

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
CABINET – THURSDAY, 9 JANUARY 2025**



Title of Report	2024/25 QUARTER 2 GENERAL FUND FINANCE UPDATE	
Presented by	Councillor Nick Rushton Corporate Portfolio Holder PH Briefed <input type="checkbox"/> Yes	
Background Papers	Council 22 February 2024: General Fund Budget and Council Tax 2024/25	Public Report: Yes
		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 2024/25.	
Reason for Decision	To update Cabinet on Quarter 2 2024/25 and request approval for supplementary estimates as detailed in the recommendations below.	
Recommendations	CABINET IS RECOMMENDED TO: <ol style="list-style-type: none"> 1. NOTE THE FORECAST OVERSPEND ON GENERAL FUND FOR 2024/25 OF £2,136K BASED ON QUARTER 2 INFORMATION. 2. NOTE THE SPECIAL EXPENSES FORECAST OUTTURN FIGURES FOR 2024/25 BASED ON QUARTER 2 INFORMATION. 3. NOTE THE SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2 WHICH ARE BELOW £100K AND ARE EXTERNALLY FUNDED. 	

	<p>4. APPROVE THE SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2 WHICH ARE ABOVE £100K AND ARE EXTERNALLY FUNDED.</p> <p>5. APPROVE ALL SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2 WHICH REQUIRE COUNCIL FUNDING.</p> <p>6. NOTE THAT THE SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2 WHICH ARE ABOVE £250K AND ARE EXTERNALLY FUNDED.</p> <p>7. NOTE THE REVISED GENERAL FUND CAPITAL PROGRAMME DETAILED IN APPENDIX 5.</p> <p>8. APPROVES THE MOVEMENT FROM THE DEVELOPMENT POOL TO THE ACTIVE PROGRAMME FOR THE CAPITAL SCHEME DETAILED IN TABLE 5.</p>
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1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the spending position for the period 1 April 2024 to 30 September 2024 for the Council's General Fund focusing on the significant variances from the approved budgets. It should be noted that due to the subsequent backlog issues from the finance system implementation and the delay to closing the 2023/24 accounts, the in-depth analysis of the figures which would usually be undertaken has not been possible. Therefore, the focus has been on reporting the major variances based on the information available and discussions between Finance and the budget holders.
- 1.2 To update Members on supplementary estimates requested, to request approval for those over £100k which are externally funded, and for approval for those over £100k which are Council funded, noting:
- Local Nutrient Mitigation Fund Round 2 to deliver nutrient mitigation schemes, with the aim of progressing stalled housing delivery in affected catchments. The Council was successful with a bid for new development with overnight stays in the River Mease Special Area of Conservation (SAC) catchment. The Council has been awarded all of the capital funding bid for £2.56m and revenue funding of £120k. The Council will also receive a final £100k from the Nutrient Support Fund.
- 1.3 To update Members on the capital programme for the period 1 April 2024 to 30 September 2024 on the proposed resourcing of the capital programme and the level of Council capital resources available, including capital receipts.
- 1.4 To update Members on the changes to the capital programme and note the variations to scheme budgets and re-profiling of budgets to future years.
- 1.5 To provide Members with an update on the Council's Treasury Management activity during the period 1 April 2024 to 30 September 2024.

2.0 GENERAL FUND

2.1 General Fund Revenue

2.1.1 Table 1 below summarises the second quarter position summarised by Directorate. The current projections are that an overspend of £2,136k on the overall General Fund budget is expected for 2024/25.

Table 1 – General Fund Revenue 2024/25 Quarter 2 Forecast Outturn Position

Directorate	Revised Budget £000	Forecast £000	Variance £000
	£000	£000	£000
Chief Executive Directorate	2,807	2,945	138
Place Directorate	2,485	3,012	527
Community Services Directorate	7,166	7,969	803
Resources Directorate	5,262	5,767	506
Corporate & Democratic Core & Other Budgets	805	989	184
NET COST OF SERVICES	18,525	20,682	2,158
Net Recharges from General Fund	(1,859)	(1,901)	(42)
NET COST OF SERVICES AFTER RECHARGES	16,666	18,781	2,116
Total Corporate Items and Financing	1,496	1,517	20
NET REVENUE EXPENDITURE	18,162	20,298	2,136
Contribution to/(from) Balances/Reserves	(751)	(751)	0
NET EXPENDITURE (AFTER RESERVE CONTRIBUTIONS)	17,411	19,547	2,136
FUNDING TOTAL	(17,411)	(17,411)	0
FORECAST (UNDERSPEND) / OVERSPEND	0	2,136	2,136

2.1.2 Cabinet should note that although the position is a forecast, and could change by 31 March 2025, it has been assumed to be funded from the MTFP reserve in year. The Council's MTFP reserve was set up to manage deficits and funding volatility. It was created to ensure financial stability and sustainability over the medium term. It helps the Council manage financial risks and uncertainties such as economic fluctuations and unexpected expenditures. Work is still required between now and the end of the year to ensure the ledger is up to date for 2023/24 and 2024/25. As 2023/24 is yet to be finalised, this places risk on the 2024/25 data, and any brought forward balances from 2023/24. Additional short-term investment in the Finance Team means there is capacity to not only address the backlog but work on improving processes, implementing new systems and exploring system functionality. Despite the challenges, the Section 151 Officer is confident in the robustness of the financial forecasts. The Finance Team is working to process all transactions as swiftly as possible while maintaining accuracy and

compliance with regulatory standards. The Council understands the importance of timely financial reporting and are committed to resolving these delays. In the interim, our forecasts have been carefully constructed by collaborating closely with officers from all departments.

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

2.1.4 A summarised analysis of the major factors are detailed below:

Staffing £1,102k

- There is a national issue for recruiting and retaining appropriately experienced staff into local government, North West Leicestershire is no different. To ensure the Council meets its duties, interim resource is being procured at generally a much higher cost than permanent staff.
- The 2024/25 Local Government Pay Award was nationally agreed recently, this is on average 1% above the amount included in the MTFP.
- The cost pressure is across the Council, with Waste Services being the highest.

Income £428k

- Planning applications are forecast to be lower than budgeted, there are some large applications due, but not all of the income may be recognised in year if the work involved relates to future years.
- Vacant rental units are reducing the Council's income, along with agreed rent free periods due to unsuitable building conditions.
- Legal Services is unable to achieve the budgeted income due to a lack of external work.

Other Major Items £534k

- Temporary Accommodation demand and costs are increased across the district. Although new permanent units are being made available, there is a continual demand to replace those who have left temporary accommodation. This is a trend that is replicated across Leicestershire and the country as a whole.
- Repairs and maintenance to the Council's properties is increasing due to aging buildings and poor weather conditions.
- Repairs and maintenance of Council vehicles is increasing due to aging fleet.

2.1.5 The overall forecast outturn is an estimate based on current knowledge; these are subject to change. Many of the pressures have happened and the Council does not anticipate any fundamental changes that will affect the forecast, therefore the balance of £2,136k is expected to be funded from the MTFP reserve. This has been reflected in Table 2 below.

2.1.6 To provide a clearer understanding of the pressures mentioned above, the following paragraphs offer detailed context.

Recruitment and Retention

2.1.7 Local authorities are increasingly facing rising costs due to their reliance on agency workers, as they struggle to fill permanent positions. According to a report by the Local Government Association (LGA), this trend is driven by a shortage of qualified candidates for essential roles, leading councils to depend on more expensive temporary staff.

- Approximately 16% of finance posts across England were vacant. 26% of accountancy roles were vacant, 21% of internal audit roles were vacant and 20 per cent of business partner roles were vacant.
- On average, local authority finance teams had a turnover of approximately 12.5% per annum and rising. Turnover in districts was higher. The main reason for employees leaving the service was for money. Staff leaving for retirement was the second most common reason.
- 4.5% of the finance workforce were agency/interim staff, with increasing expenditure forecast in this area. Most respondents stated that the main reason for using agency staff and interims was because the recruitment exercise did not deliver.

2.1.8 The inability to fill essential posts has significant implications for the services provided by local authorities. For instance, if key positions in waste management are not filled, waste collection and disposal services could be disrupted, leading to public health concerns and environmental issues.

2.1.9 The Council's struggle to recruit finance professionals is challenging. These roles are essential for ensuring that the Council meets its legislative requirements, such as delivering statements of accounts within statutory timeframes. Although the Council has faced challenges in this area, it has prioritised recruiting for positions that ensure compliance with the new financial reporting regime. Treasury management is another vital function that requires skilled personnel. Effective treasury management ensures that the Council has sufficient cash flow to pay its creditors and that surplus balances are invested to maximise income for the Council. Without qualified staff in these roles, the Council's financial stability could be at risk.

2.1.10 Planning is also an essential service that local authorities provide. However, recruiting for planning posts is particularly challenging. Planning income is volatile and hard to predict, making it difficult to manage budgets effectively. Planning departments are crucial for managing development and ensuring that local infrastructure meets the needs of the community. Without adequate staffing, delays in planning approvals and inspections could hinder local development projects and economic growth.

2.1.11 In summary, the reliance on agency workers due to recruitment challenges in essential areas such as finance, treasury management, and planning is driving up costs for local authorities. This not only strains their budgets but also impacts the quality and reliability of the services they provide to the community.

Vacancy Control

2.1.12 Most local authorities make assumptions on how much will be saved through the gap between employees leaving and replacements taking up the vacant posts. These assumptions are fed into the budget process at the start of the financial year – this is called the vacancy allowance.

2.1.13 The Council operates a vacancy allowance whereby all services have a 3% rate which reduces the service budget. If the vacancy rate were to be removed entirely, then the Council would need to find additional ongoing savings. Vacancy savings are delivered when a post is vacant for any period of time; e.g. a post is vacant on 1 January 2024, and is not filled until 1 March 2024 i.e. two months. If the post was budgeted at £20k, then a saving of £3k would be delivered against the vacancy target.

2.1.14 Therefore, if a service does not have significant turnover, it is unlikely to meet its vacancy rate saving. Within waste services, there has been a range of factors that have contributed to the overspend. Whilst this includes the cost of agency to ensure delivery of frontline services, there have been further pressures from the vacancy allowance, loss of income from HRA services and vehicle parts.

Temporary Accommodation/Homelessness

2.1.15 There have been additional cost pressures associated with temporary accommodation; an issue reflected at the national level. This is a critical service, especially given the rising number of households in need. At the national level, according to the LGA, the number of households living in temporary accommodation has increased by 89% over the past decade.

2.1.16 Several factors contribute to the reliance on temporary accommodation. This includes:

- **Shortage of Social Housing:** There is a severe shortage of affordable social housing, forcing councils to use private temporary accommodations, such as hotels and B&Bs, which are more costly.
- **Rising Cost of Living:** The increasing cost of living and frozen Local Housing Allowance (LHA) rates have exacerbated the situation, making it harder for councils to find suitable permanent housing.
- **Homelessness Prevention:** Temporary accommodation is a crucial part of homelessness prevention strategies. It provides a safety net for those who have lost their homes, ensuring they have a place to stay while more permanent solutions are sought.
- **Financial Viability:** The gap between the costs incurred by councils for temporary accommodation and the amount reimbursed by the government has strained local government finances. Over the past five years, this subsidy gap has cost councils more than £700 million.

2.1.17 The use of temporary accommodation, while essential, is a significant financial burden on local authorities. Recent analysis demonstrates 8,083 cases across the district councils in the county during the period 2022 – 2024, with Hinckley and Bosworth, Charnwood and Harborough seeing the highest number of cases. Total overspends across Leicestershire districts was £1.5m and £0.9m in 2022/23 and 2023/24 respectively.

2.1.18 The financial pressures faced by local authorities in respect of homelessness was recognised in the Government's Autumn Statement with additional funding announced, however, this will not be allocated to local authorities until the 2025/26 financial year.

Summary

2.1.19 While there is an overspend, the Council has incorporated mitigations in the budget proposals for 2025/26 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.

2.1.20 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.

2.2 Virements

- 2.2.1 A virement is where one or more budget(s) are reduced to fund an increase in another budget(s). There is no net change in the total budget agreed by Council arising from a virement.
- 2.2.2 New virement approval levels were approved as part of the constitution by Council in February 2023. These approval levels are detailed in Appendix 2(a).
- 2.2.3 There are no virements within quarter two which require approval by either Cabinet or Council.

2.3 Supplementary Estimates

- 2.3.1 Supplementary estimates are a new process that was also approved as part of the constitution by Council in February 2023 as per paragraph 2.2.2 above.
- 2.3.2 A supplementary estimate is an addition to the Council's agreed budget and should only be considered after all other options such as virements or savings have been considered.
- 2.3.3 Supplementary estimates include budgets fully funded by external grants or contributions.
- 2.3.4 All supplementary estimates which require Council funding require Cabinet approval, whereas those fully externally funded are reported to Cabinet below £100k and require approval over £100k.
- 2.3.5 Appendix 2 details all supplementary estimates grouped by value and funding with details of the reasons for the requests. As can be seen from Appendix 2, the total external funding to be included in the 2024/25 budgets is £3,296k (of which £2,866k is capital) and the total to be transferred from reserves is £338k.

2.4 Section 106 Agreements

- 2.4.1 Section 106 agreement funds of £8.2m were held by the Council as at 31 March 2024. During the financial year, the Council has received an additional £0.95m contributions and £3.3m has been spent so far by the County Council, Police Authority and parish councils. A breakdown of the £5.8m balance as at 30 September 2024 is provided at Appendix 3.

2.5 General Fund Reserves

- 2.5.1 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.

- 2.5.2 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.
- 2.5.3 Best practice indicates that reserves, if set aside for specific purposes, should be spent in accordance with projections. Finance clinics (this is a dedicated meeting between finance officers and Heads of Service/Team Managers) focus on ensuring that earmarked reserves are expended in a timely manner in line with the purposes in which they have been set aside.
- 2.5.4 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.

Table 2 – Usable Reserves forecast as at 31 March 2025

Service Area	Provisional Balance as at 01/04/2024	Forecasted Movement (From)/To Reserves 2024/25	Forecasted Balance as at 31/03/2025
	£000	£000	£000
Service Earmarked Reserves	5,057	(215)	4,842
Business Rates	5,822	7,379	13,201
MTFP	7,588	(2,902)	4,686
Special Expenses	102	(102)	0
Total Earmarked Reserves	18,569	4,160	22,729
Unallocated			
General Fund	1,544	0	1,544
Special Expenses	36	8	44
Total Reserves - General Fund & Special Expenses	20,149	4,168	24,317

2.6 General Fund Capital

- 2.6.1 Table 3 below details the quarter two position on the 2024/25 capital programme. Spend up to the end of quarter two is around £3.1m, the three biggest areas of expenditure are in relation to the Fleet Replacement, Marlborough Square Improvement programme and expenditure relating to the Disabled Facilities Grant. Full scheme by scheme analysis can be found in Appendix 5.

Table 3 – Quarter 2 2024/25 Outturn on the General Fund Capital Programme

Scheme	Revised Budget	Actual Expenditure	Forecast Outturn	Variance
	£000	£000	£000	£000
Active Programme	6,105	831	6,146	41
Development Pool	3,454	67	3,384	(70)
REFCUS	4,264	2,159	4,264	0
TOTAL	13,823	3,057	13,794	(29)

2.6.2 The 2024/25 forecasted outturn is £13.8m against revised budget of £13.8m with around £4.9m being reprofiled. Schemes with the significant expenditure in this financial year includes:

Disabled Facilities Grants– Disabled Facilities Grant can pay for ramps, stairlifts, level access showers or any other adaptation which helps you get around your home more easily. Grants are available for owner/occupiers, private tenants, and housing association tenants. Spend so far this year is around £600k.

Marlborough Square improvement works – This is public realm works in Marlborough Square. Construction work is currently underway, and the works are due to complete in May 2025. Spend so far this year is just under £1.2m.

Fleet replacement programme – This is the purchase of environmentally-friendly vehicles to deliver council services. Spend on the programme so far this year is £400k.

2.6.3 £4.9m capital budget is projected to be carried forward to future years. This is detailed in Table 4 below.

Table 4 – Reprofiled of budget to future years

Scheme	Reprofiled to 2025/26
	£000
Active Programme	2,307
Development Pool	2,581
REFCUS	0
TOTAL	4,888

2.6.4 The two largest budgets that have been re-profiled are £2.1m in relation to Coalville Regeneration Framework and £1m in relation to Stenson Square Public Realm.

2.7 Changes to the Capital Programme

2.7.1 Schemes in the capital programme are grouped under two categories and these are:

Development Pool: These are schemes not yet fully costed or funding sources identified. A full business case is required to be prepared and presented to the newly implemented Capital Strategy Group for consideration before the scheme can go ahead.

Active Programme: Schemes in this category have been approved (by either Capital Strategy Group, Cabinet or Council), fully funded and are being delivered.

2.7.2 Table 5 below details schemes for Cabinet approval to move from the development pool to the active projects.

Table 5 – Scheme Movements and New Schemes

Scheme	Budget	Reason for Movement
Movement from Development Pool to Active Programme		
Solar Panels - Whitwick & Coalville Leisure Centres	246,759	Considered by Capital Strategy Group and pending approval transfer from development pool to Active Programme
Total	246,759	

2.7.3 As detailed in Table 5, is one scheme that requires Cabinet approval to move from the development pool to the active programme:

Whitwick and Coalville Leisure Centre – Solar Panels

The Council has been awarded potential funding of £246,759 from Sport England as part of the Swimming Pool Support Fund to install additional solar panels at Whitwick and Coalville Leisure Centre. Once completed learnings from this project to be used in Ashby Leisure Centre/Coalville Leisure Centre.

3.0 SPECIAL EXPENSES

3.1 Table 6 below summarises the forecast outturn position for Coalville Special Expenses and Other Special Expense areas. Further information is contained within Appendix 6 which provides a more detailed analysis.

3.2 At the end of the second quarter, Coalville Special expenses are forecast to be £31k over budget, Hugglescote Special Expenses (£2k) under budget and Whitwick Special Expenses £14k over budget, with Other Special expense areas forecasting minor variances. It is forecast that budget shortfalls will be funded from balances available.

Table 6 - Special Expenses 2024/25 Q2 Monitoring and Forecast Outturn Position

SPECIAL EXPENSES	Approved Budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Annual Recurring Expenditure	559	602	43
Expenditure Requirement	559	602	43
Precept	(597)	(597)	0
EMR's not required – returned to balances	0	(16)	(16)
Transfer to/(from) reserves	38	11	(27)

3.3 The major variances are summarised in table 7 below:

Table 7 – Special Expenses Major Variances

Special Expenses - Major Variances	£'000
<u>Coalville</u>	
Cemetery - reduced burial & monument fees	15
Parks, Recreational Grounds, Open Spaces – increased premises insurance	4
Parks, Recreational Grounds, Open Spaces - increased repairs & maintenance	12
<u>Hugglescote</u>	
Cemetery - reduced Asset protection	(2)
<u>Whitwick</u>	
Cemetery - reduced burial & monument fees	14

- 3.4 The provisional balances as at 1 April 2024 and the forecast outturn as at 31 March 2025 are shown in Table 8 below. Four of the Special Expense areas are forecast to be in a deficit position. The conclusion of the Special Expenses Policy review expects that deficits will be recovered over future years to ensure that a minimum of 10% balances are retained.

Table 8 - Forecasted Special Expense Balances 2024/25

SPECIAL EXPENSE BALANCES	Provisional Balances 01.04.24	Forecast Contribution to/(from) Balances	Forecast Balances 31.03.25 Surplus/ (Deficit)
<u>Current</u>	£	£	£
Coalville	33,914	19,880	53,794
Whitwick	6,189	(14,449)	(8,260)
Hugglescote/Donington Le Heath	29,761	378	30,139
Coleorton	220	(249)	(29)
Oakthorpe & Donisthorpe	(15,606)	5,414	(10,192)
Ravenstone	1,403	117	1,520
<u>Previous</u>			
Lockington/Hemington	2,286	0	2,286
Measham	1,940	0	1,940
Stretton	(1,719)	0	(1,719)
Appleby Magna	2,608	0	2,608

- 3.5 A list of the Special Expense earmarked reserves as at the end of September 2024 are shown in table 9 below. Appendix 7 gives a more detailed analysis.

Table 9 - 2024/25 Special Expenses Earmarked Reserves

EARMARKED RESERVES	Balances 01.04.24	Spend to date	Forecast Spend	Reserves no longer required	Forecast Balance as at 31.03.25
	£	£	£	£	£
Coalville	85,008	8,614	60,680	15,714	0
Hugglescote	17,450	6,674	10,776	0	0
	102,458	15,288	71,456	15,714	0

4.0 TREASURY MANAGEMENT

- 4.1 The following outlines the Treasury position and variance to budget of the Council's Treasury Management function. The Council's Treasury Management Strategy for 2024/25 was approved at a Council meeting on 22 February 2024. The Council has invested substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.
- 4.2 Table 10 shows the progression of budgets as at 30 September 2024 for Treasury Management elements.

Table 10 – Treasury Management Forecast Outturn 2024/25

Element	Original Budget	Variance	Revised Forecast
	£'000	£'000	£'000
Investment Interest Income:			
S106 Deductions	(189)	(84)	(273)
GF	(410)	20	(390)
HRA	(286)	(367)	(653)
Total	(885)	(431)	(1,316)
Borrowing Interest Expenditure	2,330	(288)	2,042
Borrowing Principal Repaid	1,269	0	1,269
Total	2,714	(719)	1,995

- 4.3 Borrowing interest expenditure forecast has reduced by £0.29m due to an early repayment of a LOBO Loan with Commerzbank on the 8 February 2024 after the budget for 2024/25 was set. The lender took it's option to increase the interest rate from 4.80% to 5.80%. The decision to repay the loan was taken to avoid locking into a high long-term interest rate when cash was available to repay the loan. The Council has no further LOBO loans.

- 4.4 Investment interest income is forecast to increase from £0.89m to £1.32m (before S106 deductions) due to the authority locking in higher rates of return from fixed term deposits, during a falling interest rate environment.
- 4.5 Table 11 shows a summary of the Council's external investments and borrowing along with the rate of return/borrowing of both.

Table 11 – Treasury Summary

	31.3.24 Balance £m	Movement £m	30.09.24 Balance £m	30.09.24 Rate %
Long-term borrowing	55.1	0.0	55.1	3.50%
Short-term borrowing	1.2	(0.6)	0.6	2.25%
Total borrowing	56.3	(0.6)	55.7	3.48%
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	25.5	(15.0)	10.0	4.84%
Cash and cash equivalents	5.0	11.8	16.8	5.25%
Total investments	30.0	(3.2)	26.8	5.09%
Net borrowing	26.3	2.6	28.9	

- 4.6 Further information on the Council's borrowing and investments can be found on Appendix 10.
- 4.7 During the reporting period the Council has paid back £0.6m in principle on its PWLB loans. It is forecast to repay £1.26m in PWLB loan principle by the end of the year. 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.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None

Economic and Social Impact:	The Council plans to invest up to £2.9m in town centre regeneration and public realm works in the current financial year.
Environment and Climate Change:	Up to £0.3m is forecast to be spent on purchasing environmentally friendly vehicles and installing electric vehicle charging points throughout the district in the current financial year.
Consultation/Community/Tenant Engagement:	This report will be considered by Corporate Scrutiny Committee on 13 March 2025.
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>
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