. The Deadline for making any representations as to why items marked as private should be considered in public by Cabinet on 24 February 2026 is 5pm Friday, 13 February 2026.

Key Decisions

A key decision means a decision taken by the Cabinet, a committee of the Cabinet, an area or joint committee or an individual in connection with the discharge of a function which is the responsibility of the executive 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 Council'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 area of the Council;
- (c) for the purposes of (a) and (b) above £100,000 shall be regarded as significant in terms of expenditure or savings, and 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.

The Council's Executive

The Council's executive committee is the Cabinet. The Cabinet comprises:

 Councillor R Blunt	- Leader
Councillor M Wyatt	- Deputy Leader and Communities & Climate Change
Councillor T Gillard	- Business and Regeneration
Councillor K Merrie MBE	- Finance & Corporate
Councillor N J Rushton	- Infrastructure
Councillor A Saffell	- Planning
Councillor A Woodman	- Housing, Property & Customer Services

Confidential Items and Private Meetings of the Executive

Whilst the majority of the Cabinet's business at the meetings listed in this notice will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information. This is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of the Cabinet meetings listed in this Forward Plan may be held in private because the agenda and reports for the meeting contain exempt information under Part 1 Schedule 12A to the Local Government Act (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those Items where it is considered that they should be considered in private are identified on the Notice.

Access to Agenda and Related Documents

Documents relating to the matters listed in this notice are available at least 5 clear working days prior to the date of decision as indicated below. Other documents relevant to the matters listed in this notice may be submitted to the decision maker.

If you wish to request or submit a document, or make representation in relation to any issue contained within this notice, please contact Democratic Services on telephone number 01530 454512 or by emailing memberservices@nwleicestershire.gov.uk

Executive Decisions

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
24 February 2026							
Supplementary Estimates, Virements and Capital Approvals	Cabinet	Key	Public	24 February 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Supplementary Estimates, Virements and Capital Approvals	N/A - decision delegated to Cabinet under the constitution.
Council Delivery Plan - Performance Report - 2025/26 Quarter 3	Cabinet	Key	Public	24 February 2026	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Human Resources and Organisation Development, Organisation Development Team Leader hannah.panter@nwleicestershire.gov.uk, laura.staveley@nwleicestershire.gov.uk	Council Delivery Plan - Performance Report - 2025/26 Quarter 3	Corporate Scrutiny 19 March 2026

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Review of Corporate Governance Policies - Information Governance Framework	Cabinet	Key	Public	24 February 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk emma.lant@nwleicestershire.gov.uk	Report Review of Corporate Governance Policies - Information Governance Framework	Report will be considered at Audit and Governance Committee meeting on 12 November 2025
Good Design Guide for North West Leicestershire 181	Cabinet	Key	Public	24 February 2026	Councillor Tony Saffell tonyc.saffell@nwleicestershire.gov.uk Head of Planning and Infrastructure Tel: 01530 454668 chris.elston@nwleicestershire.gov.uk	Good Design Guide for North West Leicestershire	Community Scrutiny Committee, 10 April 2025
Acquisitions and Disposals	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	24 February 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Place, Strategic Director of Communities Tel: 01530 454555, Tel: 01530 454819 james.arnold@nwleicestershire.gov.uk, andy.barton@nwleicestershire.gov.uk	Acquisitions and Disposals	Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Award of Contracts	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	24 February 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities, Strategic Director of Resources (Section 151 Officer), Strategic Director of Place Tel: 01530 454819, Tel: 01530 454495, Tel: 01530 454555 andy.barton@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk, james.arnold@nwleicestershire.gov.uk	Award of Contracts	Delegated Cabinet Function
March 2026							
Supplementary Estimates, Virements and Capital Approvals	Cabinet	Key	Public	24 March 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Supplementary Estimates, Virements and Capital Approvals	N/A - decision delegated to Cabinet under the constitution.

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
General Fund Finance Update - 2025/26 Quarter 3	Cabinet	Key	Public	24 March 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	General Fund Finance Update - 2025/26 Quarter 3	Corporate Scrutiny Committee - 19/03/26
Housing Revenue Account (HRA) Finance Update - 2025/26 Quarter 3 183	Cabinet	Key	Public	24 March 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Housing Revenue Account (HRA) Finance Update - 2025/26 Quarter 3	Corporate Scrutiny Committee - 19/03/26
Planning Obligations and Proposed Charging Schedule	Cabinet	Key	Public	24 March 2026	Councillor Tony Saffell tonyc.saffell@nwleicestershire.gov.uk Senior Planner, Head of Planning and Infrastructure Tel: 01530 454668 stephen.james@nwleicestershire.gov.uk, chris.elston@nwleicestershire.gov.uk	Planning Obligations and Proposed Charging Schedule	Not required, unless called in

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council tax, Non Domestic Rates and Sundry Debts Write Offs	Cabinet	Key	Public	24 March 2026	Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council tax, Non Domestic Rates and Sundry Debts Write Offs	n/a - function delegated to Cabinet
Stenson Square Gardens - Presentation of Designs Post Public Engagement and Approval to Fund and Submit Planning Application(s) →	Cabinet	Key	Public	24 March 2026	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk Senior Economic Development Officer, Head of Property and Regeneration Tel: 01530 454678, Tel: 01530 454 354 emily.marquez@nwleicestershire.gov.uk, paul.wheatley@nwleicestershire.gov.uk	Stenson Square Gardens - Presentation of Designs Post Public Engagement and Approval to Fund and Submit Planning Application(s)	Community Scrutiny Committee - 26 February 2026

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee	
185	Award of Contracts	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	24 March 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Place, Strategic Director of Communities, Strategic Director of Resources (Section 151 Officer) Tel: 01530 454555, Tel: 01530 454819, Tel: 01530 454495 james.arnold@nwleicestershire.gov.uk, andy.barton@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk	Award of Contracts	Delegated Cabinet Function
	Acquisitions and Disposals	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	24 March 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities, Strategic Director of Place Tel: 01530 454819, Tel: 01530 454555 andy.barton@nwleicestershire.gov.uk, james.arnold@nwleicestershire.gov.uk	Acquisitions and Disposals	Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Supplementary Estimates, Virements and Capital Approvals	Cabinet	Key	Public	28 April 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Supplementary Estimates, Virements and Capital Approvals	N/A - decision delegated to Cabinet under the constitution.
Council Delivery Plan - Performance Report - 2025/26 Quarter 4 18	Cabinet	Key	Public	28 April 2026	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Human Resources and Organisation Development, Organisation Development Team Leader hannah.panter@nwleicestershire.gov.uk, laura.staveley@nwleicestershire.gov.uk	Council Delivery Plan - Performance Report - 2025/26 Quarter 4	Corporate Scrutiny likely 18 June

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Housing Revenue Account (HRA) Update - 2025/26 Quarter 4 18/7	Cabinet	Key	Public	28 April 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance, Strategic Director of Resources (Section 151 Officer), Finance Team Manager Tel: 01530 454492, Tel: 01530 454495, anna.crouch@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk, georgina.gwillim@nwleicestershire.gov.uk	Housing Revenue Account (HRA) Update - 2025/26 Quarter 4	Corporate Scrutiny likely 18 June 2026
General Fund Finance Update - 2025/26 Quarter 4	Cabinet	Key	Public	28 April 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Finance Team Manager, Head of Finance, Strategic Director of Resources (Section 151 Officer) Tel: 01530 454492, Tel: 01530 454495 georgina.gwillim@nwleicestershire.gov.uk, anna.crouch@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk	General Fund Finance Update - 2025/26 Quarter 4	Corporate Scrutiny likely 18 June 2026

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Housing Action Plans Post Inspection	Cabinet	Key	Public	28 April 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities Tel: 01530 454819 andy.barton@nwleicestershire.gov.uk	Comments made by Scrutiny Report Housing Action Plans Post Inspection	Corporate Scrutiny Committee - 19 March 2026
Award of Contracts	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	28 April 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities, Strategic Director of Resources (Section 151 Officer), Strategic Director of Place Tel: 01530 454819, Tel: 01530 454495, Tel: 01530 454555 andy.barton@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk, james.arnold@nwleicestershire.gov.uk		Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Acquisitions and Disposals	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information)	28 April 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities, Strategic Director of Place Tel: 01530 454819, Tel: 01530 454555 andy.barton@nwleicestershire.gov.uk, james.arnold@nwleicestershire.gov.uk	Acquisitions and Disposals	Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
10 Playing Pitches, Built Facilities (Sports and Community), and Open Spaces Strategies	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information)	28 April 2026	Councillor Tony Gillard Tel: 01530 452930 tony.gillard@nwleicestershire.gov.uk Principal Planning Officer, Leisure Services Team Manager, Planning Policy & Land Charges Team Manager, Technical Support Officer, Head of Community Services Tel: 01530 454602, Tel: 01530 454677, , Tel: 01530 454832 joanne.althorpe@nwleicestershire.gov.uk, jason.knight@nwleicestershire.gov.uk, ian.nelson@nwleicestershire.gov.uk, andrea.cave@nwleicestershire.gov.uk, paul.sanders@nwleicestershire.gov.uk	Playing Pitches, Built Facilities (Sports and Community), and Open Spaces Strategies	Community Scrutiny Committee - 26 February 2025
Corporate Asset Management Strategy	Cabinet	Key	Private	28 April 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Property Services and Corporate Landlord Team Manager lee.roberts@nwleicestershire.gov.uk	Corporate Asset Management Strategy	Corporate Scrutiny 19 March 2026

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
May 2026							
Supplementary Estimates, Virements and Capital Approvals	Cabinet	Key	Public	19 May 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Supplementary Estimates, Virements and Capital Approvals	N/A - decision delegated to Cabinet under the constitution.
Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council tax, Non Domestic Rates and Sundry Debts Write Offs	Cabinet	Key	Public	19 May 2026	Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk		N/A - function delegated to Cabinet

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee	
192	Award of Contracts	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	19 May 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Place, Strategic Director of Communities, Strategic Director of Resources (Section 151 Officer) Tel: 01530 454555, Tel: 01530 454819, Tel: 01530 454495 james.arnold@nwleicestershire.gov.uk, andy.barton@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk	Award of Contracts	Delegated Cabinet Function
	Acquisitions and Disposals	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	19 May 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Communities, Strategic Director of Place Tel: 01530 454819, Tel: 01530 454555 andy.barton@nwleicestershire.gov.uk, james.arnold@nwleicestershire.gov.uk	Acquisitions and Disposals	Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Supplementary Estimates, Virements and Capital Approvals	Cabinet	Key	Public	23 June 2026	Councillor Keith Merrie MBE Tel: 07596 112270 keith.merrie@nwleicestershire.gov.uk Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Supplementary Estimates, Virements and Capital Approvals	N/A - decision delegated to Cabinet under the constitution.
Treasury Management Stewardship Report 2025/26 193	Cabinet	Non-Key	Public	23 June 2026	Head of Finance Tel: 01530 454492 anna.crouch@nwleicestershire.gov.uk	Treasury Management Stewardship Report 2025/26	Audit and Governance Committee - 10/06/25
Acquisitions and Disposals	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	23 June 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Place, Strategic Director of Communities Tel: 01530 454555, Tel: 01530 454819 james.arnold@nwleicestershire.gov.uk, andy.barton@nwleicestershire.gov.uk	Acquisitions and Disposals	Delegated Cabinet Function

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker	Considered by Scrutiny or other Committee
Award of Contracts	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information) Contains Exempt information	23 June 2026	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk Strategic Director of Place, Strategic Director of Communities, Strategic Director of Resources (Section 151 Officer) Tel: 01530 454555, Tel: 01530 454819, Tel: 01530 454495 james.arnold@nwleicestershire.gov.uk, andy.barton@nwleicestershire.gov.uk, paul.stone@nwleicestershire.gov.uk	Award of Contracts	Delegated Cabinet Function