

Public Document Pack



Hinckley & Bosworth
Borough Council

Bill Cullen MBA (ISM), BA(Hons) MRTPI
Chief Executive

Date: 22 January 2025

**To: Members of the Scrutiny Commission and
Finance & Performance Scrutiny**

Cllr C Lambert (Chair)
Cllr MJ Surtees (Vice-Chair)
Cllr P Williams (Vice-Chair)
Cllr DS Cope
Cllr MJ Crooks
Cllr C Gibbens
Cllr DT Glenville
Cllr C Harris
Cllr J Moore

Cllr LJ Mullaney
Cllr A Pendlebury
Cllr M Simmons
Cllr H Smith
Cllr P Stead-Davis
Cllr BE Sutton
Cllr A Weightman

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a joint meeting of the **SCRUTINY COMMISSION AND FINANCE & PERFORMANCE SCRUTINY** in the De Montfort Suite, Hinckley Hub on **THURSDAY, 30 JANUARY 2025** at **6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen
Democratic Services Manager

Fire Evacuation Procedures

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
- Proceed to **Willowbank Road car park**, accessed from Rugby Road then Willowbank Road.
- **Do not** use the lifts.
- **Do not** stop to collect belongings.

Recording of meetings

At HBBC we are open and transparent about how we make decisions. We allow recording, filming and photography at all public meetings including Council, the Executive and Planning Committee as long as doing so does not disturb or disrupt the proceedings. There may occasionally be some reports that are discussed in private session where legislation requires this to happen, but this is infrequent.

We also allow the use of social media during meetings, which helps to bring the issues discussed to a wider audience.

Members of the public, members of the press and councillors are hereby informed that, in attending the meeting, you may be captured on film. If you have a particular problem with this, please contact us so we can discuss how we may accommodate you at the meeting.

Use of mobile phones

To minimise disturbance to others attending the meeting, please switch off your phone or other mobile device or turn it onto silent or vibrate mode.

Thank you

**SCRUTINY COMMISSION AND FINANCE & PERFORMANCE SCRUTINY
30 JANUARY 2025**

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS

2. MINUTES (Pages 1 - 4)

To confirm the minutes of the meeting held on 12 December.

3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES

To be advised of any additional items of business which the Chair decides by reason of special circumstances shall be taken as matters of urgency at this meeting.

4. DECLARATIONS OF INTEREST

To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the agenda.**

5. QUESTIONS

To hear any questions in accordance with Council Procedure Rule 12.

6. SCRUTINY REVIEW: HEALTHCARE IN HINCKLEY & BOSWORTH

Following the request of the Scrutiny Commission, representatives have been invited to provide an update on healthcare including GPs and enhanced access, dentistry, and the new community diagnostic centre.

7. SCRUTINY COMMISSION WORK PROGRAMME (Pages 5 - 10)

Work programme attached.

8. BUDGET REPORTS

Members are asked to scrutinise the following reports (8a to 8f) and the recommendations therein which will be put to Council at its budget meeting on 20 February 2025.

(a) Medium term financial strategy 2024/25 to 2027/28 (Pages 11 - 68)

To update members on the medium term financial strategy (MTFS) position for 2024/25 to 2027/28 in the context of significant uncertainty for local government in light of the recent government announcements on devolution and local government reorganisation.

(b) General fund budget 2025/26 (Pages 69 - 84)

To present the general fund revenue budget for 2025/26.

(c) Housing revenue account budget 2025/26 (Pages 85 - 98)

To present the housing revenue account budget including housing repairs for 2025/26.

- (d) Fees and charges 2025/26 (Pages 99 - 132)

To present the proposed scale of fees and charges for 2025/26.

- (e) Capital programme 2024/25 to 2027/28 and capital strategy (Pages 133 - 156)

To present the capital strategy and capital programme for 2024/25 to 2027/28.

- (f) Treasury management strategy 2024/25 to 2027/28 and prudential indicators 2024/25 to 2027/28 (Pages 157 - 200)

To present the Council's prudential indicators for 2024/25 - 2027/28 and sets out the expected treasury operations for this period.

9. **PAY POLICY STATEMENT (Pages 201 - 218)**

To present the pay policy statement for 2025/26.

10. **PEER REVIEW**

To brief members on the initial feedback from the peer review in advance of receiving the formal report.

11. **MINUTES OF FINANCE & PERFORMANCE SCRUTINY (Pages 219 - 222)**

To receive the minutes of the meeting held on 16 December for information.

12. **ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY**

As announced under item 3.

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

12 DECEMBER 2024 AT 6.30 PM

PRESENT: Cllr C Lambert - Chair
Cllr MJ Surtees and Cllr P Williams – Vice-Chair
Cllr RG Allen (for Cllr M Simmons), Cllr DS Cope, Cllr C Gibbens, Cllr C Harris,
Cllr J Moore, Cllr A Pendlebury and Cllr A Weightman

Officers in attendance: Chris Brown, Valerie Bunting, Bill Cullen, Malcolm Evans,
Julie Kenny, Rebecca Owen, Edward Stacey, Sharon Stacey and Ashley Wilson

287. **Apologies and substitutions**

Apologies for absence were submitted on behalf of Councillors Crooks and Simmons with the substitution of Councillor R Allen for Councillor Simmons authorised in accordance with council procedure rule 10.

288. **Minutes**

It was moved by Councillor Gibbens, seconded by Councillor Cope and

RESOLVED – the minutes of the meeting held on 31 October 2024 be confirmed as a correct record.

289. **Declarations of interest**

No interests were declared.

290. **Scrutiny Commission Work Programme**

The chair reported the following updates to the work programme since publication:

- 30 January
 - The Chief Executive would provide an update on the peer review and recommendations
 - The Leader and Deputy would be invited
 - Consideration would be given to moving the health review
- 13 March
 - The Overview & Scrutiny statutory guidance would be considered
 - Representatives of Cineworld would be in attendance
- 5 June
 - It was proposed that the meeting be moved to 26 June.

The following was also noted:

- A review of the recommendations of the 2022 planning review would be scheduled following further discussion on timing
- An update on devolution had been requested

- It was important that members were updated on the Planning and Infrastructure Bill and Planning Committee reforms.

It was moved by Councillor Lambert, seconded by Councillor Surtees and

RESOLVED –

- (i) The work programme be updated;
- (ii) The June meeting be moved to 26 June.

291. **Affordable Housing Delivery**

Members received the annual update on affordable housing delivery in the borough. During discussion, reference was made to:

- Affordable rented accommodation
- Integration of owned and rented homes on a site
- The requirement for 20% affordable housing in the urban area as opposed to 40% in the rural areas
- The delay between permission being granted and the building of the affordable homes being commenced.

It was moved by Councillor Williams, seconded by Councillor Allen and

RESOLVED –

- (i) The report be noted;
- (ii) The positive delivery of completions and permissions of affordable housing in the borough in excess of the core strategy targets be noted.

292. **Planning appeals annual update**

Members were updated on performance in relation to planning appeals during 2023/24. It was reported that 34 appeal decisions were received in the year, with 12 of them being allowed and 22 dismissed. Members expressed concern that there did not appear to be a pattern within those allowed by the inspector. Discussion ensued regarding the five-year housing land supply following the announcement earlier that day that the housing requirement for the borough had been significantly increased.

It was moved by Councillor Allen, seconded by Councillor Harris and

RESOLVED –

- (i) The report be noted;
- (ii) The financial implications of planning appeals and the impact of appeals performance be acknowledged.

293. **Budget Strategy 2025/26**

The budget strategy 2025/26 was presented to the Scrutiny Commission. In response to members' questions, the following was noted:

- The business rates reset was anticipated for 2026/27 and would have an impact on the financial position of the borough council
- Use of reserves may need to increase in future years to supplement general fund balances.

It was moved by Councillor Lambert, seconded by Councillor Williams and

RESOLVED – the budget strategy for 2025/26 be noted.

294. **Crematorium Presentation**

Members received a presentation on the crematorium project. It was noted that the project would be subject to a competitive process and negotiations which would need to be reported in private session if members wished to be updated at a future date because of commercial sensitivity.

295. **Scrutiny review: housing**

The Scrutiny Commission received the report of the task & finish group following its review of housing and homelessness. It was moved by Councillor Williams, seconded by Councillor Gibbens and

RESOLVED –

- (i) Officers be recommended to:
 - a. Share information between the revenues and the housing services including a list of empty properties, the size of the properties and any second homes where the owner also lived in the borough;
 - b. Continue dialogue with local landlords and their representatives with a view to seeking to work together to relieve pressure on the homelessness service.
- (ii) The Executive be recommended to:
 - a. Consider providing additional staffing to investigate empty properties and bring them back into use;
 - b. Consider increasing capacity and expertise within the relevant team to benefit from opportunities to acquire S106 properties;
 - c. Lobby government in relation to:

- Section 106 sites: relating to affordable housing, engagement with registered providers, community infrastructure and viability;
- Right to buy: restricting the sale of council properties to support the council in retaining its housing stock;
- Empty properties: funding to assist with bringing empty properties back into use;
- Officer capacity and funding: funding for staffing to progress housing initiatives and requesting additional financial support for developing and acquiring council housing
- General: promoting a more coordinated approach to housing-related policies across government departments.

(iii) A review of the action undertaken following the consideration of the recommendations be added to the overview & scrutiny work programme for 2025/26.

296. Minutes of Finance & Performance Scrutiny

The minutes of Finance & Performance Scrutiny held on 28 October were received for information.

297. Matters from which the public may be excluded

On the motion of Councillor Williams seconded by Councillor Allen, it was

RESOLVED – in accordance with section 100A(4) of the Local Government Act 1972, the public be excluded from the following item of business on the grounds that it involves the disclosure of exempt information as defined in paragraphs 3 and 10 of Part I of Schedule 12A of that Act.

298. Cineworld Hinckley

Members were informed of recent negotiations which resulted in Cineworld in Hinckley remaining open despite the national closure of five other branches. Members thanked officers who had worked at pace over the summer to secure the cinema in Hinckley. It was noted that representatives of Cineworld would attend a future meeting to update members on their plans.

(The meeting closed at 8.30 pm)

CHAIR



Hinckley & Bosworth
Borough Council

A Borough to be proud of

Scrutiny Commission Work Programme 2023-2027

JANUARY 2025

Date	Issue (report author)	Reason	Outcomes	Supports corporate aims
30 January 2025 (budget meeting)	Budget reports (Ashley Wilson)	Reporting pathway	Scrutiny prior to Council decision	All
	Pay policy statement (Julie Stay)	Reporting pathway	Scrutiny prior to Council decision	All
	GPs / dentistry and Hinckley Hospital update (Scrutiny review – health reps to attend)	Request of members: matter of importance to residents	Awareness of situation to be able to support and advise	1
	Peer review update	To inform members of the initial recommendations announced at the end of the peer review	Consider actions in advance of final report	All
13 March 2025	Overview & Scrutiny statutory guidance	Request of chair	Raise awareness	
	Young people's voice (Amy Casey)	To inform members of the council's work in relation to young people	Raise awareness	1
	Parish & Community Initiative Fund allocations (Paul Scragg)	Normal reporting pathway	Recommendations to SLT	2
	Voluntary & Community sector partnership update and commissioning outcomes (Rachel Burgess)	Annual update	Awareness of VCS activity	1
	Cost of living update (Rachel Burgess)	Annual update	Awareness of council's services	1
	Bus services / public transport (Scrutiny review – LCC to attend)	Request of members: impact on communities	Understand and influence policy	1, 2
	Cineworld	Scrutinise plans for Cineworld	Awareness of activities	All

Date	Issue (report author)	Reason	Outcomes	Supports corporate aims
	(Bill Cullen – Cineworld reps to attend)	Hinckley		
26 June 2025	Environmental Improvement programme (Daniel Britton)	Annual report	Consult with members	2, 3
	Review of recommendations of planning service review (2022) (Scrutiny review)	Monitor implementation of recommendations	Ensure recommendations have been actioned	2
11 September 2025	Economic regeneration strategy (aniel Britton)	Annual report	Briefing on outcomes	2, 3
	Infrastructure funding statement (Lesley Keal)	Annual report	Awareness of S106 contributions and allocations	2
	Housing associations review (Scrutiny review)	Request of members: matter of importance to residents	Scoping of review	1, 2
6 November 2025	Planning appeals update (Chris Brown)	Annual report	Monitoring of performance on appeals	2
	Affordable housing delivery (Valerie Bunting)	Annual report	Awareness of delivery	1, 2
22 January 2026 (budget meeting)	Budget reports (Ashley Wilson)	Normal reporting pathway	Scrutiny prior to Council decision	All
	Pay policy statement (Julie Stay)	Normal reporting pathway	Scrutiny prior to Council decision	All
12 March 2026	Voluntary & Community sector partnership update and	Annual update	Awareness of VCS activity	1

Date	Issue (report author)	Reason	Outcomes	Supports corporate aims
	commissioning outcomes (Rachel Burgess)			
	Parish & Community Initiative Fund allocations (Paul Scragg)	Normal reporting pathway	Recommendations to SLT	2
May / June 2026				
July / August 2026	Environmental Improvement programme (Daniel Britton)	Annual report	Consult with members	2, 3
September / October 2026	Economic regeneration strategy (Daniel Britton)	Annual report	Briefing on outcomes	2, 3
	Infrastructure funding statement (Lesley Keal)	Annual report	Awareness of S106 contributions and allocations	2
November / December 2026	Planning appeals update (Chris Brown)	Annual report	Monitoring of performance on appeals	2
	Affordable housing delivery (Valerie Bunting)	Annual report	Awareness of delivery	1, 2
February 2027 (budget meeting)	Budget reports (Ashley Wilson)	Normal reporting pathway	Scrutiny prior to Council decision	All
	Pay policy statement (Julie Stay)	Normal reporting pathway	Scrutiny prior to Council decision	All
March / April 2027	Voluntary & Community sector partnership update and	Annual update	Awareness of VCS activity	1

Date	Issue (report author)	Reason	Outcomes	Supports corporate aims
	commissioning outcomes (Rachel Burgess)			
	Parish & Community Initiative Fund allocations (Paul Scragg)	Normal reporting pathway	Recommendations to SLT	2

To be programmed
 Regeneration strategy 2021-25 review
 Heritage strategy annual report

Key to corporate aims

- 1 – People
- 2 – Places
- 3 – Prosperity

This page is intentionally left blank



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny and Finance & Performance Scrutiny 30 January 2025
Council 20 February 2025

Wards affected: All wards

Medium Term Financial Strategy (MTFS) 2024/25-2027/28

Report of Head of Finance (Section 151 Officer)

1. Purpose of report

- 1.1 To update members on the MTFS position for 2024/25-2027/28 in the context of significant uncertainty for local government in light of the recent government announcements on devolution and local government reorganisation.

2. Recommendation

2.1 That members:

- note the update to the Medium Term Financial Strategy (MTFS) for 2024/25-2027/28, in particular the level of savings and new income required between 2026/27 to 2027/28.
- agree the use of earmarked reserves to support the general fund position required over the life of the MTFS.

3. Background to the report

3.1. This MTFS is being prepared at a time of very high levels of uncertainty and after many years of reductions in direct government funding to support our services. There are complications added to this due to the Government's announcement on the future direction for local government that it intends to complete the following ambitions in a relatively short period:

- the lack of a clear longer term financial settlement from Government beyond the repeat of a one year financial settlement, which may significantly change the forecasts given
- a fair funding review for 2026/27

- a business rates reset in 2026/27, which could see the Council losing almost all its £4.6 retained business rates growth
- local government reorganisation (LGR) in this MTFS period, and
- devolution for local Government in England during this MTFS period.

This is a significant programme of action, and it waits to be seen if all can be delivered at the pace suggested.

- 3.2. The MTFS is fundamental to securing the key ambitions and objectives of the Council's Corporate Plan. The MTFS refresh 2024/25-2027/28 sets the framework for continuing to deliver local services to residents and businesses. It also includes the requirement to have in place a detailed approved plan to generate savings and new income to avoid the Council not be able to balance its budget.
- 3.3. Even before the potential pressures of LGR and a business rates reset, there were two key factors causing the pressure in the budget position that are common to many councils nationally. These are the increased costs of temporary accommodation and higher pay cost settlements over the last two years. This can be seen in the pressures noted below:
- In 2021/22 the general fund payroll budget was £11.2m, by 2025/26 the current forecast is £14.9m.
 - In 2021/22 the temporary accommodation budget was as £0.2m, but the current budget is £1.1m

Neither has been covered by increased funding from Government, and direct funding has been falling since 2016/17. It has only been the significant growth in business rates that has protected the general fund position, which is why a reset that removes this growth would be significantly damaging to the Council's finances (See table below). To add some context, the £6.9m provided for 2016/17 by Government, if it had kept pace with CPI inflation would be worth £8.7m in Dec 2024. We got £4.4m from Government which is just about 50% of that.

Core Spending Power (Funding)	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22	2022 /23	2023 /24	2024 /25	2025 /26
	£m									
Government Funding	6.5	6.0	5.6	5.0	4.4	4.1	3.8	4.2	4.7	4.4
Council Tax	4.3	4.6	4.8	5.1	5.3	5.4	5.7	5.9	6.2	6.4
Total £m	10.8	10.6	10.4	10.1	9.7	9.5	9.5	10.1	10.8	10.8
Business Rates Growth (Not incl in Core Funding)	0.5	0.5	0.9	1.2	1.8	1.6	2.6	4.1	4.4	4.8
Government Funding %	61%	57%	53%	50%	46%	43%	41%	42%	43%	41%
Council Tax %	39%	43%	47%	50%	54%	57%	59%	58%	57%	59%

Government had announced that Core Spending Power (CSP) for Local Government will increase by 3.2% in real terms, but this was not for all local authority bodies. HBBC increase was just 0.004% or £474.

- 3.4. The MTFs is based on achieving a 15% minimum general fund target as a share of the net budget requirement for the Council. This means the 15% gives the council a buffer in case of unexpected pressures of around £1.5m-£2m before a deficit occurs. Councils are not allowed to have deficit budgets and when there are high levels of uncertainty, as we are currently in, this buffer is needed to ensure the council remains in financial balance.
- 3.5. This MTFs has a high level of uncertainty after 2025/26, therefore a range of possible outcomes has been presented over a four-year outlook covering 2025/26 to 2027/28 in the detailed MTFs technical document appended. This covering report only covers the most likely scenario based on information currently available from ongoing government consultation, internal assessment and from our advisors. This lack of a longer term settlement means the forecast is not definitive and covers the expected outlook and potential change in funding as well as trying to address the uncertainties of LGO. All of which indicates a significant budget risk to HBBC's financial position.
- 3.6. This uncertainty has been increased due to announcements made by the Secretary of State for Housing, Communities and Local Government in relation to LGR and devolution and the creation of unitary authorities in all areas for England. The Government provided more detail in the English Devolution White Paper.
- 3.7. As well as the reorganisation, there is planned to be a Fair Funding review, which entails a business rate reset. The Fair Funding review covers any changes in allocations of income in light of the Government announcement and should be subject to consultation in the spring of 2025, but the current proposals make movement to unitary status across all areas nationally a key part of the reforms. More detail is to follow in 2025/26 which will give more certainty to these proposals but having unitary areas in place in the "Priority Programme" category means unitary councils will be formed from as early as 1st April 2027, with a Shadow Authority elected about a year earlier. The MTFs assumes HBBC will be in place until at least 2027/28. More will be known once the government confirms a decision on LCC's request to delay their May election by a year and confirmed which councils have been included on the "Priority Programme".
- 3.8. The MTFs has been drafted for HBBC to remain as a sovereign district council, as it has been since 1974, for all years of the MTFs (2024/25-2027/28). However, the proposals for devolution and moving to unitary status are accompanied with a one year financial settlement for 2025/26 followed by a multi-year settlement following that of most likely two years or potential three years. At the same time the capital flexibilities allowance has been extended to March 2030, which allows capital receipts to be used for certain costs of restructuring. Although not definitive taken together this suggests a

timeline for completion of three to four year for completion of the move to unitary status.

- 3.9. The MTFS clearly shows we have a net budget requirement that is higher than the income we receive from Business Rates, Council Tax, and other government funding. This is already happening, we used £1m of reserves to balance the budget in 2024/25. This is spending our short-term reserves to cover long term costs. This support is expected to grow even if there is no change to our current level of government funding. This needs to be addressed as like any business the reserves will run out and an uncontrolled deficit will occur (Appendix 1 has a table on reserve balances).
- 3.10. The current options for cost savings or new income need to be developed into a plan to cover the projected budget gap of £2.7m by the end of 2027/28 The budget gap is based on there being a reset in 2026/27 of the MTFS period. If this were delayed by a year, this would delay the need for any savings needed. These savings are not currently expected until 2027/28, which gives time for any further announcements on intentions for reorganisation and fair funding to be considered. Therefore, potential options for new income and savings can be revisited once there is further information on the Government’s intentions on devolution and the creation of unitary authorities. In the meantime it will still be a requirement to use relatively high levels of earmarked reserves to support the general fund position.
- 3.11. The detailed MTFS given in the appendices covers deferring potential scenarios:
- No reset (unlikely but indicated there is still a budget gap),
 - a Reset in 2026/27 (Expected), and
 - a reset in 2027/28 (This may occur if the consultation has any sway of Government intentions)

The Table below gives the high level overview of the three MTFS scenarios covered in the detailed MTFS. Note that Savings of £250,000 have already been agreed in relation to waste services and are included for 2025/26.

MTFS with Reset outside MTFS period	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Savings needed	0	0	0	0
Savings included		250		
General Fund	-571,076	-366,927	6,579	-7,721
Earmarked Reserves Used	1,827,009	31,332	531,582	868,740
MTFS with Reset 2027/28 (Delayed Reset by 1 year)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Savings needed (Reset 2027/28)	0	0	0	473,394
Savings included		250		
General Fund	-571,076	-366,927	6,579	238,280
Earmarked Reserves Used	1,827,009	31,332	531,582	2,789,359

Damping (High Risk assumption)	0	0	0	3,042,243
MTFS with Reset 2026/27 (Expected)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Savings needed (Reset 2026/27)	0	0	0	2,657,850
Savings included		250		
General Fund	-751,009	-370,727	155,740	90,242
Earmarked Reserves Used (Reset 2026/27)	1,343,008	207,132	2,376,000	719,141
Damping (High Risk assumption)	0	0	3,720,678	2,796,177

Summary MTFS position

3.12. The table below shows the budget gap for the expected or most likely forecast, due to the position announced by Government of its intention for a business rate reset in 2026/27. The budget means we must use reserves in the short term whilst we move to introducing either costs savings or new income. As we are using high levels of reserves to close the gap it indicates the Council has an underlying deficit, meaning the income it has coming in does not cover its expenditure needs, which is not sustainable.

EXPECTED (Budget Gap)	2024/25 Current Yr	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Net Income	£13,959,028	£14,512,879	£9,753,116	£10,075,463
Net Expenditure before reserve use /savings/Damping	£14,551,027	£14,349,284	£16,005,533	£16,338,874
Net Income	-£591,999	£163,595	-£6,252,417	-£6,263,411
Covered by				
Reserves use	£1,343,008	£207,132	£2,376,000	£719,141
Contribution to/from General Fund Bal	-£751,009	-£370,727	£155,740	£90,242
Savings	£0	£0	£0	£2,657,850
Damping income assumed	£0	£0	£3,720,678	£2,796,177
Total	£591,999	-£163,595	£6,252,417	£6,263,411

3.13. The Table below gives the forecast performance against the 15% target for the general fund balance, showing it is achieved if transitional relief is given as noted and saving or new income is delivered. This level of savings may require the use of capital flexibilities regulations, which allows capital receipts to be used for certain restructuring costs. This requires notification to the Ministry of Housing, Communities and Local Government (MHCLG) to agree a capital receipts direction. However, this will be kept under review as more information on the government announcements and any additional funding to support them is announced.

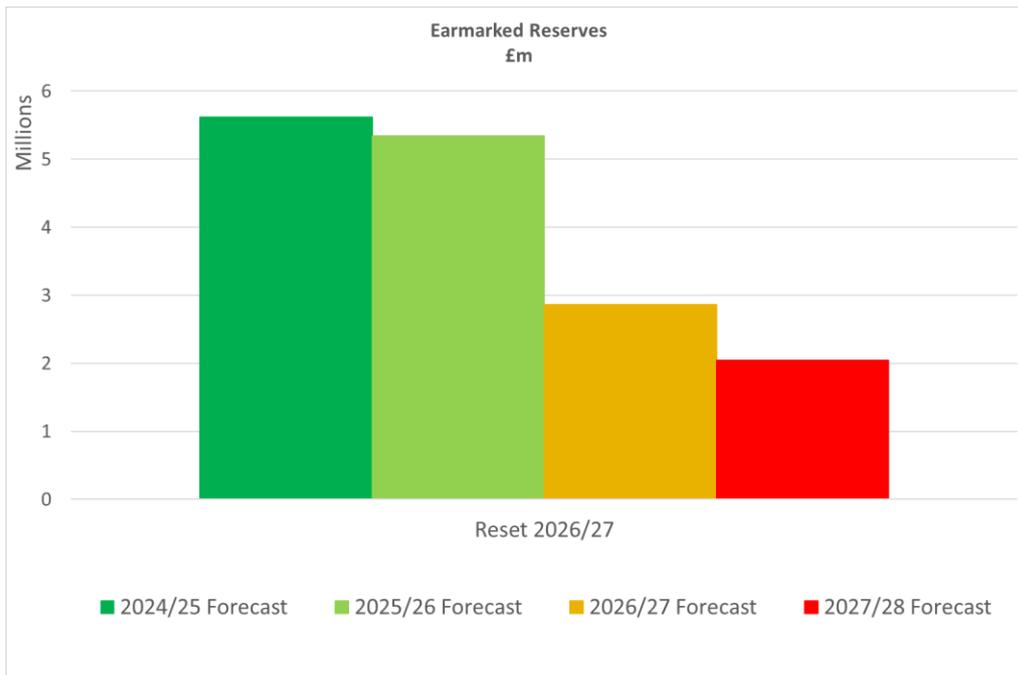
EXPECTED (£000)	2024/25 Current yr	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Net Service Expenditure	15,677	14,334	15,960	17,616
Budget movements	1,165	1,626	1,656	333
Savings needed	0	0	0	-2,658
NET Borough Budget Requirement	16,841	15,960	17,616	15,292
Reserves movements	-3,453	-1,818	-3,987	-2,330
General fund gain loss	571	371	-156	-90
Net Budget Forecast	13,959	14,513	13,474	12,872
General Fund Balance	1,626	2,177	2,021	1,931
Earmarked Reserves balance	5,620	5,341	2,865	2,046
GF performance against 15% target	12%	15%	15%	15%
Damping incomed assumed*	0	0	3,721	2,796

* Note, this is included in the net budget forecast total and is not additional income.

- 3.14. The level of damping included in this MTFs is a key, and potentially a high-risk assumption, which if incorrect, would mean significantly higher levels of financial pressure could occur in the MTFs period. There is no detail on the level of damping that may be provided, our advisors have suggested that a 95% reducing support approach may apply, which means that Government will support a position of keeping 95% of the prior period total income including business rates growth or damping support. This support is not guaranteed at this level as no government details are available on how they will provide support. However, as their intention appears redistribution of areas they consider higher need, it is unlikely to be higher as that would defeat the point of the reset.

Use of Reserves

- 3.15. All scenarios rely on a significant use of reserves to balance the General fund budget at a 15% target level of net expenditure. The expected position is noted in the graph below, but the overall Earmarked reserves are depleted in all scenarios. The largest remaining reserve is the Business Rates Equalisation reserves of £1.25m, used to cover the risk of any unexpected issues on rates collection above our appeals provision.



Key Assumptions and Risk summary

3.16. An MTFS is based on a set of key assumptions, these cover costs and income projections and on what they are based. The key ones have been noted in the report for the Expected MTFS position, the main ones are reviewed below:

- The most uncertain risk is the lack of any clear indication of a longer-term financial settlement from government, which may change the forecasts given significantly.
- That pay increases are at most 2% plus spinal point increases for 2025/26 and, then 2.7% for each year of the MTFS forecast.
- The £800,000 share of retained rates from the pool will be retained in each year there is not a business rates reset and the current sharing mechanism between the County Council, The City Council and district will remain in place. This may not occur as the County want to review the split.
- a £5 increase in Council Tax for all years of the MTFS
- a £5 increase in the garden waste charge in 2025/26 as agreed by Council in the last MTFS update.
- The £8m investment in the Local Enterprise Zone will deliver the growth in rates expected to cover the forward funding agreement position.
- The business rates reset will be in 2026/27 and Government will offer transitional relief at least as much as has been included in the MTFS models. The level of transitional relief is not known and could be lower than modelled leading to a high level of risk for this assumption.
- The Fair Funding review and business rates reset will eventually impact on MTFS and this could lead to material savings/new income plans being needed .

- That “Damping” funding will be provided by government in some form, this is a high-risk assumption as no exact details have been provided. The calculation assumes no more than a 5% loss of income will fall on Council from one year to the next and is based on information from our advisors.
- There will be no recurring budget supplementary increments agreed over the MTFs period that are not matched by savings/new income. If this is not possible it will increase the savings/new income required, unless unavoidable for legal reasons. This has not been achieved in prior years.
- One off supplementary requests will not be approved unless matched by savings/new income, unless unavoidable for legal reasons. This has not been achieved in prior years.
- MCHLG have written to Council recently to note that, “ Ministers will expect councils to have taken all reasonable action at a local level and that requests for support will be agreed on an exceptional basis, and usually through a capitalization directive, not additional income. The only change offered is that such borrowing will now not be at a 1% premium above normal PWLB rates. Therefore, failure to achieve the saving required will lead to the risk of a S114 recommendation being needed at some point in the future.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report is to be taken in open session.

5. Financial implications [AW]

- 5.1 In the body of the report

6. Legal implications

- 6.1 The MTFs provides the foundations to allow the Council to meet its statutory obligations in accordance with Section 32 of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003. The Council has a statutory requirement to set a budget for each financial year and approve the MTFs, including a three-year capital programme.

7. Corporate Plan implications

- 7.1 A robust MTFs is required to ensure that resources are effectively allocated to ensure delivery of all the aims, outcomes and targets included in the Council’s Corporate Plan.

8. Consultation

- 8.1 All members of the Strategic Leadership Team have been consulted in preparing this Strategy.

9. Risk implications

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with these report / decisions were identified from this assessment:

Management of significant (Net Red) risks

Risk description	Mitigating actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances have been maintained to ensure financial resilience	A Wilson

10. Knowing your community – equality and rural implications

- 10.1 The budget process will impact on all areas of the Borough and all groups within the population.

11. Climate implications

- 11.1 The stewardship of the financial resources of the council underpins all policy actions to address the council's objectives in ensuring it manages its resources to ensure climate considerations are achieved in accordance with the corporate plan. The MTFS has schemes that will directly increase our level of CO2 emissions.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community safety implications
 - Environmental implications
 - ICT implications
 - Asset management implications
 - Procurement implications
 - Human resources implications
 - Planning implications

- Data protection implications
 - Voluntary sector
-

Background papers: Corporate Plan, Capital Programme, General Fund and HRA budgets and Treasury report

Contact officer: Ashley Wilson

Executive member: Cllr K. Lynch

Appendix 1 Reserve balance for Expected MTFS scenario

Reserves (Expected+ LGR 15%) £000	31/03/25	31/03/26	31/03/27	31/03/28
Special Expenses Reserve	250	183	166	166
Local Plan Procedure	204	2	2	2
Business Rates Equalisation Reserve	1,250	1,250	1,250	1,250
Economic Priorities Reserve	3,082	3,045	719	0
Asset Management Reserve	120	120	120	120
Election Reserve	50	75	100	100
Grounds Maintenance	30	30	30	30
Enforcement and Planning Appeals	10	95	70	70
Building Maintenance costs	488	388	288	188
Developing Communities Fund	236	236	236	236
Environmental Action Reserve	150	100	50	50
Total	5,870	5,524	3,031	2,212
Net of Special Expenses	5,620	5,341	2,865	2,046

This page is intentionally left blank

SUMMARY MEDIUM TERM FINANCIAL STRATEGY (MTFS) Refresh for 2024/25 – 2027/28



What is the purpose of the MTFS?

Our MTFS is fundamental to securing the key ambitions and objectives of the council's Corporate Plan.

Its purpose is to:

- structure and manage the council's finances to support and deliver objectives.
- inform decisions on expenditure, savings and new income to sustain council services.
- engage officers and members in "owning" the process by which council finances are managed.

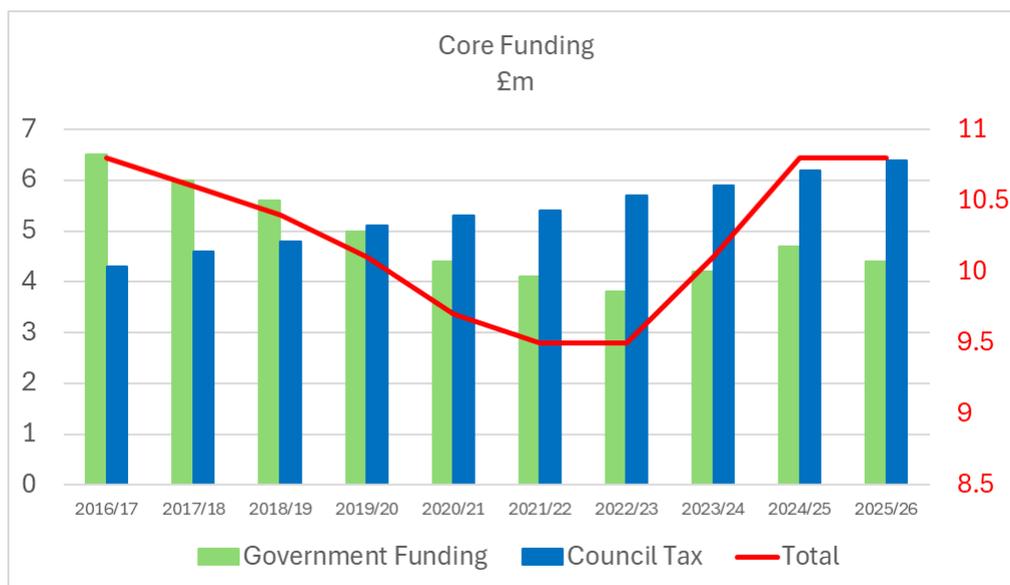
Background to the refresh

This MTFS is being prepared at a time of very high levels of uncertainty not only due to the lack of a clear longer term financial settlement from Government beyond the repeat of a one year financial settlement but also from the Government's announcement that it intends to complete the following ambitions in a relatively short period:

- a fair funding review for 2026/27
- a business rates reset by 2026/27, which could see the Council losing almost all its £4.6 retained business rates growth
- local government reorganisation (LGR) in this MTFS period, and
- devolution for local Government in England during this MTFS period.

This is a significant programme of action, and it waits to be seen if all can be delivered at this pace suggested.

Our core support from Government has also fallen considerably since 2016/17 as seen in the Core Spending Power (CSP) changes. Since 2016/17, increases in CSP are mainly from council tax, with Government settlements placing a greater burden on the local taxpayer. Business rates growth has helped, but a reset is expected by Government in 2024/25 which is the single most significant risk to the council's finances. This is made worse by the major reductions in the New Homes Bonus scheme since 2016/17.



There have been some promising announcements in the budget statement, as well as areas of concern, some of which have been summarised in the covering report. The main increase in income outside the CSP is allocation for 2025/26 for the Extended Producer Responsibility for packaging (EPR). EPR is a policy tool to reduce the environmental impact of packaging. For 2025/26 the income is £1,063,000, which is expected to be a one off overall benefit of increased income.

This MTFS refresh presents a range of possible outcomes over a four-year outlook covering 2024/25 to 2027/28.

Three possible scenarios

- No business rates reset – assumes past delays will continue until at least 2028/29, with no savings and new income needed, but no damping required. Based on past delays this is being used for planning the MTFS savings and new income needed and £2.8m of reserves
- Reset in 2026/27 – Takes a more pessimistic view, but still a possibility. Transitional relief of £3.9m (Damping) will be provided, and £2.7m of savings and new income needed, and £4.6m of reserves.
- Reset in 2027/28 – transitional relief of £2m (Damping) provided, and £0.5m of savings and new income needed, and £4.6m of reserves.

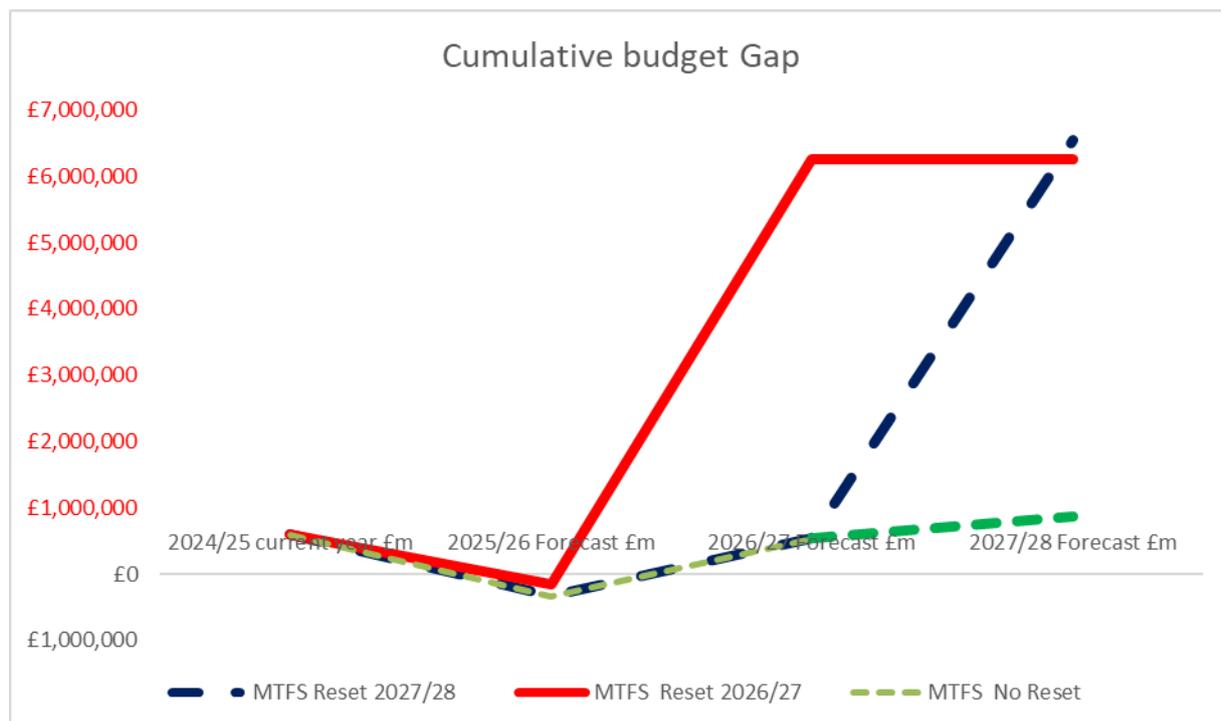
The key factors causing the pressure in the budget position are common to many councils nationally. These are primarily the increased costs of temporary accommodation, up by almost £1m since 2021/22, and pay costs increases to deal with cost of living pressures increasing by more than £3.m over the last two years. Neither has been covered by increased funding from Government.

What these scenarios could look like

This table gives a summary of the MTFS requirements for new incoming/savings and reserves use for the three scenarios and provide the 15% KPI target for the general fund balance.:

MTFS with Reset 2026/27	2024/25 Current Year	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Reserves use	£1,343,008	£207,132	£2,376,000	£719,141
Savings/New income	£0	£0	£0	£2,657,850
MTFS with Reset 2027/28	2024/25 current year	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Reserves use	£1,343,008	£31,332	£531,582	£2,789,359
Savings/New income	£0	£0	£0	£473,394
MTFS with Reset outside MTFS period	2024/25 current year	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Reserves use	£1,343,008	£31,332	£531,582	£868,740
Savings/New income	£0	£0	£0	£0

The graph below gives the cumulative budget gap, before action is taken through use of reserves, which can only be used once, and new income and savings are identified. In all cases, income is not enough to cover expenditure.



What this means for the future

We have a net budget requirement higher than the amount received from business rates, council tax and other government funding. This is already happening, and the gap is expected to grow even if there is no change to our government funding.

There are only two ways to address this problem:

- increase income.
- reduce costs and / or service provision.

For the expected MTFS position, we will plan to close the budget gap as per table below based on the use of reserves and any new income or savings needed up to 2027/28.

EXPECTED (Budget Gap)	2024/25 Current Yr	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Net Income	£13,959,028	£14,512,879	£9,753,116	£10,075,463
Net Expenditure before reserve use /savings/Damping	£14,551,027	£14,349,284	£16,005,533	£16,338,874
Net Income	-£591,999	£163,595	-£6,252,417	-£6,263,411
Covered by				
Reserves use	£1,343,008	£207,132	£2,376,000	£719,141
Contribution to/from General Fund Bal	-£751,009	-£370,727	£155,740	£90,242

EXPECTED (Budget Gap)	2024/25 Current Yr	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Savings	£0	£0	£0	£2,657,850
Damping incomed assumed	£0	£0	£3,720,678	£2,796,177
Total	£591,999	-£163,595	£6,252,417	£6,263,411

We used £1m of reserves to balance the budget in 2023/24 , expect to use about £0.2m in 2025/26, before having to use £2.7m in 2026/27 if there is a business rates reset. Spending our short-term reserves to cover long-term costs is not sustainable; reserves will run out and an uncontrolled deficit will occur.

The MTFS will need to be reviewed as the government makes further announcements in relation to their plans for devolution and Local Government Reorganisation.





Hinckley & Bosworth
Borough Council

**Medium Term
Financial Strategy
2024/25-2027/28**

Technical Document

1. INTRODUCTION

- 1.1. The Medium-Term Financial Strategy (MTFS) provides a strategic framework and approach to achieving long-term financial sustainability of Hinckley and Bosworth Borough Council. Its aim is to ensure the ongoing delivery of key elements of the Council's Corporate Plan 2024 – 2028. The focus of the MTFS is to ensure the finances and delivery of the Corporate Plan is robust and uses methodical planning.
- 1.2. The forecasting used sets out the Council's likely Medium-Term Financial Plan alongside other potential scenarios that could occur but are less likely. This follows Government announcements in relation to a fair funding review and business rates reset in 2026/27, and its aims for the reorganisation of local government. There are also other economic issues, and local priorities and factors that have been considered. This leads to effective financial management and enables the Council to respond to pressures and changes.
- 1.3. This MTFS therefore represents good practice giving insights into possible risks at a time of considerable funding and economic pressure for Local Government. It has been developed via consultation with the Executive Members of the Council, the Strategic Leadership Team and Extended Leadership Team and information provided by our professional advisors.
- 1.4. The key objectives of the MTFS are to:
 - Provide financial parameters within which budget and service planning should take place over the life of this strategy;
 - Ensure the Council meets its commitment to deliver a balanced budget on an ongoing basis and that the Council's long term financial health and viability remain sound;
 - Focus the allocation of resources so that priority service areas and Corporate Plan goals are achieved;
 - Maximise the use of resources available to the Council;
 - Ensure our Reserves Policy is aligned with our financial duties and ambitions;
 - Enable the Council to respond to external pressures, particularly funding reforms;
 - Highlight and assess financial risks and put mitigating controls in place;
 - Ensure the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available.

- 1.5. The MTFS should be read in conjunction with the Capital Programme, General Fund and HRA budgets, which are presented separately.

2. Executive Summary

- 2.1. The MTFS is fundamental to securing the key ambitions and objectives of the Council's Corporate Plan. The MTFS refresh 2024/25-2027/28 sets the framework for continuing to deliver high quality local services to residents and businesses but comes at a very uncertain time due to the lack of a clear longer term financial settlement from Government.
- 2.2. This MTFS is being updated to reflect changes announced following a change in national Government at the last election and is being prepared at a time of very high levels of uncertainty on the future direction for local government due to the Government's announcement that it intends to complete the following ambitions in a relatively short period:
- the lack of a clear longer term financial settlement from Government as a one year financial settlement has been issued again
 - a fair funding review for 2026/27
 - a business rates Reset by 2026/27, which could see the Council losing almost all its £4.6 retained business rates growth
 - local government reorganisation (LGR) in this MTFS period, and
 - devolution for local Government in England during this MTFS period.

Despite these uncertainties, the expected MTFS is forecast to 2027/28 on the basis that HBBC will continue for that period. A move toward local government reorganisation announced by Government indicates the creation of unitary authorities for all areas of England may change the basis of the forecast should an earlier or later date for completion of the move to unitary status be agreed. There will also be, and action needed to manage the finances during such a transition. Once more details are known, an update to the MTFS will be required.

- 2.3. The MTFS is based on achieving a 15% minimum general fund target as a share of the net budget requirement over the life of the MTFS. This means the 15% gives the council a buffer in case of unexpected pressures of around £2m before a deficit occurs. Councils are not allowed to have deficit budgets and when there are high levels of uncertainty, as we are currently in, this buffer is needed to ensure the council remains in financial balance.
- 2.4. Even before the potential changes of LGR and a business rates reset, there were two key factors causing the pressure in the budget position that are common to many councils nationally. These are the increased costs of

temporary accommodation and higher pay cost settlements over the last two years. This can be seen in the pressures noted below:

- In 2021/22 the general fund payroll budget was £11.2m, by 2025/26 the current forecast is £14.9m.
- In 2021/22 the temporary accommodation budget was as £0.2m, but the current budget is £1.1m

2.5. Neither has been covered by increased funding from Government, and direct funding has been falling since 2016/17. It has only been the significant growth in business rates that has protected the general fund position, which is why a reset that removes this growth would be significantly damaging to the Council's finances. To add some context, the Government provided £6.5m in funding for 2016/17 by Government, if it had kept pace with CPI inflation would be worth £8.7m in Dec 2024.

2.6. The timing of a business rates reset or changes to the way business rates are levied is a key part of the uncertainties in government intentions as the exact details have not been provided, just the intention to push ahead with the reset in 2026/27 in order to "fundamentally improve the way we fund councils and direct funding to where it is most needed, based on an up-to-date assessment of need and local resources." This is forecast to lead to a loss of £4m of business rates growth from 2026/27, which will be covered by £3.7m of hoped for transitional relief in 2026/27 falling to £2.7m the following year.

2.7. Central Government have not issued all the details what will happen in future years, however, the Local Government Policy Paper issued in November 2024 noted that 2025/26 will be the final year that the following grants will be provided:

- Minimum Funding Guarantee (MFG) (Currently ~ £0.5m).
- New Homes Bonus (NHB) (Currently ~ £0.5m). NHB will be continued into 2025-26 but abolished in 2026-27.
- Lower Services Grant (Currently ~ £20k)

2.8. On the positive side, they have noted they will not charge negative RSG following a reset, and the Waste Packaging Reforms have provided £1m of extra income for 2025/26, but this may be consolidated into our CSP in later years. Consultation on the business rates reset is expected to be launched in early 2025 to allow a multi-year settlement to be provided for the financial settlement for 2026/27 to 2027/28 in December 2025. This lack of a longer term settlement means the forecast is not definitive and covers potential areas of change in funding. It also indicates a significant risk to sources of income that have been a core part of HBBC's financing in the past. However, all

current indications are that District Councils are not going to get any further significant increase in Government funding.

- 2.9. In particular, the updated MTFS notes that the Council, even should the reset not proceed, has an underlying structural deficit, meaning the income it has coming in does not cover its expenditure needs, which is not sustainable. The reset makes this position much worse, and a detailed plan of action covering how new income and savings of £2.7m in 2027/28 will be needed to be generated to cover the budget gap and avoid the council entering a deficit position which could lead to having to issue a S114 recommendation. This level of savings would require a transformational approach to service delivery, that may require the use of capital flexibilities regulations, which allows capital receipts to be used for certain restructuring costs. This requires notification of the need and reasons to the Ministry of Housing, Communities and Local Government (MHCLG) to agree a capital receipts direction. The guidance makes it clear that council cannot borrow to meet these costs and treat as capital. However, the LGR process may change this outlook if any additional new burdens funding is provided to assist with the changes needed
- 2.10. Although the single most significant risk to the council's finances is the potential business rates reset as part of the much-delayed fair funding review; it is not the only driver of pressures on the Council. Other existing costs, particularly pay costs and homelessness, have been increasing at a higher rate than income. Therefore the financial pressure is already occurring irrespective of any future business rates reset. This led to the Council having to use £1m of reserves in 2023/24 to support the general fund. For 2025/26 it is expected that this support will fall to less than £0.1m due to the one off benefit of the new waste packaging reform income, before reaching £2m in 2026/27.
- 2.11. There is no clear indication on any transitional arrangements (Damping), in the financial settlement should a business reset be actioned during the MTFS period. However, it seems unlikely that Government would leave multiple councils to face immediate financial failure and not offer some transitional support. The MTFS assumption is for some help to be provided, but that this will only help with any loss of income due to the change in the income stream from business rate changes, and not with cost pressures from pay settlements, the full impact of homelessness costs or inaction to increase income from available sources open to the council. The level of damping included in this MTFS is a key and potentially high-risk assumption, which if incorrect, would mean significantly higher levels of financial pressure could occur in the MTFS period.

2.12. The current administration will face difficult decisions in the face of uncertainty at a time of high inflation and pressure on residents in the borough. Districts would have to be financially viable to offer an alternative option local reorganisation of councils as proposed by Government. Some key decisions already taken are:

- a £5 increase in Council Tax for 2023/24-2027/28 (which is expected to still leave us in the bottom fifteen lowest charging District Councils)
- a £5 increase in Garden Waste in 2025/26 to £47.50 in 2023/24
- To continue invest to in the future the local area with an ambitious £8m investment in the Local Enterprise Zone
- No recurring supplementary requests for the period of the MTFs not matched by savings, unless legally unavoidable.

2.13. Without these actions the savings noted in this report would be significantly higher and occur at an earlier period. These actions will enable the council to be in a better position to manage the pressures faced. The remaining levels of new income and savings is a key governance aim in the light of the announcement made by Government.

2.14. The summary below gives the overall High level MTFs position in terms of three potential scenarios:

- No reset (Unlikely, but indicated there would still be a deficit),
- a Reset in 2026/27 (Expected) and
- a reset in 2027/28 (Possible if consultation leads to delay).

The no reset case is to show the position that would have occurred if there was no business rates reset should Government decide to leave this issue until after LGR is complete, which is currently considered unlikely. There is a high risk of a reset in 2026/27 following the recent Government announcements, so this this is now the most likely year of reset. The other alternative is if the reset were to occur in 2027/28, following feedback from consultation to allow longer to consider the potential impact and response needed.

2.15. All the forecasts indicate a significant reduction is expected in reserves at the end of the four-year MTFs update. Any action taken to reduce costs or generate new income before then will be beneficial. It should also be noted that there is an agreement to release some of the funds that have accumulated in the Leicestershire business rates pool, this is anticipated to create a reserve of £3.1m by the end of 2024/25. This has been included in the MTFs and is expected to be fully used in supporting the general fund as opposed to investment in new projects or assets. This is needed to ensure the

Appendix 1

budget is balanced over the MTFs period and give time for identifying new income and costs savings for 2027/28 if needed, which will depend on the speed of the LGR process.

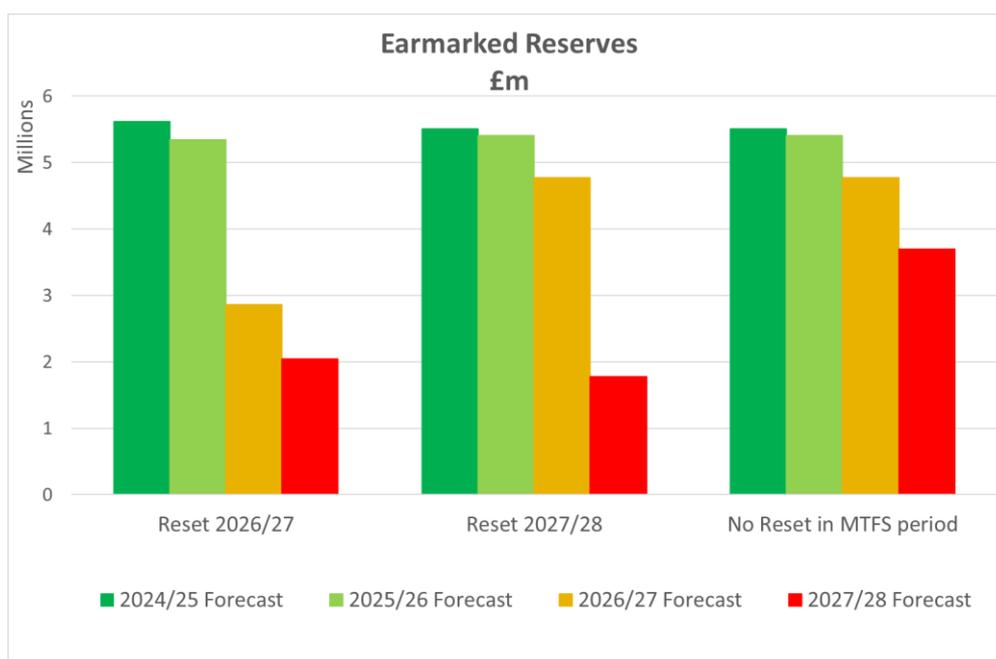
- 2.16. All scenarios note that HBBC has a net budget requirement that is higher than the amount we get from Business Rates, Council Tax and other government funding. This gap must be covered from reserves, or from new income and savings. The expected case involves significant use of our earmarked reserves to support the general fund. This is spending our short-term reserves to cover longer term costs. This reliance on reserves will continue even if there is no change to our government funding. Unfortunately we cannot continue like this indefinitely and there are only two ways to address the problem, which is via increased income and cutting costs which will reduce the level of services provided.
- 2.17. For the purpose of financial planning, the MTFs with a reset of 2026/27 needs to be used as it is the most likely position. This scenario gives saving or new income required of £2.66 in 2027/28, £2.16m in 2027/28.

MTFS with Reset 2026/27 (Expected)	2024/25 current year £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Net Service Expenditure	15.68	14.33	15.96	17.62
Budget movements	0.50	1.63	1.66	0.33
Savings needed	0.00	0.00	0.00	-2.66
NET Borough Budget Requirement	16.18	15.96	17.62	15.29
Reserves movements	-2.97	-1.82	-3.99	-2.33
General fund gain loss	0.75	0.37	-0.16	-0.09
Net Budget Forecast	13.96	14.51	13.47	12.87
General Fund Balance	1.81	2.17	2.17	1.93
Earmarked Reserves balance	5.62	-0.10	-0.34	0.16
GF performance against 15% target	13%	15%	15%	15%
Damping income 5% loss adjusted	0.00	0.00	3.72	2.80
MTFS with Reset 2027/28 (If reset delayed)	2024/25 current year £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Net Service Expenditure	15.68	14.33	15.76	16.59
Budget movements	0.50	1.43	0.83	1.37
Savings needed	0.00	0.00	0.00	-0.47
NET Borough Budget Requirement	16.18	15.76	16.59	17.49
Reserves movements	-2.97	-1.64	-2.14	-4.40
General fund gain loss	0.75	0.37	-0.01	0.01
Net Budget Forecast	13.96	14.48	14.44	13.10
General Fund Balance	1.81	2.17	2.17	2.17
Earmarked Reserves balance	5.51	-0.10	-0.30	0.30
GF performance against 15% target	13%	15%	15%	15%

Damping income 5% loss adjusted	0.00	0.00	0.00	3.04
MTFS No Reset (Highly Unlikely)	2024/25 current year £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Net Service Expenditure	15.68	14.33	15.76	16.59
Budget movements	0.50	1.43	0.83	0.37
Savings needed	0.00	0.00	0.00	0.00
NET Borough Budget Requirement	16.18	15.76	16.59	16.97
Reserves movements	-2.97	-1.64	-2.14	-2.48
General fund gain loss	0.75	0.37	-0.01	0.01
Net Budget Forecast	13.96	14.48	14.44	14.49
General Fund Balance	1.81	2.17	2.17	2.17
Earmarked Reserves balance	5.51	5.40	4.77	3.70
GF performance against 15% target	13%	15%	15%	15%
Damping income 5% loss adjusted	0.00	0.00	0.00	0.00

Changes to reserves

2.18. The graph below indicates the level of earmarked reserves used in each scenario by showing the remaining balance for each year, showing those with a business rates reset have a very similar profile of use of reserves, with even the no reset outlook needing to use reserves to balance the general fund as well. Together this indicates that although the reset increases the pressure to identify new income and savings, there is an underlying shortfall already in place. Hence the need for high levels of reserve use to balance the general fund position at its agreed level of 15% of net budget requirement.



Appendix 1

- 2.19. Appendix 3 gives the overall reserves and the detail for each reserve balance by year of the MTFS for each scenario. The expected case is based on a reset in 2026/27.
- 2.20. As noted, the impact of the business rates reset is a key risk and leaves a significant budget gap. The table below give the budget gap if there is a reset in 2026/27. The details of the savings or new income noted above are being identified as options to deliver a balance position and remove the gap.
- 2.21. In order to maintain a 15% general fund balance (being 15% of the net budget position for the end of any given financial year excluding Special Expenses) the MTFS is based on using a reserves total of just over £4.7m to balance expenditure not covered by income by the end of 2027/28, and will also need to find cumulative savings (or new income) of £4.6m by the end of 2027/28 if there is a reset as expected in 2026/27 (Details in Table below).

EXPECTED (Budget Gap)	2024/25 Current Yr	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Net Income	£13,959,028	£14,512,879	£9,753,116	£10,075,463
Net Expenditure before reserve use /savings/Damping	£14,551,027	£14,349,284	£16,005,533	£16,338,874
Net Income	-£591,999	£163,595	-£6,252,417	-£6,263,411
Covered by				
Reserves use	£1,343,008	£207,132	£2,376,000	£719,141
Contribution to/from General Fund Bal	-£751,009	-£370,727	£155,740	£90,242
Savings	£0	£0	£0	£2,657,850
Damping incomed assumed	£0	£0	£3,720,678	£2,796,177
Total	£591,999	-£163,595	£6,252,417	£6,263,411

Transitional Relief (Damping)

- 2.22 If there is a reset in 2026/27 it is assumed there will be transitional relief (Damping) as noted in the Local Government Policy Paper issued in November 2024. There is no detail available on the level of damping support, so it has been assumed that it will allow for 5% of income to be lost in relation to the prior year total of Business Rates Baseline, Business Rates Growth and Council Tax plus and other Core Spending Power Grants, such as the minimum funding Guarantee. This is a high risk assumption as it could be

lower than this to enable higher levels of re-distribution of income as desired in the Government's Policy.

Damping	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Reset 2026/27	0	0	3,720,678	2,796,177
Reset 2027/28	0	0	0	3,042,243
No Reset in MTFS period	0	0	0	0

2.23 Although the position of no reset is indicating no need for savings; this does not mean there is not a shortfall of income to cover costs. The Budget Gap in the case of no reset is being covered by reserves.

3. BACKGROUND

3.1 This MTFS update sets out the council's financial position for the current year 2024/25 and then onto 2027/28, giving a total four-year outlook.

3.2 For the MTFS, the 2025/26 year is based on a one-year financial settlement from Government, with an expectation it will be followed by multi-period settlement expected to cover the years 2026/27 to 2027/28. Therefore there is still a high level of uncertainty in longer-term Government thinking. However, there have been some clear statements in its Local government Policy Statement issued in November 2024, which indicated they intend to do a business rate reset in 2026/27 as part of carrying through on the previous government pledges to have a fair funding review and target income to those that most need it. Consultation is being launched soon on what this means. Reference to transitional support was also included in the statement.

3.3 Other changes announced by government are listed below.

- Core Spending Power (CSP) will increase by 3.2% in real terms, but this includes our £5 Council Tax increases. However, for HBBC this turned out to be just 0.004% (£474).
- Revenue Support Grant will increase in line with the Consumer Price Index (CPI) (1.7%), for HBBC that is about £3,500.
- Baseline Funding Level on Business rates (BFL) will be uplifted in line with the increase in the standard business rates multiplier), for HBBC that is about £50,000.
- Under-indexing (of the small business rates multiplier) will be funded through the cap compensation grants, worth about £0.8m-£0.9m for HBBC, this to end in 2026/27 on reset.

Appendix 1

- Council Tax Band D thresholds increase as we expected for shire districts allowing increases of the higher of 2.99% or £5
- Minimum Funding Guarantee (MFG) to continue for 2025/26 only then stop, worth £0.5m to HBBC
- Services Grant to continue for 2025/26 only then stop, worth about £20,000 to HBBC
- New Homes Bonus (NHB) will be continued into 2025-26 but abolished in 2026-27, worth about £0.5m to HBBC.
- A new Funding Floor Grant introduced to ensure CPS does not fall below the prior year levels, worth £240,000 to HBBC, it is unclear if this will be continued but the expectation is that it will be until the business rates reset.

3.4 Additional income of £1.1bn from the Extended Producer Responsibility for packaging (pEPR), is being distributed nationally, our share is £1,063,000, but there are estimated costs of implementation of £250,000. This is introduced from 2025/26, with an allowance for 10% reduction as waste generated is reduced in response to the charges levied.

3.5 Funding for local authorities for the increase in employers' National Insurance Contributions for the direct costs affecting local authorities has been announced, so the increase of £0.3m was expected to be met from this funding, but the government allocation formula only provides about £65,000 to the Council.

Core Spending Power (CSP)

3.6 CSP is the funding from Government and Council Tax that should normally balance the budget without need to use reserves. Government had stated that the 2025/26 settlement represents real terms increase of more than 3.2% from last year on the average Core Spending Power (CSP) for local authorities. However, as noted above CSP allocations for 2025/26 indicate that HBBC have not benefitted from a 3.2% increase. The figures below are per the provisional settlement award and have an overall increase £474 (0.4%).

CSP Funding	2024/25	2025/26	% increase
Settlement Funding Assessment	3,025,725	3,095,874	2.3%
Compensation for under-indexing the business rates multiplier	536,627	560,257	4.4%

Appendix 1

Council tax requirement excluding parish precepts ¹	6,161,968	6,392,953	3.7%
New Homes Bonus	493,397	526,141	6.6%
Funding Guarantee	546,179		Removed
Services Grant	18,144		Removed
Domestic Abuse Safe Accommodation Grant ⁶	35,188	35,662	1.3%
Funding Floor		240,434	New
Grants other	33,619	0	Removed
Core Spending Power	10,850,847	10,851,321	0.004%

- 3.7 Funding allocations outside the CSP have increased for Homelessness and in relation to waste packaging (see table below). Our Homelessness costs are about £1.2m in total.

Non- CSP Funding	2024/25	2025/26
Homelessness Grant	364,164	540,085
Waste Packaging Reform (new)	n/a	£1,063,00

- 3.8 Our net funding requirement is the amount that needs to be covered by the CSP funds and business rates growth. Where these funds are not enough and a budget gap occurs, then it must be closed with reserves if available and then for the longer term via savings and new income achieved. However, much of the increase from council tax has been lost due to other CSP funding from Government being reduced. A feature of recent settlements is that a greater burden appears to be placed on the local taxpayer, despite Government announcing increases in the settlement.
- 3.9 A review of our Core funding allocations since 2016/17 demonstrates this change. The amount of Core Funding has fallen, mainly due to a reduction in New Homes Bonus which was £2.9m in 2016/17 and £0.53m in 2025/26, but there has been a transfer of expectation from central grant funding to local taxation.
- 3.10 The Council Tax figure they use is the notional maximum, not what is charged by the Council. Business Rates Growth is not included in core funding but has covered most of the shortfall in recent years. A reset is expected in the MTFS in 2026/27 following Government announcements, which is expected to remove most of this growth from £4.8 to £0.9m or less.

Core Funding	2016 /17 £m	2017 /18 £m	2018 /19 £m	2019 /20 £m	2020 /21 £m	2021 /22 £m	2022 /23 £m	2023 /24 £m	2024 /25 £m	2025 /26 £m
Government Funding	6.5	6.0	5.6	5.0	4.4	4.1	3.8	4.2	4.7	4.4
Council Tax	4.3	4.6	4.8	5.1	5.3	5.4	5.7	5.9	6.2	6.4
Total £m	10.8	10.6	10.4	10.1	9.7	9.5	9.5	10.1	10.8	10.8
Government Funding %	61%	57%	53%	50%	46%	43%	41%	42%	43%	41%
Council Tax %	39%	43%	47%	50%	54%	57%	59%	58%	57%	59%
Business Rates Growth *	0.5	0.5	0.9	1.2	1.8	1.6	2.6	4.1	4.4	4.8

**Not included in Core Funding)*

CSP Longer term view and key MTFS elements

- 3.11 Looking forward over the MTFS period of 2024/25 -2027/28 the key financial pressures come from the fair funding review that brings with it a business rates reset. It is now expected that as part of the fair funding review, that the baseline funding from business rates will be recalibrated, taking affect from 2026/27. If this is a full reset, then much of the accumulated growth could be lost via an amendment to the tariff from its current £12.1m to an estimated £17.6m.
- 3.12 This MTFS covers the current year (2024/25) plus the next three years as LGR announcements indicate that as a reasonable timeframe in which HBBC may still be an independent district council, giving a view of the four years 2024/25-2027/28, and has three scenarios presented, an Expected case (Reset in 2026/27) for planning purposes, and a Delayed Reset to 2027/28 and a No Reset MTFS. The Expected case is based on announcements from Government in their Local Government Policy and Devolution Paper. The other two are not considered likely, and changes are subject to consultation.
- 3.13 In all cases there is a shortfall of income to cover expenditure that requires reserves to close the gap, but both the Expected Case and the Delayed Reset case are made much worse by the loss of business rates growth due to the reset of rates under a fair funding review

MTFS comparisons

Business Rates

Appendix 1

- 3.14 The Expected MTFS uses a reset of the baseline business rates in 2026/27 that would leave some income growth, this is because it assumes the reset Tariff will be based on the 2024/25 year inflated for multiplier changes in 2025/26 year. This assumption is based on the timing of the reset being needed before the final position for the 2025/26 year is available. If the Government use the 2025/26 as the base year for the reset, then a higher level of growth will be lost. There is consultation being completed in 2025, so in theory the reset may be delayed again so the best case has no business rates reset in the MTFS period.
- 3.15 If the Business rates reset is based on a later year, 2027/28, then it may mean more rates are lost on a recurring basis after that date as the Tariff adjustment would be higher.

Retained Rates Estimate	2024/25	2025/26	2026/27	2027/28	Total
No reset in MTFS period (Growth)	£4,351,944	£4,812,007	£4,927,633	£5,029,890	£19,121,474
Reset in 2026/27 (Growth)	£4,351,944	£4,812,007	£913,363	£935,307	£11,012,621
Reset Delayed to 2027/28 (Growth)	£4,351,944	£4,812,007	£4,927,633	£689,241	£14,780,825
Lost Growth Vs no reset	£0	£0	-£4,014,270	-£4,094,583	-£8,108,853
Lost Growth Vs no reset	£0	£0	£0	-£4,340,649	-£4,340,649

- 3.16 Included in Business Rate Growth calculation is the Small Business Rate multiplier increasing by inflation (CPI from 2023/24). For 2025/26 an inflated multiplier would have been 64.9 pence and is forecast to be 55.5 pence in 2025/26. For HBBC this compensation has increased from £142,000 in 2020/21 to an expected £1.8m in 2025/26. If Government removes the compensation cap support, the levy will be charged, and we would lose 50% of this funding.

Council Tax

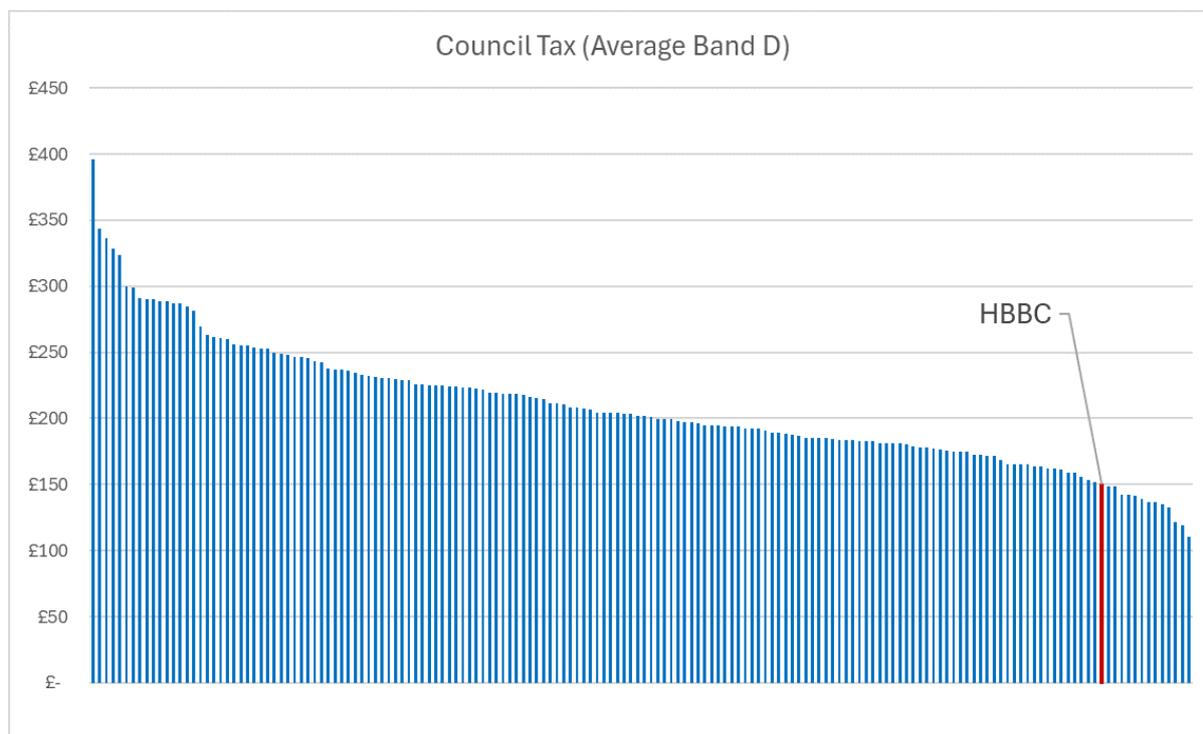
- 3.17 No major changes were made by Government in relation to Council Tax in the financial settlement, with District Councils being able to increase Tax by 3% or £5. All the scenarios in the MTFS have assumed that £5 will be charged in each of the years modelled. For 2025/26 to 2027/28, the increase of £5 will all go to the Borough, but this may need to be reviewed if the special expenses needs support as its reserves are used.

3.18 The table below gives the level of Council Tax (including Special Expenses) expected, with a £5 increase each year compared to a zero increase. Overall the Council would be £0.5m better off. HBBC are in the lower quartile of Band D charge rates for Council Tax. For 2024/25 our charge was £154.87, compared to an average of £215.14.

Council Tax	2024/25	2025/26	2026/27	2027/28	2027/28
Council Tax £5 increases (Expected)	£6,161,724	£6,415,722	£6,660,118	£6,907,465	£7,157,791
(£0 increases after 2024/25)	£6,161,724	£6,360,664	£6,559,604	£6,758,544	£6,957,484
Difference	£0	£55,057	£100,513	£148,920	£200,306

3.19 There is a risk to this assumption, as the Government may not retain the £5 option in later years , which would result in the loss of income.

3.20 HBBC have consistently been committed to a high level of efficiency, which means we remain in the bottom 15 out of 164 district councils for the level of council tax charged, which is expected to remain the same for 2025/26. HBBC are also the lowest out of the seven Leicestershire District Councils.



New Homes Bonus

- 3.21 The Financial settlement included £526,141 for New Homes Bonus (NHB) payments in 2025/26. Although, as with last year, these will not attract new legacy payments. The Government have confirmed that 2025/26 will be the final year of NHB. Therefore, no amounts have been included for NHB in future years which corresponds with the guidance given by our advisors on the direction of funding announcements made by Government. It is felt that the Waste Packaging reform income will be used to replace this loss, so 2025/26 represents a one off gain of having both NHB and the waste packaging reform income. However, the waste Packaging reform income is not part of our CSP allocation and will reduce as producers take action to reduce the amount of waste they produce.

Minimum Guarantee Grant, Services Grant, Funding Floor and National Insurance Contribution funding

Included in CSP	2024/25	2025/26	Change
Services Grant	18,144	0	-18,144
Funding Guarantee	546,179	0	-546,179
Funding floor		240,434	240,434
Core Spending Power	564,323	240,434	-323,889

- 3.22 In 2022/23, Government introduced Services Grant worth £179,153, for 2023/24 this has fallen to £105,106, then £18,144, and has now been abolished. This was partially because under the last government it was intended for increases in National Insurance Contributions which were no longer needed as increases were not being made.
- 3.23 The New Government when elected announced increases to the levels of National Insurance Contributions to meet budget requirement needs. This was set out in the Government Autumn Statement with the announcement that Government have set aside funding to support the public sector with the additional cost of employer national insurance contributions. On 18 December, the government confirmed £515 million in support for local authorities in England to mitigate the additional impact of the increase in employer National Insurance Contributions (NICs) on their budgets.
- 3.27 For HBBC the impact of the increase is £300,000 in round terms. The Government compensation formula now provides for how this will be covered. Unfortunately the allocation does not cover all this costs, as it only provides £65,000 of this increase. This leaves an impact of £235,000 to fall on the local council tax payer.

3.28 The Minimum Funding Guarantee has been removed and was worth £546,179 in 2024/25. It has been replaced with the Funding Floor Grant of £240,434. Therefore a reduction in funding.

Damping (Transitional support to councils)

3.26 There is no clear indication or information on any transitional arrangements, often referred to as Damping, in the financial settlement. However, the Government's November announcement in the Local Government Policy Paper made general statements that transitional support would be provided. Our advisors have suggested a potential Damping around an allowed 5% fall in an overall income year on year until actual income meets the lower level of funding provided without this support. However, they advise caution with this assumption as no Government information is available.

3.27 If we were to use a "5% fall" calculation and assume this may be available for all scenarios, it would look like the table below. The inclusion of this assumption in MTFs forecasts leaves a high risk due to the high level of estimation uncertainty in this assumption. However, it seems reasonable to assume central government would comply with their November policy announcement and offer some support to cope with the reduction. Amounts less than the figures indicated in the table below, would mean the forecast for savings/new income required would need to increase. The table below gives the forecast used, and the impact for the expected case should 90% support, instead of 95% support be provided by Government.

Damping (as forecast 95% level)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Reset 2026/27	0	0	3,720,678	2,796,177
Reset 2027/28	0	0	0	3,042,243
No Reset in MTFs period	0	0	0	0
Damping Expected case comparison	2024/25	2025/26	2026/27	2027/28
Reset in 2026/27 (Expected) 95% level	£0	£0	£3,720,678	£2,796,177
Reset in 2026/27 (Expected) 90% level	£0	£0	£2,998,974	£0
Lost support	£0	£0	-£721,704	-£2,796,177

3.28 The reasons that damping would be required is that the business rates reset would be achieved by increasing the Tariff we pay to government on the business rates we generate. Business rates in the table below illustrate how this will work, the Tariff increases £5.5m in 2026/27. The reasons there is

Appendix 1

some growth left is because the assumption used is that the Government will use the indexed 2024/25 NNDR 3 return data as the 2025/26 data will not be available in time. If the information from the NNDR 1 return for 2025/26 is used if available in time, the Tariff could be higher at about £18m. If 2027/28 was the year of reset then that would be the year of change with an even higher tariff, and if there was no reset the tariff would just move with inflation on the 2025/26 level.

Expected forecast	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000
NON-DOMESTIC RATING INCOME	44,247	46,164	49,547	50,560	51,618
Less Share allocations					
Central Government share (50%)	-22,123	-23,082	-24,774	-25,280	-25,809
County Council share (9%)	-3,982	-4,155	-4,459	-4,550	-4,646
Fire Authority Share (1%)	-442	-462	-495	-506	-516
District Authority share (40%)	17,699	18,466	19,819	20,224	20,647
Add S31 grant income to cover mandated reliefs	4,085	4,268	2,507	2,556	2,606
Less Tariff	-11,929	-12,069	-17,588	-17,940	-18,299
Less the Levey paid to the local BR pool	-2,682	-2,999	-913	-935	-963
Retained Rates Income	7,173	7,666	3,825	3,905	3,992
Made up of					
Baseline Funding Level	2,821	2,854	2,911	2,970	3,029
Growth	4,352	4,812	913	935	963

Non-Core Spending MTFS elements (income and expenditure)

Block C (The Crescent) and other rentals.

3.29 For all MTFS scenarios the expectations are as noted below.

Rentals	2025/26	2026/27	2027/28	2027/28	Total
Block C (Crescent)	264,765	317,193	358,899	368,899	£1,309,756

3.30 The Expected net position is estimated on the table below. It is based on the original cost of Block C of £4.7m and includes incentives given.

Block C rental (Expected)	2025/26	2026/27	2027/28	2027/28	Total
Income	£264,765	£317,193	£358,899	£368,899	£1,309,756
MRP	-£135,333	-£135,333	-£135,333	-£135,333	-£541,332
Interest	-£120,176	-£120,176	-£120,176	-£120,176	-£480,704

Appendix 1

Running costs (estimate at 10% of rent)	-£30,677	-£34,020	-£40,605	-£43,127	-£148,429
Net	-£21,421	£27,664	£62,785	£70,263	£132,631
Yield % (net)	-0.46%	0.59%	1.34%	1.50%	2.83%

Note: when units are empty, HBBC is liable for business rates, which have not been included in the table above.

3.31 For other rentals the same forecast has been used for all scenarios as the information is less susceptible to variations in forecast. The expected income is given in the table below.

Other General fund rental properties	2025/26	2026/27	2027/28	2027/28	Total
Industrial units	749,956	757,456	765,030	772,681	£3,045,122
Miscellaneous Properties	71,407	71,407	72,114	72,114	£287,042
Atkins	217,554	221,927	224,146	226,388	£890,015
Atkins Room Hire	16,000	16,000	16,000	16,000	£64,000
Hub	404,668	520,749	522,527	524,322	£1,972,266
Total	1,459,586	1,587,538	1,599,817	1,611,505	£6,258,446

Car parking income

3.32 The Council operates sixteen pay and display car parks in Hinckley and one in Market Bosworth along with several other car parks which are free / permit holders only across the Borough.

3.33 The table below gives the income used for all scenarios.

	2024/25	2025/26	2026/27	2027/28	2027/28	Total
Car park income	£569,760	£599,760	£611,755	£623,990	£636,470	£3,041,736

3.34 To improve income performance consideration would need to be given to increasing the car parking fees. The table below give the comparison to Fee in 2011/12 to 2024/25 in terms of if RPI inflation increments had been applied each year. If inflation increments had been applied, it would mean that potentially about £0.2m to £0.3m less income is being generated.

Car Park Fees (Examples)	2011/12	Fee if increased by RPI would be as below by 2024/25	Difference	
			2024/25	£ %
Short Stay Up to 1 hour	£0.70	£1.10	£0.60	-£0.50 -83%

Car Park Fees (Examples)	2011/12	Fee if increased by RPI would be as below by 2024/25	2024/25	Difference	Difference
				£	%
Over 1 hour, up to 2 hours	£1.20	£1.90	£1.20	-£0.70	-56%
Over 2 hours, up to 3 hours	£1.50	£2.35	£2.00	-£0.35	-17%
Over 3 hours and up to 4 hours	£2.60	£4.20	£3.00	-£1.10	-36%
Over 4 hours	£4.80	£7.50	£6.00	-£1.50	-25%
Long Stay up to 5 hours	£1.30	£2.00	£1.30	-£0.70	-56%
Over 5 hours	£2.40	£3.75	£2.60	-£1.15	-44%
Season Tickets	£375.00	£587.10	£375.00	-£212.10	-57%
Per half year	£200.00	£313.10	£200.00	-£113.10	-57%
Per quarter	£110.00	£172.20	£110.00	-£62.20	-57%
Per month	£40.00	£62.60	£40.00	-£22.60	-57%

Garden Waste

3.35 The general fund budget income from Garden waste is £1.4m and the service now has 32,200 subscribers. The MTFs for all scenarios has an increase for 2025/26 of £5 which estimates an extra £127,750 of income will be generated. No other increases are included, but the table gives the estimated impact of how income would increase in terms of increased fees.

Garden Waste	Subscribers remaining	Total	Additional income towards Funding Gap
£62.50	29,400	£1,837,500	£469,000
£57.50	30,100	£1,730,750	£362,250
£52.50	30,800	£1,617,000	£248,500
£47.50	31,500	£1,496,250	£127,750
£42.50	32,200	£1,368,500	As now

Waste Service pressures and new income

Waste Packaging Reform (Extended Producer Responsibility for packaging)

3.36 The Government announced its allocations for 2025/26 for the Extended Producer Responsibility for packaging (EPR). EPR is a policy tool to reduce the environmental impact of packaging. It aims to hold producers accountable for their packaging throughout its whole life cycle. Producers must also cover

the cost of collecting and recycling their packaging. This encourages the use of minimised, easier-to-recycle and reusable packaging. As the Council collects the packaging, we will be given income to cover the costs of this. For 2025/26 the income is £1,063,000. The table below gives the estimated changes over time due to producers reducing the level of packaging used by 10% per year. This may be included in the CSP funding after 2025/26, which may lower the amount given as CSP is not always increased as expected as noted above for 2025/26 HBBC's CSP only increased by £474.

	2024/25	2025/26	2026/27	2027/28	2027/28
<i>EPR for packaging - income</i>		1,063,000	956,700	861,030	774,927

- 3.37 The government may change the basis of the allocations in future years, or producers may respond faster to reduce production, all of which will impact on the level of income we get. Therefore the forecast has some risk in its estimate and the income may end up being lower than anticipated in future years.

Waste Fleet (non-food)

- 3.38 The current HGV fleet is operated for refuse collection, waste transfer, street cleansing and road sweeping and all vehicles are on contract hire until 31/8/25. Contract hire includes both the lease of the vehicle and the ongoing maintenance. Government has mandated all local authorities need to provide a separate weekly food waste collection for all households from 31 March 2026. As agreed at the Council meeting on 1 October 2024, the new vehicle contract will be based on an 8-year lease term compared against the current 7-year term. This increase in term is in line with current standard practice in the industry and will still ensure that vehicles remain fit for purpose across the term of the contract. Since the previous fleet was taken on, hire costs have increased, which is reflected in the impact on the annual lease costs as noted below. The annual change is summarised in the table below and will be a pressure on the general fund .

Current financing charge	New financing charge	Current Maintenance	New Maintenance	Additional requirement
£448,781	£713,788	£246,951	£402,560	£420,616
<i>Budget profile of change in costs</i>	2025/26	2026/27	2027/28	2027/28
<i>Waste Fleet replacement (HGV)</i>	175,100	420,000	420,000	420,000

Food Waste Collection Vehicles

Separate Food waste

- 3.39 The Environment Act 2021, introduces changes to waste collections. A separate weekly food waste collection must be introduced for all households by 31 March 2026. The new weekly food waste collection for households will be treated by government as a new burden and therefore government has committed to covering the costs of its introduction.
- 3.40 The cost of these will primary be grant funded. Capital grant funding of £1,182,585 has been received from Defra for the purchase of food waste vehicles and collection containers (bins). From this £859,368 has been set aside for the vehicle purchase cost. This should fund the purchase of 8 Vehicles. Currently it is estimated that 9 vehicles will be required. For the 9th vehicle the annual leasing cost will be £18,410 per annum and an annual maintenance cost of around £16,000 per annum.
- 3.42 Transitional funding was expected to be announced by the end of 2024 However, although New Burdens funding is expected to cover reasonable transitional costs, DEFRA have not defined what these will be and have not yet provided an indication of the relevant amounts. To avoid any uncertainty, no funding has been included in the costs outlined below and any funding that is received will be used to offset these costs.

	2024/25	2025/26	2026/27	2027/28	2027/28
Food Collection Revenue costs	0	124,000	89,230	91,906	94,663

- 3.43 It is also hoped that the separation of food waste will reduce the volume of residual waste, which may give the opportunity to take action to reduce costs, such as moving to three weekly residual waste collection or by reducing the bin size. This would require the approval of council to be put in place but could help reduce the cost of collection significantly.

Other Waste pressures

- 3.44 The new food waste collections, and housing growth mean the current Jubilee depot is insufficient in size. An additional depot has therefore been sourced and whilst Defra have indicated they will provide some funding it does not include the running costs of a new depot site for waste services that will be required to expand the current facilities. The first two years costs are lower due to rent free periods negotiated.

Appendix 1

- 3.45 The increase in demands on the waste service from all of the changes and the increase in housing growth has meant a new round is needed to meet requirements.

	2024/25	2025/26	2026/27	2027/28	2027/28
New Depot costs	0	230,010	234,230	298,117	334,467
Extra Waste Round	0	139,200	274,000	274,000	274,000

- 3.46 In 2024/25 the light vehicle fleet was replaced which added a pressure of £128,000 to the general fund budget.

UK Shared Prosperity Fund

- 3.47 The UK Shared Prosperity Fund is shared out to every place in the UK recognising that even the most affluent parts of the country contain pockets of deprivation and need support. The Fund for the years 2022/23 to 2024/25 was £2.6 billion in total. The Council received £2,600,011 over the period to 2024-25. For the next round of UKSPF for 2025/26, HBBC's allocation is £850,583 (Capital- £157,045/Revenue- £693,539). Projects will continue to be funded in the Council priority areas.

Levelling Up award - Twycross Zoo

- 3.48 The Government announced a £4.8 billion Levelling Up Fund for investing in infrastructure in 2021, and the Council (acting as host for this scheme run in partnership with Twycross Zoo) secured funding of £17.9m under "Round 1" of the Levelling up funding available. The fund is for a transformational multi-million-pound major new Natural Science and Conservation Centre at Twycross Zoo. The overall £22.7m project is expected to be complete by the end of 2025/26 and open to the public shortly afterward.
- 3.49 The Natural Science and Conservation Centre is set to make a significant contribution to the midlands economy and particularly boost the £80 million that tourists already spend every year in the Hinckley and Bosworth area. As well as attracting visitors to its new orangutan facility attraction, the centre will be able to host educational programmes and events for universities and schools alongside conference facilities.
- 3.50 For the MTFs, HBBC are not allowed under the terms of the award to make a net gain, but costs are recovered making the project cost neutral. Our costs are estimated at about £100,000-£150,000 a year, but only actual costs will be charged to the scheme.

Collection Fund Gains and Losses

- 3.51 Collection fund gains and losses are where income is higher or lower than forecast for Business Rates on the NNDR 1 return and when Council Tax collected is higher or lower than expected. Due to the way the accounting regulations work, the gain or loss is recognised in the year following its creation for NNDR. Therefore a gain in 2024/25 will be recognised in 2025/26. The table below gives the figures used for the forecast scenarios, using the forecast gain for 2025/26 based on the 2024/25 in year monitoring, followed by the average position over the prior 5 years to give an expected position. This could be incorrect as there have been years with losses in the past or higher gains, therefore there is a risk based assumption and could change based on the level of appeals, empty properties or new business coming to the area.

Collection Fund Surplus	2025/26	2026/27	2027/28	2027/28	Total
Business Rates	150,000	27,175	27,175	27,175	£281,524
Council Tax	22,000	27,943	27,943	27,943	£105,829

The Crematorium

- 3.52 The Crematorium Project has moved to seeking a Commercial partner, so that we benefit from a fixed fee per cremation, and have a maximum capital exposure of £4m, with the partner supplying the rest of any capital needed. This will last for a 25 year lease, at which time the building would revert to HBBC ownership. Over 25 years it is estimated to generate £15m of income, but in the first few years it has a smaller return.

	2026/27	2027/28	2027/28	Total
	£000'	£000'	£000'	£000'
Partnership fixed fee	-£21	£2	£27	£8

The Leisure Centre

- 3.53 The council receives an annual management fee for the provision of the Leisure Centre contract. This income has already been allowed for within the MTFs and is the same in all scenarios as it is fixed by contract. The annual fee income for the next four years is summarised in the table below. This may change dependent upon the inflation rate as the fee is indexed by RPI in March of each year.

Leisure Centre	2024/25	2025/26	2026/27	2027/28	2027/28	Total
	£	£	£	£	£	£
All scenarios	1,173,929	1,135,758	1,151,658	1,231,306	1,256,737	5,949,387

The Enterprise Zone MIRA investment

- 3.54 The Council working with the LLEP has taken the initiative to invest up to £8.1m across a range of projects at the MIRA Enterprise Zone including activities that fit with the Council's commitment to acting on climate change and reducing carbon emissions. The investment covers:
- the provision of a low carbon innovation hub.
 - electric vehicle and hydrogen research and Development facilities,
 - additional infrastructure, with new road and bridge construction to open new research and development plots on the site.
- 3.55 In early April 2022 the agreement to proceed was signed. The first £4.2m has already been provided to the LLEP who are managing the day-to-day release of funds to MIRA as they incur costs. The next instalment from HBBC to the LLEP was on the 14 April 2023 for £3.55m. This is a total funding position of £7.75m. To provide this forward funding a PWLB loan of £7m was taken out at the time of the first loan at an interest rate of £2.5%. Current rates are about £4.5%. This decision saved HBBC approximately £1.1m of interest costs over the life of the scheme. This investment generates a £3.1m return in additional business rates we can retain over a 17-year period. The Table below gives the net return over the MTFS period for all scenarios.

EZ net position	2025/26	2026/27	2027/28	2027/28	Total
	£	£	£	£	£
Additional Rates	818,314	818,314	818,314	818,314	3,273,256
MRP and Interest	675,349	665,133	654,658	643,919	2,639,059
Net gain	142,965	153,181	163,656	174,395	634,197

- 3.56 There is a risk that if MIRA do not deliver the growth in rates they have projected, the scheme would fail. However, based on legal advice we have an agreement with MIRA that includes a bank guarantee that protects the council. If enough growth is not generated over three years to meet the expected return required, the Council can use its Bank Guarantee to recall the amount of investment made. This will recover all cash invested but does not include lost gains. HBBC would still have to service the loan taken out of £7m if this should occur. At this stage it is not felt that this will be needed.

The Subsidiary Company

- 3.57 The Council has a dormant company that is currently being considered for investment opportunities. There are no current schemes.

Share of business rates pool surplus

- 3.58 There are on-going discussions in relation to the level of surplus held within the business rates pooling arrangements in place across the Leicestershire area. For the 4 years ending in 2023/24 it was agreed to redistribute amounts from the levy paid to the pool amongst the pool partners based on thirds, one third each to Leicestershire County Council, the City Council and District to divide between themselves.
- 3.59 The sharing of thirds has been confirmed to continue in principle for 2024/25 and 2025/26, subject to the final signing of the agreement, but negotiations are ongoing for this to continue past 2025/26. However, there are alternative views on how the fund could be split between the interested parties.
- 3.60 The agreement has not yet been signed, so there is the potential for changes to be made. However, should there be a business rates reset, there is likely to be no levy that can be shared on as the growth will have fallen to too low a level. Therefore this income is not expected to continue in the 2026/27 as this is when the Government intend to do a reset. For the scenario of a reset in 2027/28, it is forecast to continue into 2026/27, and if there were no reset to continue for the duration of the MTFS.
- 3.61 These amounts have been included in the MTFS scenarios as being paid into an Economic Priorities Reserve (See table below), which will be used as needed to support the general fund position to enable time to identify new income and savings needed to close the budget gap and set a balanced position. As well as the Economic Priorities Reserve, other reserves, mainly the Business rates Equalisation reserve have also been used to support the General fund.

Economic priorities reserve	2024/25	2025/26	2026/27	2027/28
Expected (Reset in 2026/27)	£3,082,141	£3,045,141	£719,141	£0
Delayed Reset to 2027/28	£3,082,141	£2,970,941	£2,239,941	£0
No reset in MTFS period	£3,082,141	£3,220,941	£2,739,359	£1,920,619
Amount added/used to support GF	2024/25	2025/26	2026/27	2027/28
Expected (Reset in 2026/27)		-£37,000	-£2,326,000	-£719,141
Delayed Reset to 2027/28		-£111,200	-£731,000	-£2,239,941
No reset in MTFS period		£138,800	-£481,582	-£818,740

Business Rates Equalisation Reserve	2024/25	2025/26	2026/27	2027/28
All Scenarios	£1,903,000	£1,250,000	£1,250,000	£1,250,000
Amount used to support GF	2024/25	2025/26	2026/27	2027/28

All Scenarios		-£653,000	£0	£0
----------------------	--	------------------	----	----

Payroll

3.62 Staff costs are one of the single highest costs items for the Council as staff are key to delivering high quality services. For 2025/26 it is assumed there will be a 2% pay increment, plus increases due to staff moving to higher spinal points as required under contract. The pay settlement for 2025/26 is not yet known, therefore this could be more if a higher pay award is negotiated nationally. This will be updated in the next MTFS refresh when further information is known. If the settlement was 1% higher for 2025/26, the this would add about £0.7m to the pay costs over the life of the MTFS.

Pay pressure on GF	2024/25	2025/26	2026/27	2027/28	Total
Gross pay	£	£	£	£	£
All Scenarios	14,769,990	14,931,160	15,229,783	15,534,379	60,465,312
(Increase from prior year)	£	£	£	£	£
All Scenarios	1,005,915	161,170	298,623	304,596	1,770,304
Other NIC change/Staff changes pressures		309,000			309,000
Total	1,005,915	470,170	298,623	304,596	2,079,304

Inflation on contracts and on income from fees

3.63 The assumptions used for general increases in fees and charges (not for where there is a known increase above the rates used) is based on inflation of 2% per year thereafter as an average for the life of the MTFS. The table below gives the net impact. Note, due to the net impact of this assumption on both costs and fees, there is marginal difference between the forecasts. This assumes members would feel comfortable increasing fees at the same rate contractual costs are increasing, which is often linked to the CPI or RPI rate.

Inflation pressures	2024/25	2025/26	2026/27	2027/28
Costs	£	£	£	£
All Scenarios	160,300	142,272	145,117	148,020
income	£	£	£	£
All Scenarios	-85,000	-88,486	-90,256	-92,061
Net difference	£	£	£	£
All Scenarios	75,300	53,786	54,862	55,959

Climate change and Biodiversity

 <p>Buildings and land use</p>	 <p>Travel</p>	 <p>Community</p>
<p>We will seek to use our land for carbon reduction and ensure our buildings are energy efficient.</p>	<p>We will work to decarbonise travel across the council and borough.</p>	<p>We will work with the community to lead change and increase climate change engagement</p>
 <p>Waste</p>	 <p>Economy</p>	 <p>Nature</p>
<p>We will ensure we waste less as a borough and stop dependence on single use plastic.</p>	<p>We will maximise financial opportunities to support climate change work.</p>	<p>We will protect and improve Leicestershire's biodiversity and environment.</p>

3.64 The Council has a vision to work towards making Hinckley & Bosworth Borough Council carbon neutral by 2030 (direct council emissions) and to ensure that the borough is net zero by 2050. As part of our Climate Change and Biodiversity Strategy we need to invest toward our aims of:

- Working towards the decarbonisation of all council buildings by 2030
- Promote the use of renewable energy/energy reduction and investigate opportunities for carbon capture and storage

3.65 There are some new initiatives in the MTFs to show our commitments to these improvement in efficiency, which will reduce Co2 and lead to savings to the general fund from 2026/27. The table below gives estimated costs and potential savings. These have been included in the capital programme to develop a fully costs business case for members to approve at a later date.

Building	Work needed	KWh per annum	CO2 reduction Tonnes	Investment	Savings per year
Atkins Building	Solar Retro fit to Roof	200,000	2,532	£268,000	£50,079
Jubilee Depot	Solar Retro fit to Roof	369,950	4,684	£453,000	£104,083
Depot Unit	Solar Retro fit to Roof	310,200	3,927	£390,000	£87,272

3.66 The HRA is also investing in reducing Co2 as part of its decarbonisation programme as detailed below.

	2024.25	2025.26	2026.27	2027.28	2028.29
	£000	£000	£000	£000	£000
Decarbonisation work	1,971	1,707	1,772	1,750	1,874

3.67 The table below give the main sources of funding and activities already in place from prior years

External Funding	Amount Received/Bid For	Used For	Owner/Host of fund
2023- Business Rate Pool funding	£2.27 million countywide	Electric vehicle charge points and four community electric pool cars across the county	Green Living Partnership (HDC)
HUG 2 funding 23/24	£1.13 million	Retrofit of private housing stock not yet commenced	Green Living Partnership (LCC)

3.68 The Climate Change and Biodiversity Strategy is in place and the budget of the council already has key actions on Biodiversity, which include:

- Not using any peat and ensuing annual bedding plants are grown using peat free compost.
- Significantly reducing the number of pesticides we use on our open spaces.
- Upkeep of our two Green Flag parks
- Managing Burbage common for wildlife to encourage wildflowers and maintain this beautiful grassland habitat.
- Employing a tree officer to look after our tree stock and woodlands.
- Planting more than 120 extra heavy standard trees across our sites.

Other items

3.69 The following items have been included in all MTFs scenarios as net pressures on the budget or areas of savings or new income:

Budget movements	2025/26	2026/27	2027/28	Total
Interest	300,300	30,030	0	330,330
Capital Financing (MRP increase)	150,595	65,132	-61,132	154,595
Noise Abatement Notice	90,000	-90,000	0	0
Local Plan	85,992	136,908	-139,000	83,900
Increase in Building Control Partnership costs	77,000			77,000
NHS income	76,900	-104,050	-2,304	-29,454
Leisure Centre income	64,758	-15,900	-79,648	-30,790
New Line trad waste FOOD	60,000	-20,000	-40,000	0
Leisure Centre Utility clause	-50,000	0	0	-50,000
Additional Planning income	-80,000	-35,000		-115,000
Homelessness One off Grant £125k for 2024/25	-175,000	75,000		-100,000
Homelessness		-200,000		-200,000
Total	600,545	-157,880	-322,084	120,581

3.70 The figures above are the net changes in the budget. Members should note that the MTFs does not allow for the Local plan reserve or Enforcement and Appeals reserve to be replenished. Therefore future costs, not currently known, will fall on the General fund.

Key Risk summary

3.71 An MTFs is based on a set of key assumptions, these cover costs and income projections. The key ones have been noted in the report for the Expected MTFs position, the main ones are reviewed below:

- That pay increases are as most 2% plus spinal point increases for 2025/26 and, then 2.7% for each year of the MTFs forecast.
- The £800,000 share of retained rates from the pool will be retained in each year there is not a business rates reset and the current sharing mechanism between the County Council, The City Council and district will remain in place. This may not occur as the County want to review the split.
- a £5 increase in Council Tax for all years for 2023/24-2027/28 (which is expected to still leave us in the bottom fifteen lowest charging District Councils)
- a £5 increase in the garden waste charge will be action in 2025/26 as agreed by Council in the last MTFs update.
- The £8m investment in the Local Enterprise Zone will deliver the growth in rates expected to cover the forward funding agreement position.

- The business rates reset will be in 2026/27 and Government will offer transitional relief at least as much as has been included in the MTFS models. The level of transitional relief is not known and could be lower than modelled leading to a high level of risk for this assumption.
- The Fair Funding review and business rates reset will eventually impact on MTFS and this could lead to material savings/new income plans being needed in 2026/27, 2027/28 and 2027/28.
- That “Damping” funding will be provided by government in some form, this is a high-risk assumption as no exact details have been provided. The calculation assumes no more than a 5% loss of income will fall on Council from one year to the next and is based on information from our advisors.
- There will be no recurring budget supplementary increments agreed over the MTFS period that are not matched by savings/new income. If this is not possible it will increase the savings/new income required, unless unavoidable for legal reasons. This has not been achieved in prior years.
- One off Supplementaries will not be given unless matched by savings/new income, unless unavoidable for legal reasons. This has not been achieved in prior years.
- The most uncertain risk is the lack of any clear indication of a longer-term financial settlement from government, which may change the forecasts given significantly.
- MCHLG have written to Council recently to note that, “ Ministers will expect councils to have taken all reasonable action at a local level and that requests for support will be agreed on an exceptional basis, and usually through a capitalization directive, not additional income. The only change offered is that such borrowing will now not be at a 1% premium above normal PWLB rates. Therefore, failure to achieve the saving required will lead to the risk of a S114 recommendation being needed at some point in the future.

Other Factors

4.1. In addition to those risks relating to financing detailed above, this MTFS highlights several other key factors that will impact on the financial position or financial stewardship of this Council over the MTFS period. These include, but are not limited to:

- **Devolution**

4.2 The Government White Paper on English Devolution, published in December 2024, as well as other recent Government announcements and decisions. Whilst the White Paper itself does not have direct financial implications on the authority, it does potentially lead to substantial change, including the potential

abolition of Hinckley and Bosworth Borough Council itself, which could include substantial cost in terms of preparing its smooth merger into a new unitary council.

4.3 The two most distinct and impactful elements of the White Paper focused on:

- - Devolution Deals – Strategic Authorities and Directly-Elected Mayors
 - Local Government Reform – i.e. merging districts, counties and small unitary councils into new, bigger unitaries, which has already been covered in this report.

4.4 The Government's clearly stated and unequivocal policy objective is for everywhere in England to have a Mayoral Strategic Authority (and to mature into an Established Mayoral Strategic Authority), again on page 28 of the White Paper stating:

Our ambition remains for all parts of England to ultimately have a Mayoral (and eventually Established Mayoral) Strategic Authority.

4.5 Leicestershire County Council (LCC) has requested the Government to postpone the elections planned for May this year until May 2026. They are hoping the Government agrees to postpone elections as they believe reorganisation of local government is needed to unlock or enable devolution.

4.6 LCC note that once a new structure of unitary local government has been agreed for the area the intention would be to have a mayoral combined authority. The Government have made clear that they wish to have all areas of England covered by a mayor and all two-tier local government reorganised by the end of this parliament. LCC's proposal is for a unitary City Council with extended boundaries and a unitary council for the surrounding Leicestershire. This would mean the abolition of all the districts in the area.

4.7 This has not been agreed as the preferred position by the district councils in Leicestershire who have proposed that if change must come, there are credible alternatives which would deliver a more balanced and sensible approach to reorganisation, would better meet government's aspirations, have a much stronger local consensus, and gain far greater support from our communities. However, should the proposal to delay the elections be agreed by government, unitary status could be as early as 1 April 2027.

- **Capital Programme –**

4.8. The council's capital investment plans are outlined annually in the Capital Programme (the "Programme") which is approved at the same time as the revenue budget.

4.9. Although capital expenditure is clearly separated from revenue spend within the council's budget, the use of capital resources has an impact on revenue in the following ways: -

- The use of capital resources will result in a corresponding reduction in investment income.
- Any borrowing will incur interest payments and minimum revenue provision which is charged as a "cost" to the Council's revenue budget.
- The creation of new assets will require running costs that will have to be funded from revenue sources.

- **Local external pressures**

4.10. The County Council are looking for savings and renegotiating many agreements. LCC are discussing wanting to change the redistribution split of the pool contributions. This MTFS assumes the current thirds will be maintained. If it is not a higher level of savings/new income will be needed., but any loss of rental income will lead to further savings being needed.

4.11. LCC have withdrawn funding from all Leicestershire billing authorities (i.e., the seven district councils) to support the administration of the Localisation of Council Tax Support schemes (LCTS) and to the Discretionary Discount Funds administered by the billing authorities. The district council will try to continue this funding, but the amount may vary in future years and lead to pressure on the General fund.

- **Income and Expenditure Levels**

4.12. A considerable proportion of council expenditure is financed from income from fees and charges. A number of these income streams are extremely volatile and depend on external factors such as take up, demand and local economic conditions. The most significant and sensitive changes in income levels include:

Appendix 1

- Planning fees - This income stream is highly dependent on both the housing and commercial market and therefore large “windfalls” often occur in times of prosperity, but during an economic downturn this income may decline significantly. In addition, the council can incur significant costs for appeals against decisions taken by Planning Committee.

Appendix 2- Detailed MTFS movements

2024/25- 2027/28	2024/25	2025/26	2026/27	2027/28
FINANCIAL FORECAST	31-Mar	31-Mar	31-Mar	31-Mar
Expected MTFS	Current year	Forecast	Forecast Rebase	Forecast
	£	£	£	£
Net Service Expenditure	15,676,520	14,333,957	15,960,004	17,616,253
Budget changes (net)	-1,342,563	1,506,047	1,656,250	333,340
Variances forecast	1,843,290	120,000		
Savings needed		0	0	-2,657,850
NET Borough Budget Requirement	16,177,247	15,960,004	17,616,253	15,291,744
Pension adjustments	-1,626,220	-1,610,720	-1,610,720	-1,610,720
Contribution to Reserves	945,000	160,000	25,000	0
Collection fund reserve		0	0	0
Contribution from Reserves	-1,859,518	-339,292	-2,401,000	-719,141
Transfer from / to unapplied grants	-209,191	-27,840		
Additional contributions to/from reserves C/Fs	-219,299			
Contribution to/(from) Balances	751,009	370,727	-155,740	-90,242
NET BUDGET/FORECAST EXPENDITURE	13,959,028	14,512,879	13,473,794	12,871,640
Performance against target	12.94%	15.00%	15.00%	15.00%
			REBASE Year	

2024/25- 2027/28	2024/25	2025/26	2026/27	2027/28
		Forecast	Forecast	Forecast
		£	£	£
	13,959,028	14,512,879	13,473,794	12,871,640
	0	0	3,720,678	2,796,177
National Non Domestic Rates	2,821,150	2,854,270	2,911,355	2,969,582
National Non Domestic Rates retained above baseline	4,351,944	4,812,007	913,363	935,307
RSG	204,575	241,604	0	0
Funding Floor	0	240,434		
Minimum Funding Guarantee	546,179	0	0	0
2022/23 Services Grant	18,144	0		
Collection fund Deficit NNDR	80,037	150,000	17,175	17,175
New Homes Bonus	493,397	526,141		
Collection Fund Surplus - Ctax	52,506	50,000	33,543	33,543
Council Tax Income	5,391,096	5,638,422	5,877,681	6,119,856
Estimated Tax base	39,788	40,132	40,398	40,665
Estimated Band D Council Tax	£135.50	£140.50	£145.50	£150.50
Year on Year Increase in Council Tax				
(i) Amount	£5.00	£5.00	£5.00	£5.00
(ii) Percentage	3.83%	3.69%	3.56%	3.44%
	2024/25	2025/26	2026/27	2027/28
SPECIAL EXPENSES				
Net Budget Requirement B/Fwd	763,526	770,629	777,299	782,437
	0			

2024/25- 2027/28	2024/25	2025/26	2026/27	2027/28
Increase in CTax	7,102	6,670	5,138	5,172
	0			
NET BUDGET/FORECAST EXPENDITURE-Special Expenses	770,629	777,299	782,437	787,609
Estimated Taxbase	39,788	40,132	40,398	40,665
Special Expenses Council Tax	£19.37	£19.37	£19.37	£19.37
Year on year increase in Special Expenses Council Tax	£0.00			
(I) Amount	£0.00	£0.00	£0.00	£0.00
(ii) Percentage	0.00%	0.00%	0.00%	0.00%
Total Net Budget Requirement	14,729,656	15,290,178	14,256,231	13,659,249
Taxbase	39,788.00	40,132.40	40,397.70	40,664.70
Council Wide Council Tax Ave Band D	£154.86	£159.86	£164.86	£169.86
Percentage Increase	3.34%	3.23%	3.13%	3.03%
	£5.00	£5.00	£5.00	£5.00

Appendix 3- Reserves

Reserves (All Figures are in £000)	Expected	31/03/2025	31/03/2026	31/03/2027	30/03/2028	30/03/2029	No Reset	31 March 2025	31 March 2026	31 March 2027	30 March 2028	30 March 2029	Reset 2027/28	31 March 2025	31 March 2026	31 March 2027	30 March 2028	30 March 2029
Special Expenses Reserve		250	183	166	166	166		250	183	166	166	166		250	183	166	166	166
Local Plan Procedure		204	2	2	2	2		204	2	2	2	2		204	2	2	2	2
Business Rates Equalisation Reserve		1,250	1,250	1,250	1,250	1,250		1,250	1,250	1,250	1,250	1,250		1,250	1,250	1,250	1,250	1,250
Financial support reserve		0	0	0	0	0		0	0	0	0	0		0	0	0	0	0
Economic Priorities Reserve		3,082	3,045	719	0	0		3,082	2,971	2,240	1,170	0		3,082	3,221	2,739	0	0
Asset Management Reserve		120	120	120	120	120		120	120	120	120	120		120	120	120	120	120
Election Reserve		50	75	100	100	100		50	75	100	24	49		50	75	100	24	49
Grounds Maintenance		30	30	30	30	30		30	30	30	30	30		30	30	30	30	30
Enforcement and Planning Appeals		10	95	70	70	70		10	95	70	45	20		10	95	70	45	20
Building Maintenance costs		488	388	288	188	188		488	388	288	188	88		488	388	288	188	88
Developing Communities Fund		236	236	236	236	236		122	122	122	122	122		122	122	122	122	122
Environmental Action Reserve		150	100	50	50	50		150	100	50	0	0		150	100	50	0	0
Total		5,870	5,524	3,031	2,212	2,212		5,756	5,336	4,438	3,118	1,847		5,756	5,586	4,938	1,947	1,847
Net of Special Expenses		5,620	5,341	2,865	2,046	2,046		5,507	5,153	4,272	2,952	1,681		5,507	5,403	4,771	1,781	1,681

Economic Priorities Reserve

For all scenarios this reserve will be used to support the GF as income does not cover costs

Expected Case Reserves Detail

Reserves (Expected) Ammounts in	31 March 2025	Capial	To Revenue	From Revenue	31 March 2026	Capial	To Revenue	From Revenue	31 March 2027	Capial	To Revenue	From Revenue	31 March 2028
Special Expenses Reserve	250	-80	-32	45	183	-17	0	0	166	0	0	0	166
Local Plan Procedure	204	0	-202	0	2	0	0	0	2	0	0	0	2
Business Rates Equalisation Reserve	1,250	0	0	0	1,250	0	0	0	1,250	0	0	0	1,250
Economic Priorities Reserve	3,082	0	-37	0	3,045	0	-2,326	0	719	0	-719	0	0
Asset Management Reserve	120	0	0	0	120	0	0	0	120	0	0	0	120
Election Reserve	50	0	0	25	75	0	0	25	100	0	0	0	100
Grounds Maintenance	30	0	0	0	30	0	0	0	30	0	0	0	30
Enforcement and Planning Appeals	95	0	-25	0	70	0	0	0	70	0	0	0	70
Building Maintenance costs	388	-100	0	0	288	-100	0	0	188	0	0	0	188
Developing Communities Fund	236	0	0	0	236	0	0	0	236	0	0	0	236
Environmental Action Reserve	100	0	-50	0	50	0	0	0	50	0	0	0	50
Total	5,805	-180	-347	70	5,349	-117	-2,326	25	2,931	0	-719	0	2,212
Net of Special Expenses	5,555	-100	-314	25	5,166	-100	-2,326	25	2,765	0	-719	0	2,046

Appendix 4 - Strategic Financial Objectives

- The Council should allocate resources to services in line with the Corporate Aims and Ambitions
- Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework
- The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives
- To review the scale of fees and charges at least annually
- To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.
- Capital expenditure is properly appraised.
- When funding the Capital Programme, all funding options are considered.
- To review levels and purpose of Reserves and Balances
- To maintain sustainable Council Tax increases
- To increase efficiency savings and generate funding through shared services and collaborative working.



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

2025/26 GENERAL FUND BUDGET

Report of Head of Finance (Section 151 Officer)

1.0 Purpose of report

1.1 To seek approval of the 2025/26 General Fund Revenue Budget and to note the pressures set out in the report.

2.0 Recommendation

2.1 That the following is approved:

- a) The General Fund budget for 2024/25 and 2025/26 shown in section 3.5-3.8
- b) The Special Expenses area budget for 2024/25 and 2025/26 shown in section 3.9-3.12
- c) The proposed movement in General Fund balances and Earmarked Reserves for 2024/25 and 2025/26 shown in section 3.20 of this report and Appendix 1
- d) The supplementary for licence costs as per paragraph 3.42.

3.0 Background to the report

3.1 The budget is being put together at a time of uncertainty after a history of reduced revenue support from direct funding from Government. The 2025/26 financial settlement was more favourable for Councils in deprived areas and unitary or mayoral authorities. This Council's overall core government increase was about 0.04%, which is well below inflation.

The key objectives for the General Fund Revenue budget for 2025/26 can be summarised as follows:

- To align expenditure on services to the Council's Corporate Plan.
- To provide for reductions in government grant funding for 2025/26 and plan for future years.
- To encourage identification of savings and income generation opportunities across the Council.
- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.

3.2 The General Fund revenue budget has been prepared taking into consideration the capital programme and Housing Revenue Account (HRA) budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

3.3 Members should note the increased pressure on 2025/26 financial years and the need to use £311,200 of earmarked reserves to balance the general fund position at its target level of 15% of the net revenue budget.

Budget Summary

3.4 Local Authorities continue to face financial pressures due to another one-year financial settlement, a cost-of-living crisis and inflation pressures over and above what can be collected from local taxpayers. The key factors causing the pressure in the budget position are common to many councils nationally. These are primarily the increased costs of temporary accommodation and higher pay cost settlements over the last two years. This can be seen in the pressures noted below:

- In 2021/22 the general fund payroll budget was £11.2m, by 2025/26 the current forecast is £14.9m.
- In 2021/22 the temporary accommodation budget was as £0.2m, but the current budget is £1.1m

Neither has been covered by increased funding from Government,

3.5 The original budget for the financial year 2024/25, along with the revised budget position for 2024/25 and the proposed budget for 2025/26 are set out below.

For the 2024/25 estimated outturn, the is estimated net service expenditure is higher £1.84m compared to the Original Budget. The major variations are summarised below:-

- £0.985m Carry forward of expenditure from prior year agreed at Council on July 2024.
- £0.063m Net additional in year budget approvals.

- £(0.319m) Net salary savings due to vacant posts.
- £ 0.305m Additional agency costs (Planning and Legal)
- £1.6m LLEP Pooled Business rate recognised in 2023/24 (reported to Council in July 2024)
- £(0.8m) Additional income for 2024/25 LLEP Pooled Business

3.6 This has been covered to a large extent in quarterly out turn reports to the Finance & Performance Scrutiny Committee

3.7 In 2025/26 service expenditure has increased to £17.1m from £15.8m. This is an increase of £1.3m. The large movements are summarised below. Other movements are summarised in table 2 below.

- Reduction in LLEP pooled Distribution income £600,000
- Budgeted reduction in Enterprise Zone Agreement Income £376,000
- Reduction in ICT Partnership costs due to changes £(460,000)
- Reduction in ICT Partnership income £460,000
- Net Income from Extended Producer Responsibility (£1,083m income £0.25m set aside for costs) £(813,000)

After allowing for net contributions from reserves of £0.453m there will be transfer of £0.366m will be transferred to balances. This results in an overall transfer from reserves and balances of £0.087m which is an overall break even position based on current funding levels.

Table 1	Original Estimate 2024/25	Revised Estimate 2024/25	Original Estimate 2025/26
Corporate & Street Scenes Services	7,975,494	8,356,785	9,198,179
Community Services & Development Services	7,876,842	9,402,741	8,076,814
Growth Not on the Ledger			
Total service expenditure (Net)	15,852,336	17,759,526	17,274,993
Less:			
Special Expenses	-828,280	-839,780	-874,240
Capital Accounting Adjustment	-1,022,850	-1,034,850	-823,853
Net external interest (received)/paid	332,751	361,751	633,104
IAS19 Adjustment	-1,626,220	-1,626,220	-1,610,720
Transfer to (from) Unapplied Grants Reserve	-27,840	-209,191	-27,840
Carry forwards from prior year		-219,299	
Transfer to reserves	3,755,474	945,000	160,000
Transfer from reserves	-3,206,766	-1,928,918	-613,492
Transfer to/(from) balances	730,423	751,009	366,926
HBBC Budget Requirement	13,959,028	13,959,028	14,484,878

3.8 Major variations between the 2024/25 Original Estimate and the 2025-26 Original Estimate are detailed below as well as service and contractual changes 2025/26.

Table 2: Major variations over £40,000	Expenditure /Pressures £000s	Income/ Savings £000s	Total
Homelessness Additional Funding	0	-175	-175
Additional Trade Waste income	0	-70	-70
Reprofile of Local Plan	86	0	86
Building Control Partnership - Additional contribution	74	0	74
Waste Management Additional agency costs arising from minimum wage increases	57	0	57
Additional income from statutory changes in minor applications	0	-80	-80
Additional Microsoft License costs	47	0	47
Inflation on costs and fee income	143	-88	55
Estimated Impact of National Insurance Funding	0	-65	-65
Garden Waste income	0	-127	-127
Building Safety funding and costs	130	-130	0
Other Movement less than £40k	194	-152	42
Total	731	-887	-156

Table 3: Service and Contractual changes 20025/26	
	£000
Additional Pay pressures	535
Additional Cost of fleet (already approved)	175
Part Year impact of Food Waste Service	124
New Operation Site Unit E	237
Part year impact of Extra Waste Round	139
Additional one off Enforcement Costs	90
Leisure Centre Management Fee and Utility clause	(26)
Delay in NHS Hub move	87
Total	1361

Special Expense Area

3.9 This represents the cost of parks and cemeteries in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.

- 3.10 The proposed budgets for the Special Expenses area have been compiled in accordance with an overall increase in the Borough Council Tax Base of 8.66%. Details of the council tax base are included in the Council Tax report. Due to the adequacy of balances for Special Expenses, the £5 increase in Council Tax will be allocated to the wider Borough budget.

Table 4	Estimate	Revised	Original
	2024/25	Estimate	Estimate
	£	£	£
Expenditure	828,280	828,780	874,240
Transfer to/(from) balances	-22,986	23,986	-62,275
Transfer to/(from) reserves	12,550	12,550	12,550
S106 Contributions	-47,150	-47,150	-47,150
Budget Requirement	770,694	770,694	777,365

- 3.11 Balances in the Special Expenses Area (SEA) are estimated as follows:

Table 5	£
Balance on 1st April 2024	-233,000
Transfer to/(from) Balances 2024/25	23,486
Transfer to/(from) Balances 2025/26	62,275
Estimated Balance on 31st March 2025	-147,239

Total Council Budget for 2025/26.

- 3.12 The total overall budget for 2025/26 in the direct control of the Council is therefore:

Table 6	Original Estimate	Revised Estimate	Original Estimate
	2024/25	2024/25	2025/26
	£	£	£
HBBC Budget Requirement	13,959,028	13,959,028	14,484,878
Special Expenses Budget Requirement	770,694	770,694	777,365
Total Budget Requirement	14,729,722	14,729,722	15,262,243

Forecast Budget 2025/26 – assumptions and process.

- 3.14 The original budget for 2024/25 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements.

- 3.15 The budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g., interest from capital receipts, interest on borrowing, staffing costs etc.).
- 3.16 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. The CPI rate is currently 2.6% but an average rate of 2% has been used for 2025/26. The application of a 0% rate for non-contracted expenditure is aimed at increasing saving on running costs as much as possible.
- 3.17 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2024/25 estimates have been based on the latest pension valuation and an average forecast pay settlement of 2%. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge.

In addition to the growths listed above; the following items have been included in the service budgets: -

Table 7 Other pressures and savings 2025//26	Costs £000	Description
MRP	107	Revenue cost of Capital financing via borrowing.
MRP EZ Loan	11	Revenue cost of financing EZ Loan
Interest	300	Includes EZ loan payments and assumes interest rates drop in 25/26 and allows for additional borrowing.

- 3.18 The Leicestershire Pension Fund is re-valued in accordance with statutory requirements. There is currently an actuarial deficit (i.e., the assets of the fund were less than those required to meet the long-term liabilities in terms of benefits due to members). Whilst action is needed to remedy this position, the timescales involved mean that there is sufficient time to recover the position in a phased manner over several years and valuations. An Employers Contribution rate of 21.9% will be used with an additional 1% being included for Ill Health retirement insurance. In addition, a lump sum value of £561,700 (General Fund Element) is payable to the Local Government Pension Scheme which is contained in a corporate budget.
- 3.19 The projected movement of the General Fund Balances is detailed in the table below and indicates that balances forecast as 31st March 2026 around the 15% target for the general fund balance. However overall earmarked reserves are being used to ensure a balanced budget position. Final movements in

balances for 2024/25 will be confirmed at year end and considered as part of future review of reserves.

Table 8	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2024	1,288	1,055	233
Amount Taken to / (from) Balances 2024/25	728	751	-23
Balances at 31 March 2025	2,016	1,806	210
Amount Taken to / (from) Balances 2025/26	305	367	-62
Balances at 31 March 2026	2,321	2,173	148
Net Budget Requirement	15,262	14,485	777
Minimum Balance requirement (15%)	2,290	2,170	120
Surplus Balance	31	3	28

Earmarked Reserves

3.20 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements. The tables below summarise the changes required ensure spend commitments are met and funds are set aside for future pressures.

Table 9 Reserve	Transfer from 2024/25 £	Transfer from Revenue 25/26 £	Use
Special Expenses Reserve	0	(45,000)	Set aside to fund future capital costs and one of revenue costs
ICT Reserve	0	0	Set aside to fund future costs
Elections Reserve	0	(25,000)	Set aside for future HBBC Elections
Waste Management Reserve	0	0	Set Aside for future waste management changes
Enforcement and Planning	-90,000	(135,000)	Reprofile reserve in 24/25 and use in 25/26 for enforcement

Table 9 Reserve	Transfer from 2024/25 £	Transfer from Revenue 25/26 £	Use
Economic Priorities Reserve	90,000	0	Reduction amount set aside for Economic Regeneration. These funds were received early
Total	0	(205,000)	

The following additional transfers from reserves require approval by Council:

Table 10 Reserve	Transfer to Revenue 2024/25 £	Transfer to Revenue 2025/26 £	Use
Local Plan Procedure	0	202,292	Re-profiling of expenditure for use on local plan
Special Expenses Reserve	0	32,450	Free Parking in 2024/25
Economic Priority Reserve	0	311,200	To Support General Fund Budget Position
Environmental Improvement Reserve	0	50,000	use to fund in year climate costs.
Enforcement & Planning Appeals	90,000	50,000	Reprofile reserve in 24/25 and use in 25/26 for Enforcement
Total	0	645,942	

- 3.21 Based on these calculations, it is estimated that the Council will hold £5.2 million in earmarked reserves as at 31st March 2024 and £5.5 million at 31st March 2025. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

Local Government Finance Settlement

- 3.22 The Council’s budgets are highly sensitive to changes in the finance settlement and Government policy. Funding announced in the 2025/26 Local Government Finance Settlement (Provisional), along with additional elements of financing are detailed in the table below.

The Business Rates Growth figure is based on the NNDR1 which is finalised in late January 2025. This is based on the latest available information on rateable values and reliefs.

Table 11	2024/25 Original Budget	2025/26 Original Budget	Mvt Inc/(Dec)
	£	£	£
National Non-Domestic Rates BLF (Base Line Funding)	2,821,150	2,854,270	33,120
Business Rates Growth *	4,351,944	4,812,007	460,063
Funding Floor	0	240,434	240,434
Lower Tier Support Grant	546,179	0	-546,179
Services Grant	18,144	0	-18,144
New Homes Bonus	493,397	526,141	32,744
Net Collection Fund Surplus / (Deficit)	132,543	172,000	39,457
Council Taxpayer	5,391,096	5,638,422	247,326
RSG	204,575	241,604	37,029
Total Financing	13,959,028	14,484,878	525,850

3.23 The following points should be noted:

- The reset of business rates is now expected 2026/27, which means the pool will still receive levies from the member councils.

Business Rates Retention and Pooling

3.24 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after considering discounts, collection rates and appeals estimates. For 2025/26 HBBC will have a 40% tier which is approximately £17.7m, the table above gives the element retained once Tariff and Levy charges have been made.

The retained business rates of this Council are subject to a tariff, which the government have increased from £11.9m to £12.1 in 2025/26 which reduces the gain to HBBC by £0.2m. Any growth over a set baseline (£2.9m) is subject to a "levy" payment of £3m, which is paid to the business rates pool. The settlement announced that a safety net threshold for all Councils of 92.5%. On this basis, this Council would need to lose £5m of Business Rates before a safety net payment will be made.

The NNDR1 form which set out the final budgeted position for this Council will be approved by the Head of Finance (S151 officer) by 31 January 2025.

- 3.25 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form.
- 3.26 Budgeting for business rates is difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of

appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.

- 3.27 Based on the forecast position the Council best option is to remain in the pool.

New Homes Bonus

- 3.28 New Homes Bonus (NHB) was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing.
- 3.29 The Financial settlement since 2016/17 has seen the continued reduction of NHB funding from £2.9m in 2016/17 to £0.526m for 2025/26. Based on the latest information from central government this will be last year of the scheme. In future the Government have noted they wish to introduce a more targeted funding scheme to replace the current NHB scheme but have not yet released any details of how this will operate. Any replacement is expected to be at a much-reduced level on that received historically.

Leisure Centre Income

- 3.30 For 2025/26 the contractual Management fee is estimated to be £1.161m. The risk remains on the future profitability of the leisure centres, due to the current economic environment. Places for People (PfP) (the leisure centre operator) has a contractual clause for utilities. This means the Council has to part fund utility costs above the average rate of inflation, which has been estimated to be £0.1m for 2025/26.

Table 12	2024/25	2025/26
Net Management Fee £	1,185,440	1,161,338

Leicestershire Revenues and Benefits Partnership

- 3.31 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2024/25 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects an increase of £70,440, compared to 2023/24:

Table 13	HBBC £
2024/25 Contribution	1,595,970
2023/24 Contribution	1,525,530
Difference – Increase/(Decrease)	70,440

Investment (Income/Costs)

- 3.32 In recent years, the country has faced unprecedented levels of public sector borrowing which had reached a peak in 2019/20. The government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.33 The Base Rate is currently 5.25%. This is now estimated to be at its peak and rates are due to fall on a marginal basis from mid-2024 and drop to around 4% by March 2025.
- 3.34 Reduced rates will mean investment rates will reduce, but borrowing will become cheaper for the short term. This has been allowed for in the interest budget.
- 3.35 Net interest has been estimated at £332,751. This is a net drop in investment of income of £0.093m primary due to lower investment rates.

Major Projects

- 3.36 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including the crematorium.

The full impact of all schemes is detailed in the Capital Programme.

Council Tax

- 3.37 For 2025/26 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase. The General Fund budget is based on a £5 average band D increase, with no increase specific allocation of this to the special expenses area.

Summary of the overall 2025/26 budget position

- 3.38 The budget proposed for 2025/26 is achieving 15.0% general fund balance excluding special expenses (15.21% including SEA) in relation to net expenditure against a target of 15% (£2.29m).
- 3.39 Earmarked reserves are expected to reduce from £5.6m to £5.2m by 31 March 2026. The general fund balance is forecast to be £2.17m by 31 March 2026. Therefore, the Council can achieve its financial targets for 2025/26. However, given the significant changes in Local Government Financing, the 2025/26 budget should be viewed considering Business Rate Reset in 2026/27. Members should note, failure to set a balanced MTFs that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, as part of their VFM.

- 3.40 The 2025/26 budget should be read in conjunction with the Council's Fees and Charges book for 2025/26, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised in the Fees and Charges report.

Assurance Statement of the Council's Section 151 Officer (Head of Finance and Resources)

- 3.41 The Section 151 Officer's has a statutory duty to report under Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves. The following assurance can be given:

- In relation to the 2025/26 General Fund Revenue budget, I have examined the budget proposals, and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given, good management, and the sound monitoring of performance and budgets.
- I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with any problems which may arise unexpectedly during the 2025/26 year.
- The key process risks in making the above statement are growing pressure on pay costs and temporary accommodation costs expected, that will potentially lead to pressure in the short term, but not within the 2025/26 financial year.
- My statement is conditional upon the agreement of an updated Medium Term Financial Strategy being agreed by Council to ensure that the required target of 15% minimum balance for general fund can be maintained in the medium term.

Approval needed on supplementary budget for 2024/25

- 3.42 Hinckley and Bosworth Borough Council manage and maintain Microsoft licencing for LICTP (HBBC, MBC and BDC). Microsoft selects organisations to undergo a licencing audit, performed by Ernst and Young and the LICTP were selected during 2024/25. The audit is an in-depth assessment of all Microsoft usage at the time of the audit. The audit found that the costs of compliance with licence requirements and the current number of users has increased and needs to be funded by the partners. The overall cost to be compliant with licence agreement terms and conditions is £150,810, and HBBC's share is £69,400. This needs to be agreed as a supplementary budget in 2024/25.

4.0 Exemptions in accordance with the Access to Information procedure rules

4.1 Report taken in open session.

5.0 Financial implications [IB]

5.1 Contained in the body of the report.

6.0 Legal implications

6.1 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves.

7.0 Corporate Plan implications

7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated to ensure delivery of all the aims, outcomes and targets included in the Council's Corporate Plan.

8.0 Consultation

8.1 None

9.0 Risk implications

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with these report / decisions were identified from this assessment:

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
That decisions made for 2025/26 are made in isolation from the Medium-Term Financial Strategy and the pressures set out in that strategy.	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

10.0 Knowing your community – equality and rural implications.

10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

11.0 Climate implications

11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees, and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasing difficult to meet it carbon emergency targets by 2030.

11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

11.3 The pressure that is in the budget pose risks for all the council's activities, including these areas.

12.0 Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: None

Contact officer: Ilyas Bham, Accountancy Manager x5924

Executive member: Cllr K Lynch

Appendix 1 - General Fund Earmarked Reserves

	Closing Balance 31 March 2024	Capital Expenditure	To Revenue	From revenue	Closing Balance 31 March 2025	Capital Expenditure	To Revenue	From revenue	Closing Balance 31 March 2026
Special Expenses Reserve	(295,865)	58,568	32,450	(45,000)	(249,847)	79,530	32,450	(45,000)	(182,867)
Local Plan Procedure	(512,785)		308,518		(204,267)		202,292		(1,975)
Business Rates Equalisation Reserve	(1,903,000)		653,000		(1,250,000)				(1,250,000)
Economic Priorities Reserve	(2,753,141)		540,400	(800,000)	(3,012,741)		37,000		(2,975,741)
Year End Carry Forwards Revenue	(219,299)		219,299		0				0
ICT Reserve	(15,000)	30,000		(15,000)	0				0
Waste Management Reserve	(237,000)	15,000	237,000	(15,000)	0				0
Asset Management Reserve	(400,000)	280,000			(120,000)				(120,000)
Election Reserve	(25,000)			(25,000)	(50,000)			(25,000)	(75,000)
Grounds Maintenance	(30,000)				(30,000)				(30,000)
Enforcement and Planning Appeals	(60,000)		140,000	(90,000)	(10,000)		50,000	(135,000)	(95,000)
Building Maintenance costs	(588,120)	100,000			(488,120)	100,000			(388,120)
Enterprise Zone - Covid	(214,486)	214,486			0				0
Developing Communities Fund	(235,813)				(235,813)				(235,813)
Environmental Action Reserve	(200,000)		50,000		(150,000)		50,000		(100,000)
Total	(7,689,509)	698,054	698,054	2,180,667	(800,000)	179,530	645,942	(205,000)	(5,264,516)
Net of Special Expenses	(7,393,644)	639,486	639,486	2,148,217	(800,000)	100,000	413,492	(160,000)	(5,081,649)



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

HOUSING REVENUE ACCOUNT BUDGET 2025-26

Report of Head of Finance

1. Purpose of report

1.1 To seek approval of the 2025/26 Housing Revenue Account (HRA) budget, including the Housing Repairs Account.

2. Recommendation

2.1 That Council approves the Rent Policy for 2025/26 as set out in paragraph 3.3 to 3.5.

2.2 That Council approves:

- The revised Housing Revenue and Housing Repairs Account budgets for 2024/25 shown in Appendix 1 and Appendix 2.
- The Housing Revenue and Housing Repairs Account budgets for 2025/26 shown in Appendix 1 and Appendix 2.
- The proposed movement in reserves shown in Appendix 3.

3. Background to the report

3.1 The budgets covered by this report relate to the Council's responsibilities as the landlord of 3,227 dwellings. The Housing Revenue Account is the ring-fenced account which presents financial performance for the following activities:

- Income from dwelling rents and associated charges, e.g., utilities
- Supervision & Management (General), e.g., allocations, housing register, rent collection, tenant consultation

- Supervision & Management (Special) e.g., sheltered schemes, hostel, roads, paths, fences and grounds, which are not part of an individual property
- Housing Repairs & Maintenance, which has a separate account and deals with the maintenance of individual properties.

3.2 The Council, as landlord to properties within the Housing Revenue Account is required to review rent levels and advise tenants of their rent for the forthcoming year ahead as part of the budget setting process.

Rent Setting

3.3 For 2025/26 it is proposed to increase rent by 2.7%. Under current rules, this is the maximum rents could increase by. It is critical that we maximise income through applying the maximum rent increase in order service priorities can continue to be met including meeting the decent homes standard, meeting our compliance and regulation requirements, continue to provide management and support to tenants, continue with decarbonisation works and increase the housing stock through acquisition and development.

3.4 Based on the above, rents for 2025/26 have been calculated on the following basis:

- Social housing and supported housing rent will increase by 2.7%
- Void loss assumption of 1.75%
- An assumption that 15 dwellings will be sold
- Peggs Close properties removed from budget
- £45,000 added to cover rent for new properties.

3.5 After factoring in the above, the forecast rental income for 2025/26 is £15,683,310. This is an increase of £635,070. This increase is required to ensure ongoing investments in repairs and maintenance to the Council's stock can continue.

Budget Summary

3.6 The original Housing Revenue Account budget for 2024/25, revised budget for 2024/25 (based on October 2024 outturn) and the proposed budget for 2025/26 is set out in Appendix 1.

3.7 The original Housing Repairs Account budget for 2024/25, revised budgets for 2024/25 (based on October 2024 outturn) and the proposed budget for 2025/26 is set out in Appendix 2.

Revised 2024/25 Budget

3.8 The original budgets for 2024/25 have, in accordance with the Council's Financial Procedures been revised during the year to take account of approved supplementary budgets and virements. The position in Appendix 1

is based on the October Outturn position and updated for the latest rent forecast.

- 3.9 Appendix 1 identifies an increase in spend for the year of £52,531. This increase is explained below: -

	£
Additional Employee costs	45,000
Additional Rent income	(320,000)
Gas & Electricity overspend	120,000
Cleaning overspends	25,000
Additional lifeline income	(40,000)
Additional interest costs	75,000
Carry forwards from 2023/24	85,651
In year supplementary budgets	40,880
Premises insurance overspend	18,000
Other minor variances	3,000
TOTAL	52,531

This will result in an estimated HRA balance as at 31st March 2025 of £810,232 against the original estimate of £831,763. In 2025/26, the estimated contributions to the regeneration reserve will increase to ensure that HRA balance equates to around £250 per property and resources are set aside to fund future capital expenditure.

- 3.10 In addition, Appendix 2 summarises the Housing Repairs Account to year end. The movement between the original budget and the revised budget is primary due to continued high levels of demand and price increases for responsive repairs.

2025/26 Budget

Service Priorities and links to other documents

- 3.11 The 2025/26 budget has been created with clear links to the Council's Corporate Plan and service objectives.
- 3.12 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Strategy which was refreshed in 2024. The key objectives for future housing provision outlined in this document were taken into account in producing both the revenue and capital HRA budgets. These are as follows:
- Continue to invest in existing stock to maintain good quality homes.
 - Where affordable, invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
 - Refurbishment/regeneration of stock which no longer meets needs.
 - Review the potential for further investment in new housing stock.

Budget Assumptions

- 3.13 The 2025/26 Housing Revenue Budget has been prepared following a robust process for the 2025/26 financial year.
- 3.14 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. For contractual commitments, an inflation rate of 2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.15 The salaries and wages budgets form one of the most significant elements of the revenue budget. For pay costs, the 2025/26 estimates have been based on the latest pension valuation and assumes a 2% pay award. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2024/25.

Housing Revenue Account 2025/26

- 3.16 The estimated surplus for 2025/26 for the HRA is £38,821. This will result in a forecast balance at the year-end of £849,053. After allowing for rent changes, the major changes are summarised below: -

	£
Increase in Employee salary costs (pay award, NI, Pension)	21,930
Increase in Interest payable	67,052
Additional Sheltered Scheme Service Charges	(30,000)
Additional Piper Alarm/Lifeline income	(18,480)
Reduction in gas & electricity costs	(20,890)
Additional contribution to Repairs account	157,830
Additional Premises Insurance cost	25,473
Increase in Depreciation. This has no net impact. The change in depreciation is offset by the change in the repairs reserve which is used to fund capital expenditure	482,590
Reduction in grant income	35,190
Annual Fee – Housing Regulator	15,880
Housing Officer Mobile System Licence	17,500
Service Growths*	125,000
Increase in Audit Fees	8,000
Increase in water charges	7,240
Additional insurance costs	8,202
Other minor variations	14,769
TOTAL	£917,286

*Growths listed in the above table are detailed below:-

	£
Service Improvements	100,000
Contractual Telephone charges	10,000
Contractual IT software Licence costs	10,000
Reduction Heating income (Armada Court)	5,000
TOTAL	125,000

Housing Repairs budgets 2025/26

- 3.17 The housing repairs operational budgets (Planned and Responsive repairs) have been prepared taking into account forecast need and the capacity for this to be delivered in 2025/26.
- 3.18 Programmed and Responsive repairs budgets have been increased in-line with inflation and latest demands on the service. The estimated operating surplus for the year is £32,521, which will mean a forecast balance of £36,721 as at 31st March 2026.

Service growths included in the repairs accounts are detailed below:-

	£
Programmed Repairs contractual increases in prices	16,600
Responsive Repairs based on latest demand levels and prices increases	25,000
TOTAL	41,600

Working balances

- 3.19 The Council has the following policies relating to levels of balances and reserves in the HRA:
- Maintain HRA balances (non-earmarked) of £250 per property by the 31 March 2026. For 2025/26, this equates to a minimum balance of £806,750 based on 3,227 properties
 - Maintain a breakeven position within the Housing Repairs Account with all surpluses transferred to earmarked reserves
 - Where possible, all actual service under-spends, and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks
 - There should be no direct contribution from revenue to capital except for specific identified projects.
- 3.20 The projected movement of the Housing Revenue Account balance is detailed below and indicates that sufficient balances are forecast as at 31 March 2026 based on the minimum balance thresholds outlined in 3.19. Required

transactions to achieve minimum balances for 2024/25 will be considered as part of the outturn process.

	2024/25 ORIGINAL ESTIMATE	2024/25 LATEST ESTIMATE	2025/26 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(808,171)	(734,171)	(810,232)
Closing Balance at 31st March	(831,763)	(810,232)	(849,053)

3.21 The Housing Repairs Account balance is forecast as follows:

	2024/25 ORIGINAL ESTIMATE	2024/25 LATEST ESTIMATE	2025/26 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(99,592)	(71,670)	(4,200)
Closing Balance at 31st March	(62,122)	(4,200)	(36,721)

Reserves

3.22 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2024/25 and 2025/26. Based on these calculations, it is estimated that the Council will hold £3,137,584 in earmarked HRA reserves as at 31st March 2025 and £3,373,854 at 31st March 2026. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

The following transfers to reserves require approval by Council:

Reserve	Transfer £	Use
2024/25		
Piper Alarm Reserve	30,000	Reserve set aside for Control Centre Service enhancements.
Regeneration Reserve	2,875,000	This reserve has been set up to fund the implementation of the Housing Investment Plan.
Major Repairs Reserve	(379,282)	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).

Reserve	Transfer £	Use
2025/26		
Piper Alarm Reserve	50,000	Reserve set aside for Control Centre Service enhancements.
Regeneration Reserve	2,900,000	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.
Major Repairs Reserve	(640,552)	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is required due to a change in accounting regulations).

- 3.23 It is proposed that HRA reserves will only be used for capital purposes in 2025/26. Full details are included in the Capital Programme.

HRA Business Plan

- 3.24 The HRA Business Plan outlines how the HRA business will deliver services and capital projects over a 30 year period. The plan has been updated to reflect the budget for 2025/26. Further work is being undertaken to inform a revised HRA Investment Strategy.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report.

6. Legal implications

- 6.1 This budget is drawn up and approved in accordance with the Statutory requirements as to the keeping of a Housing Revenue Account (HRA), as contained in the Local Government and Housing Act 1989 ('the Act'). It is a duty of each local authority to approve its HRA budget in the January and February immediately before the commencement of the financial year to which it relates.
- 6.2 The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Account must relate to the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account and the expenditure of the authority for the year in

respect of the repair, maintenance, supervision and management of such property and any other requirements of the Secretary of State.

7. Corporate Plan implications

- 7.1 The proposed budgets will allocate resources to enable the Council to achieve its objectives for its own housing stock.

8. Consultation

- 8.1 Relevant council officers have been consulted in the preparation of the budgets.

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decisions were identified from this assessment:

Management of Significant (Net Red) Risks

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	The HRA budget is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S Stacey

10. Knowing your community – equality and rural implications

- 10.1 The budget will allow management and maintenance of Council Properties throughout the Borough.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However, budget decisions made by members in relation to issues such as rents, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the

council will mean it become increasing difficult to meet it carbon emergency targets by 2030.

There are no direct implications arising from this report.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers:

Contact officer: Ilyas Bham, Accountancy Manager Ext. 5924

Executive member: Cllr K Lynch

This page is intentionally left blank

Housing Revenue ACCOUNT

APPENDIX 1

	2024/25 ORIGINAL ESTIMATE	2024/25 FORECAST OUTTURN	2025/26 ORIGINAL ESTIMATE
	(Published) £	£	£
SUMMARY HOUSING REVENUE ACCOUNT			
INCOME			
Dwelling Rents	(15,048,240)	(15,368,240)	(15,683,310)
Non Dwelling Rents	(82,150)	(70,150)	(80,150)
	(15,130,390)	(15,438,390)	(15,763,460)
EXPENDITURE			
Supervision & Management (General)	3,013,120	3,119,951	3,236,867
Supervision & Management (Special)	1,080,540	1,259,240	1,065,997
Lump Sum LCC pension contribution	95,940	95,940	96,530
Contributions to Housing Repairs A/C	3,492,170	3,492,170	3,650,000
Depreciation	3,388,730	3,388,730	3,871,320
Capital Charges: Debt Management	1,110	1,110	1,130
Increase in Provision for Bad Debts	80,000	80,000	80,000
Interest on Borrowing	1,738,951	1,813,951	1,656,003
	12,890,561	13,251,092	13,657,847
Net Cost of Services	(2,239,829)	(2,187,298)	(2,105,613)
Interest Receivable	(126,151)	(126,151)	(101,686)
IAS19 Adjustment	(288,330)	(288,330)	(290,970)
Net Operating Expenditure	(2,654,310)	(2,601,779)	(2,498,269)
CONTRIBUTIONS			
Contribution to Piper Alarm Reserve	30,000	30,000	50,000
Transfer to/from Major Repairs Reserve	(379,282)	(379,282)	(640,552)
Transfer to Regeneration Reserve	2,980,000	2,875,000	3,005,000
(Surplus) / Deficit	(23,592)	(76,061)	(83,821)
Relevant Year Opening Balance at 1st April	(808,171)	(734,171)	(810,232)
Relevant Year Closing Balance at 31st March	(831,763)	(810,232)	(894,053)

Housing Revenue ACCOUNT

	2024/25 ORIGINAL ESTIMATE (Published) £	2024/25 FORECAST OUTTURN £	2025/26 ORIGINAL ESTIMATE £
SUPERVISION & MANAGEMENT (GENERAL)			
Employees	1,529,050	1,550,048	1,640,422
Premises Related Expenditure	240,040	258,040	266,993
Transport Related Expenditure	15,910	15,910	15,470
Supplies & Services	281,830	369,663	343,449
Central & Administrative Expenses	1,017,000	1,017,000	1,006,053
Gross Expenditure	3,083,830	3,210,661	3,272,387
Revenue Income	(70,710)	(90,710)	(35,520)
Recharges	0		0
Total Income	(70,710)	(90,710)	(35,520)
Net Expenditure to HRA	3,013,120	3,119,951	3,236,867
SUPERVISION & MANAGEMENT (SPECIAL)			
Employees	896,250	961,250	911,081
Premises Related Expenditure	612,280	757,280	605,152
Transport Related Expenditure	13,700	13,700	13,450
Supplies & Services	157,740	166,440	170,343
Central & Administrative Expenses	289,170	289,170	301,971
Gross Expenditure	1,969,140	2,187,840	2,001,997
Revenue Income	(859,580)	(899,580)	(906,400)
Recharges	(29,020)	(29,020)	(29,600)
Total Income	(888,600)	(928,600)	(936,000)
Net Expenditure to HRA	1,080,540	1,259,240	1,065,997

Housing Revenue ACCOUNT

APPENDIX 2

	2024/25 ORIGINAL ESTIMATE (Published) £	2024/25 FORECAST OUTTURN £	2025/26 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT			
Administration			
Employee Costs	801,030	801,030	772,048
Transport Related Expenditure	10,170	10,170	10,710
Supplies & Services	148,310	148,310	171,585
Central Administrative Expenses	289,400	289,400	308,430
Total Housing Repairs Administration	1,248,910	1,248,910	1,262,773
Programmed Repairs	803,840	803,840	836,556
Responsive Repairs	1,556,340	1,586,340	1,612,460
GROSS EXPENDITURE	3,609,090	3,639,090	3,711,789
Contribution from HRA	(3,492,170)	(3,492,170)	(3,650,000)
Other Income	0	0	0
IAS19 Adjustment	(79,450)	(79,450)	(94,310)
TOTAL INCOME	(3,571,620)	(3,571,620)	(3,744,310)
Contribution to HRA Reserves	0	0	0
NET EXPENDITURE	37,470	67,470	(32,521)
Opening Balance at 1st April	(99,592)	(71,670)	(4,200)
Closing Balance at 31st March	(62,122)	(4,200)	(36,721)

HRA Reserves

Appendix 3

	Balance 31st March 2024	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2025	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2026
	£	£	£	£	£	£	£	£	£
Piper Alarm Reserve	(26,788)	(30,000)	0	50,000	(6,788)	(50,000)	0	50,000	(6,788)
Communal Furniture Reserve	(4,913)		0	0	(4,913)		0	0	(4,913)
Regeneration Reserve	(2,723,180)	(2,875,000)	0	2,639,277	(2,958,903)	(2,900,000)	0	3,030,000	(2,828,903)
Service Improvement Reserve	(50,000)	0	0	0	(50,000)	0	0	0	(50,000)
Pension Contribution Reserve	(56,980)	0	0	0	(56,980)	0	0	0	(56,980)
Rent Equalisation Reserve	(60,000)	0	0	0	(60,000)	0	0	0	(60,000)
Major Repairs Reserve	(45,610)	(3,009,448)	0	3,055,058	0	(3,270,718)		3,009,448	(261,270)
Total	(2,967,471)	(5,914,448)	0	5,744,335	(3,137,584)	(6,220,718)	0	6,089,448	(3,268,854)



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision-making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

Fees and charges 2025/2026

Report of Head of Finance (Section 151 Officer)

1. Purpose of report

1.1 To obtain approval of the proposed scale of Fees and Charges for 2025/2026.

2. Recommendation

2.1 That Council approves the Fees and Charges for 2025/2026.

3. Background to the report

3.1 The Council charges for a number of services that are provided to the public.

3.2 The estimated income from fees and charges for 2025/26 is £7.2 million. This is an increase of £0.385m from the prior year.

Charging Principles

- 3.3 A number of principles are followed when considering fees and charges. In general terms, all applicable services should be charged for unless there is a valid reason for an exception to be made. These exemptions include, but are not limited to:
- Instances where the administrative cost of levying and recovering the charge would outweigh any potential income;
 - Where policy has been passed to fund the service from Council Tax or other dedicated funding streams (e.g. grants);
 - Circumstances where charging would significantly deter demand;
 - Where statute dictates that charges cannot be made.

- 3.4 When setting scales of charges, the following factors are taken into consideration:
- Statutory obligations;
 - Inflation and relevant indices;
 - Local market research and competition (where relevant);
 - The impact of price changes on activity level or demand;
 - Budget position and links to the MTFs and the Corporate Plan;
 - The cost of providing the service.
- 3.5 A rate comparable with Consumer Price Index (CPI), which is a measure of inflation, has been used as an index where appropriate for up-rating charges from the prior year. A rate of 2% has been used in line with average inflation rates for 2024/2025.
- 3.6 The Fees & Charges show the 2025/26 charges, along with the percentage increases applied. Fees have either been inflated or set in accordance with relevant statutory guidance e.g. Fixed Penalty Notices and those under the Gambling and Licensing Acts have been set in line with relevant guidance.
- 3.7 Based on the current contract, leisure centre charges have been set by Places for People who operate the leisure centre.
- 3.8 Housing services are looking at introducing new service charges to reflect service delivery across some of its housing complexes.
- 3.9 In the majority of cases where discretionary charges can be made, increases have been made in line with inflation.
- 3.10 Planning fees reflect the statutory increase that will come into effect from 1st April 2025.
- 3.11 The major variances from the inflation figure of 2% that have an impact on the budgets are listed below:-

	2024/25 £	2025/26 £	Increase %
Noise nuisance			
Silencing of alarms requiring warrant (any contractors costs charged in addition)	343.00	367.29	7.08
Silencing of alarms without warrant (any contractors costs to be charged in addition)	196.00	209.88	7.08
Market stall licenced trader			
Monday zone A	19.40	18.00	-7.22
Monday zone A - Second stall	14.55	13.50	-7.22
Monday zone A - Third and all subsequent stalls	9.70	9.00	-7.22
Monday zone B	9.70	9.00	-7.22
Monday zone B - Second stall	7.28	6.75	-7.28
Monday zone B - Third and all subsequent stalls	4.85	4.50	-7.22

Market stall casual trader			
Monday zone A	23.50	23.00	-14.89
Monday zone B	11.75	10.00	-14.89
Monday zone C	5.87	5.00	-14.82
Saturday bric a brac (in zone B)	11.00	12.00	9.09
Friday bric a brac (in zone B)	11.00	12.00	9.09
Other housing charges (HRA)			
Guest room charge per night (Mayflower Court, Centurion Court)	12.50	20.00	60.00
Legal services Miscellaneous agreements			
JCT minor works contract	124.00	200.00	61.29
Sealing fee	23.50	25.00	6.38
Leasehold Enquires - Form LPE1	113.50	120.00	5.73
Notice fee (Notice of Assignment/Mortgage)	56.70	60.00	5.82
Charge for diversion / extinguishment of public rights of way			
Stage 1 (preliminary consultation)	997.00	1200.00	20.36
Stage 2 (making order)	399.00	450.00	12.78
Stage 3 (submission to secretary of state where order opposed)	468.00	600.00	28.21
Stage 4 (confirmation of order)	235.00	300.00	27.66
Bulky item collection			
Upholstered seating (POPs) item – up to 2 items or less	37.50	40.00	6.67
Each additional Upholstered seating item (POPs) max 5 per collection	16.50	17.50	6.06
General items (excluding POPs) - up to 3 items	37.50	40.00	6.67
Each additional general item (excluding POPs) max 5 per collection	11.00	12.00	9.09
Refuse Collection			
Garden waste collection (annual subscription per bin)	42.50	47.50	11.76

4. Exemptions in accordance with the Access to Information procedure rules

4.1 Report taken in open session.

5. Financial implications [CS]

5.1 Contained in the body of the report

6. Legal implications []

6.1 The council's powers to charge can arise from mandatory powers, express discretionary powers or implied or incidental powers.

6.2 Mandatory powers are set out in the functional legislation such as the power to charge for planning applications set out in the Town and Country Planning Act 1990.

- 6.3 Section 93 Local Government Act 2003 gives the Council power to charge for discretionary services, but not in cases where there is already power to charge under other legislation e.g. power to charge for the use of a swimming pool pursuant to the Local Government Miscellaneous Provisions Act 1976.
- 6.4 The power to charge under Section 93 can only be used for services which the Council is empowered to provide.
- 6.5 The Section 93 power is not intended to provide a new income stream; its aim is to allow the Council to recover the costs of providing services, and there is a general duty on the Council to secure that, from one year to the next, the income from charges for services does not exceed the costs of provision.

7. Corporate Plan implications

- 7.1 The budget will have an indirect impact on all other Corporate Plan aims.

8. Consultation

- 8.1 All budget holders, and the Strategic Leadership Team have been consulted throughout the budget setting process.

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of Significant (Net Red) Risks

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	J Kenny

10. Knowing your community – equality and rural implications

10.1 The budget process will impact on all areas of the Borough and all groups within the population

10.2 Where concessions are made for certain groups for charging purposes these are detailed in the attached booklet.

11. Climate implications

11.1 There are no direct implications arising from this report.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers:

Contact officer: Caroline Stretton, Senior Accountant Ext 5986

Executive member: Cllr K Lynch

This page is intentionally left blank



Hinckley & Bosworth
Borough Council

Scale of fees and charges



2025 / 2026

Operative from 1 April 2025

Scale of fees and charges 2025/26

Contents

	Page
VAT liability	1
.....	
Cemeteries	2
.....	
Green spaces and events	3
.....	
Allotments	4
.....	
Licences	5
.....	
Car Parks	8
.....	
Environmental health	9
.....	
Neighbourhood wardens	11
.....	
Leisure centre	11
.....	
Markets	12
.....	
Rival Markets	13
.....	
Industrial estates	13
.....	
Miscellaneous	13
.....	
Pre-planning advice	13
.....	
Housing	14
.....	
Strategic planning – publications	16
.....	
Corporate services - register of electors, reprographic charges	18
.....	
Legal - miscellaneous agreements	18
.....	
Refuse collection	20
.....	
Planning fees	21
.....	

Scale of Fees and Charges 2025/26

The figures quoted in the Fees and Charges book are shown GROSS, i.e. including VAT where VAT is chargeable.

VAT LIABILITY

The Council's Fees and Charges booklet incorporates a guide to identify the VAT liability for individual charges and most day to day queries can be resolved by reference to the relevant sections.

If any unusual or complex queries arise they should be referred to the Accountancy Section, Extension 5609 who will help.

As VAT regulations are continually changing the book will be updated and revised accordingly.

There are three rates of VAT depending on the goods or services provided:

- Standard rate 20.0%
- Reduced rate (e.g. domestic fuel and power) 5%
- Zero rate 0%

(The standard rate of VAT rose from 17½% to 20% on 4th January 2011)

There are also some goods and services that are:

- exempt from VAT, or
- outside the UK VAT system altogether (e.g. fees that are fixed by law, known as 'statutory fees')

Where the supply of goods or services is not subject to VAT, the VAT liability will either be exempt or non-business. Supplies which are zero rated are still taxable supplies but no VAT is due. Non-business activities are those for which Public Authorities have a statutory duty or are enshrined in legislation. Exempt supplies are those which are specifically exempt from VAT by statute. Though no VAT charge arises from either categorisation, it is still important to identify correctly the type of liability involved in order to meet statutory requirements.

Category	VAT	2025/26 £	% inc
Cemeteries			
Interments - Including natural burials			
Of the body of a child up to the age of 18 yrs inclusive.	NB	No charge	-
Note:- Interment of the body of a child up to 18 years of age is free into a single depth grave. Where interments are required at double depth or below then single depth interment charges for over 18's will apply			
Of the body of a person whose age exceeded 18 yrs. (Inc. caskets and brick graves)			
Single depth grave	NB	580.00	2.65%
Double depth	NB	665.00	2.31%
Triple depth grave	NB	770.00	2.67%
Existing Brick Grave (Turf & soil removal)	NB	125.00	4.17%
Of a cremated remains in a grave			
Casket depth / ashes scattered under turf	NB	175.00	1.74%
Scattering of cremated remains in the Garden of Rest	NB	130.00	0.00%
Sexton led interment - no funeral director (in addition to above charges)	NB	45.00	2.27%
Note:- If residents outside special expense area = double fees. Except for residents who had lived within the area for at least 25 years, but who lived outside the area for health care or welfare reasons for no longer than 10 years immediately prior to their death. Or, where available, work in the cemeteries on Saturdays or Sundays will attract double fees			
Exclusive rights of burial for 70 years			
Casket plot 150 x 90cm (5'x3') (up to 2 caskets/ashes interment)	NB	410.00	2.50%
Casket plot 240 x 120cm (8'x 4') (Section J only, up to 4 caskets/ashes interment)	NB	780.00	2.09%
Grave plot of a child up to the age of 18yrs (appropriate plot size) special expense area	NB	No charge	-
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside special expense area, but within borough	NB	260.00	1.96%
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside of the borough (double fees)	NB	520.00	1.96%
Note:- should parents opt for a grave size greater than the size of the coffin then normal grave purchase fees will apply (single fee for special expense area, double fees for outside the borough)			
Grave plot 240 x 120cm (8'x4')	NB	780.00	2.09%
Reservation fee	NB	138.00	2.99%
Reassignment / Transfer of Deed (If to spouse 50% reduction)	NB	72.00	2.86%
Extension to ERoB 30yrs (1/2, 70yrs fee)	NB	See above	-
Note:- If grave is being purchased for the interment of someone who was not resident in Hinckley then double fees apply			
Rights to erect memorial on a grave plot			
A memorial not exceeding 105cm wide (3' 6") and 120cm high (4')	NB	185.00	1.65%
A memorial not exceeding 50cm (1'8") high	NB	105.00	2.94%
Memorial kerb (In garden of rest - to include plaque & 2 inscriptions)	NB	150.00	3.45%
Install plaque on remembrance wall	NB	125.00	2.46%
Additional Inscriptions to memorials	NB	85.00	3.66%
Note:- Right to erect replacement memorials no charge			

Category	VAT	2025/26 £	% inc
Other charges (incl. VAT)			
Entries in book of remembrance per line	SR	48.00	2.13%
Exhumations	SR	POA	-
Memorial bench - subject to location availability (including single plaque & 15 years bench maintenance)	SR	1,400.00	2.94%
Memorial bench plaque to HBBC bench, subject to availability (bench maintenance and plaque for 15 years)	SR	350.00	2.94%
Memorial tree - subject to location availability (including free standing memorial plaque)	SR	375.00	2.74%
Search and copy per burial record (where death occurred more than 5 years before search)	SR	11.00	0.00%
Soil removal from grave side for burial	EX	145.00	3.57%

Green spaces and events

Professional fees

Parks and cemetery matters / staff led activities / per hour	SR	56.00	1.82%
Lost keys	SR	44.00	2.33%

Bowls – Hollycroft Park

Season ticket - Concession*	EX	59.50	2.59%
Season ticket - Adult	EX	84.50	2.42%
Per rink / per hour - Concession*	SR	3.80	2.70%
Per rink / per hour - Adult	SR	6.65	2.31%

Note:- New members - first season green fees 25% discount. Part season ticket - from July onwards 50% reduction

Tennis – Hollycroft Park

Per court per hour	SR	7.50	0.00%
Off peak rate 11.00am - 3.00pm (Monday to Friday)	SR	4.50	0.00%

Pitch and putt – Hollycroft Park

Adult	SR	3.50	2.94%
Concession*	SR	1.85	2.78%
Equipment Hire - Hollycroft Park (for all sports equipment)	SR	10.00	0.00%

Note:- *Concession - over 60, under 18 years or students in full-time education

Hollycroft Park, Argents Mead, parks and open spaces

Hire of bandstand, parks and open spaces (commercial events) per day	EX	435.00	2.35%
Hire of bandstand (community events, registered charities, schools) per day	EX	No charge	-
Parks and open spaces (fair and circuses) per day operating	EX	387.00	0.00%
Parks and open spaces (fair and circuses) per day non-operating	EX	65.00	New
Commercial use of parks and open spaces for fitness training or dog training (annual licence fee)	EX	144.00	2.86%

Category	VAT	2025/26 £	% inc
Events (Pitch per day)			
Catering stalls (pitch 3m x 6m)	SR	95.00	3.26%
Other stalls (pitch 3m x 6m)	SR	47.50	3.26%
Additional pitch to above (pitch 3m x 6m)	SR	23.75	0.00%
Stall community / non profit making organisations / registered charities (promotion / display only)	EX	No charge	-
Leisure activities (per item)	SR	62.00	3.33%
Licence fee, for sale of alcohol at event	SR	POA	-

Football and cricket pitches - Adult

Pitch per 11 matches (per season)			
Teams in the Borough pitch only	EX	280.00	1.82%
Teams in the Borough pitch with changing room	EX	560.00	2.00%
Teams outside Borough pitch only	EX	380.00	2.43%
Teams outside Borough pitch with changing room	EX	700.00	2.04%
Teams in the Borough	SR	75.00	1.35%
Teams outside Borough	SR	86.00	1.18%
Casual lettings - per match without facilities			
Teams in the Borough	SR	41.00	2.50%
Teams outside Borough	SR	53.00	1.92%
Junior - 1/2 adult fees	SR	26.50	1.92%

Allotments

Small plot size 0 - 100sqm	NB	26.00	4.00%
Medium plot size 101 - 200sqm	NB	36.00	2.86%
Large plot size 201 - 300sqm	NB	46.00	2.22%
Administration charge on new tenancy	NB	26.00	4.00%
Additional key charge	NB	10.00	0.00%

Note:- *£5.00 reduction per plot for sites without water - *Tenants over 60 will receive 25% discount on plot fees

Countryside activities

HBBC organised environmental activities - Spring / Summer (for ages 5 - 12 years)	EX	POA	-
Floral displays / Hanging baskets	SR	POA	-
Timber per 3 tonne trailer full un-split - Advice note to be issued, on how to dry wood	SR	POA	-
Delivery of timber	SR	POA	-

Above all subject to availability

Category	VAT	2025/26 £	% inc
Licences			
Taxis			
Hackney carriage vehicle licence	NB	175.50	2.03%
Private hire vehicle licence	NB	175.50	2.03%
Private hire operators licence	NB	255.00	2.00%
Private or Hackney carriage drivers licence	NB	181.00	2.26%
Transfer Hackney carriage / private hire vehicle licence	NB	101.00	2.02%
Hackney carriage/ private hire			
Replacement driver's badge or vehicle licence	NB	22.50	2.27%
Replacement vehicle plate	NB	31.50	2.27%
Supply of list of Hackney carriage / private hire vehicle operators	NB	41.00	2.50%
New (TAXI PLATE) Wheelchair Accessible or Zero Emission Vehicle (ZEV)	NB	175.50	2.03%
New (PHV PLATE) Ultra Low Emission Vehicle (ULEV) or Hybrid Electric Vehicle (HEV)	NB	175.50	2.03%
Sex establishments			
Sex shop / sexual entertainment venue	NB	1,020.00	2.00%
Renewal	NB	770.00	2.67%
Variation of licence	NB	255.00	2.00%
Transfer of licence	NB	255.00	2.00%
Gambling Act 2005			
Premises			
Premises licence	NB	800.00	0.00%
Annual fee	NB	330.00	0.00%
Variation fee	NB	800.00	0.00%
Change of circumstance	NB	25.00	0.00%
Transfer of licence	NB	285.00	0.00%
Re-instatement fee	NB	285.00	0.00%
Provisional statement	NB	800.00	0.00%
Copy of licence	NB	25.00	0.00%
Alcohol licenced premises gaming machine permit			
New grant	NB	150.00	0.00%
Existing operator grant	NB	100.00	0.00%
Variation	NB	100.00	0.00%
Transfer of licence	NB	25.00	0.00%
Annual fee	NB	50.00	0.00%

Category	VAT	2025/26 £	% inc
Alcohol licenced premises gaming machine permit cont..			
Change of name	NB	25.00	0.00%
Notification of 2 machines	NB	50.00	0.00%
Prize gaming permit			
New grant	NB	300.00	0.00%
Renewal	NB	300.00	0.00%
Existing operator grant	NB	100.00	0.00%
Change of name	NB	25.00	0.00%
Copy of permit	NB	15.00	0.00%
Unlicenced FEC gaming machine			
New grant	NB	300.00	0.00%
Renewal	NB	300.00	0.00%
Existing operator grant	NB	100.00	0.00%
Change of name	NB	25.00	0.00%
Copy of permit	NB	15.00	0.00%
Club gaming permits			
Grant	NB	200.00	0.00%
Grant (club premises certificate holder)	NB	100.00	0.00%
Existing operator grant	NB	100.00	0.00%
Variation	NB	100.00	0.00%
Renewal	NB	200.00	0.00%
Renewal (club premises certificate holder)	NB	100.00	0.00%
Annual fee	NB	50.00	0.00%
Copy of permit	NB	15.00	0.00%
Club machine permits			
Grant	NB	200.00	0.00%
Grant (club premises certificate holder)	NB	100.00	0.00%
Existing operator grant	NB	100.00	0.00%
Variation	NB	100.00	0.00%
Renewal	NB	200.00	0.00%
Renewal (club premises certificate holder)	NB	100.00	0.00%
Annual fee	NB	50.00	0.00%
Copy of permit	NB	15.00	0.00%

Category		VAT	2025/26	% inc
			£	
Small society lottery registration				
Small society lottery registration		NB	40.00	0.00%
Small society lottery annual fee		NB	20.00	0.00%
Licensing Act 2003				
New premises (subject to NNDR band)	Band A	NB	100.00	0.00%
	Band B	NB	190.00	0.00%
	Band C	NB	315.00	0.00%
	Band D	NB	450.00	0.00%
	Band E	NB	635.00	0.00%
Annual fees (subject to NNDR band)	Band A	NB	70.00	0.00%
	Band B	NB	180.00	0.00%
	Band C	NB	295.00	0.00%
	Band D	NB	320.00	0.00%
	Band E	NB	350.00	0.00%
Personal license		NB	37.00	0.00%
Temporary event notices		NB	21.00	0.00%
Minor variation		NB	89.00	0.00%
Theft / loss of premises license summary		NB	10.50	0.00%
Application for provisional statement		NB	195.00	0.00%
Change of name and address		NB	10.50	0.00%
Application for license variation - specify individual as premises supervisor		NB	23.00	0.00%
Application to display mandatory alcohol condition for community premises		NB	23.00	0.00%
Application for transfer of premises license		NB	23.00	0.00%
Interim authority notice		NB	23.00	0.00%
Theft / loss of certificate of summary		NB	10.50	0.00%
Notification of change of rules / name of club		NB	10.50	0.00%
Notification of change of address of club		NB	10.50	0.00%
Theft / loss of certificate of temporary license		NB	10.50	0.00%
Theft / loss of certificate of personal license		NB	10.50	0.00%
Right of freeholder to be notified of licensing matters		NB	21.00	0.00%
Animal establishments				
Pet shops *		NB	256.81	0.73%
Riding establishments *		NB	315.70	0.31%
Dog breeding *		NB	209.85	0.62%
Keeping or training animals for exhibition		NB	258.68	0.63%
Boarding for cats and dogs		NB	154.95	1.13%
Reassessment of star rating		NB	117.82	0.90%
Variation of licence		NB	117.82	1.98%

Category	VAT	2025/26 £	% inc
Animal establishments cont..			
Multiple Activities - For those applicants who carry on more than one of the above licence activities, the full licence application fee will be payable for the highest application, plus £41.72 per additional licensable activity	NB	50.93	0.14%
Dangerous wild animals 2 yr. licence *	NB	163.20	2.00%
Zoos *	NB	765.00	2.00%
Note:- * Plus vet's fees where applicable			
Registration			
Skin pierces (1 off reg. fee) - Person	NB	102.00	2.00%
Skin pierces (1 off reg. fee) - Premises	NB	144.85	2.01%
Cosmetic skin piercing and skin colouring - Person	NB	102.00	2.00%
Cosmetic skin piercing and skin colouring - Premises	NB	144.85	2.01%
Hairdressers (1 off registration fee) - Person	NB	102.00	2.00%
Hairdressers (1 off registration fee) - Premises	NB	144.85	2.01%
Hairdressers (1 off registration fee) - Reprinting of licence/ registrations	NB	22.44	2.00%
Car park fees			
Short stay - Up to 1 hour	SR	0.60	0.00%
Short stay - Over 1 hour and up to 2 hours	SR	1.20	0.00%
Short stay - Over 2 hours and up to 3 hours	SR	2.00	0.00%
Short stay - Over 3 hours and up to 4 hours	SR	3.00	0.00%
Short stay - Over 4 hours	SR	6.00	0.00%
Long stay - Up to 1 hour	SR	0.60	0.00%
Long stay - Up to 2 hours	SR	1.20	0.00%
Long stay - Up to 5 hours	SR	1.60	0.00%
Long stay - Over 5 hours	SR	2.50	0.00%
Castle car park - Up to 1 hour	SR	0.60	0.00%
Castle car park - Up to 2 hours	SR	1.20	0.00%
Castle car park - Up to 5 hours	SR	2.00	0.00%
Castle car park - Over 5 hours	SR	4.00	0.00%
Market Bosworth Rectory Lane car park - Up to 1 hour	SR	0.60	0.00%
Market Bosworth Rectory Lane car park - Up to 2 hours	SR	1.20	0.00%
Market Bosworth Rectory Lane car park - Up to 3 hours	SR	2.00	0.00%
Market Bosworth Rectory Lane car park - Up to 4 hours	SR	3.00	0.00%
Market Bosworth Rectory Lane car park - Over 4 hours	SR	6.00	0.00%
Season tickets (limited use) Per year from month of issue	SR	375.00	0.00%
Season tickets (limited use) Per half year from month of issue	SR	200.00	0.00%
Season tickets (limited use) Per quarter from month of issue	SR	110.00	0.00%
Season tickets (limited use) Replacement / amendment season tickets	SR	10.00	0.00%
Season tickets (limited use) Cancellation of PCN were permit incorrectly displayed	SR	10.00	0.00%
Season tickets (limited use) Per month (valid 1st day of month)	SR	40.00	0.00%

Category	VAT	2025/26	% inc
		£	
Car park fees cont..			
Staff season ticket Per month direct debit (for full year permit only)	SR	31.25	0.00%
Season tickets (long stay plus Castle car park) Per year	SR	500.00	0.00%
Season tickets (long stay plus Castle car park) Per month for direct debit	SR	41.67	0.00%
Residents parking season ticket (restricted availability) - Long stay per year	SR	55.00	0.00%
Car park - Higher charge fines*	NB	70.00	0.00%
Car park - Lower charge fines*	NB	50.00	0.00%
Electric vehicle charging per KWH	SR	POA	-
Advertising on car park tickets – please contact 01455 255626	SR	POA	-
Note:- * Fines reduced by 50% for prompt payment (14 days)			

Commercial display on car parks

Per day	EX	POA	-
---------	----	-----	---

Environment health

Pest control

Domestic - Rats	SR	20.00	0.00%
Domestic - Mice	SR	63.04	2.01%
Domestic - Insects per treatment	SR	63.04	2.01%
Domestic - Insects per call-out where treatment not necessary	SR	31.52	2.01%
Domestic - Treatment of mice and insects for persons in receipt of eligible benefit	SR	31.52	2.01%
Domestic - Wasp treatment for 1 nest	SR	63.04	2.01%
Domestic - Wasp treatment per each additional nest	SR	31.52	2.01%
Domestic - Wasp treatment for 1 nest for persons in receipt of eligible benefit	SR	31.52	2.01%
Domestic - Wasp treatment per each additional nest for persons in receipt of eligible benefit	SR	15.81	2.00%
Business - Insects and rodents – labour per hour or part thereof	SR	71.71	2.01%
Business - Materials	SR	Cost + 40%	-
Business - Minimum charge	SR	97.00	2.00%
Business - Insects per call - out where treatment not necessary	SR	48.55	2.00%

Stray dogs

Kennelling - Per day	NB	21.62	1.98%
Kennelling - Per occurrence (statutory fee)	NB	25.00	0.00%
Microchipping - Event charges	SR	20.00	0.00%
Microchipping - Home visit	SR	51.88	2.01%

Category	VAT	2025/26 £	% inc
Noise nuisance			
Return of audio equipment seized	NB	210.12	2.00%
Silencing of alarms requiring warrant (any contractors costs charged in addition)	NB	367.29	7.08%
Silencing of alarms without warrant (any contractors costs to be charged in addition)	NB	209.88	7.08%
Caravan sites			
New licence	SR	343.04	6.12%
Transfer	SR	88.39	3.55%
Variation with inspection	SR	292.11	5.96%
Variation without inspection	SR	88.39	3.55%
Other miscellaneous charges			
Food hygiene courses	NB	56.10	2.00%
Food surrender - Certification fee	NB	117.30	2.00%
Food surrender - Plus transport for disposal	NB	At Cost	-
Food surrender - Food register per sheet	NB	30.60	2.00%
Food export certificate	NB	117.30	2.00%
Safer food better business pack	NB	15.30	2.00%
Safer food better business diary refill	NB	10.20	2.00%
Whole register	NB	408.00	2.00%
Confirmation certificate for immigration of food business details	NB	66.30	2.00%
Contaminated land enquiries	NB	104.94	7.08%
Register of permits / authorisations	NB	82.62	2.00%
Public register - copies of summaries	NB	34.68	2.00%
Radar keys (disabled access to toilets) - purchase price	NB	POA	-
Analysis fees - swimming pool water samples	SR	51.00	2.00%
Health and safety statement of facts	NB	£49 /Hour	2.00%
Recharge of officer time	NB	Direct Cost + 40%	-
Replacement certificates	NB	22.45	2.05%
Works in default - recovery of costs	SR	Cost	-
Works in default - administrative expenses and officer time - Hourly Rate	NB	Hourly Rate	-
Private water supply charges			
Commercial premises risk assessment	NB	£51/hour	-
Simple domestic sample analysis	NB	At Cost plus £22 admin fee	-

Category	VAT	2025/26 £	% inc
Clean neighbourhoods - fixed penalty notices - statutory charges			
Nuisance parking	NB	100.00	0.00%
Abandoning a vehicle	NB	200.00	0.00%
Litter *	NB	400.00	0.00%
Graffiti and fly posting *	NB	400.00	0.00%
Failure to produce authority (waste transfer notes)	NB	300.00	0.00%
Failure to furnish documentation (waste carriers licence)	NB	300.00	0.00%
Offences in relation to waste receptacles	NB	60.00	0.00%
Allowing a dog to foul in a public place	NB	50.00	0.00%
Failure to comply with a community protection notice, under the Anti-Social Behaviour, Crime and Policing Act 2014	NB	100.00	0.00%
Duty of care *	NB	400.00	0.00%
Breach of public spaces protection order, under the Anti-social Behaviour, Crime and Policing Act 2014	NB	100.00	0.00%
Fly tipping S33(1)(a) Environmental Protection Act 1990 *	NB	800.00	0.00%

Note:- * 50% discount for payments made before 10 days on Clean neighbourhoods fixed penalty notices

Leisure centre - (fees set by the external partner, Places Leisure Ltd)

Swimming

Adult		6.00	3.45%
Senior (60 Plus)		3.30	3.12%
Concession (inc. Junior Under 16, unemployed, student)		3.30	3.12%
Disabled		no charge	-
Spectator		no charge	-

Pool hire

Private hire – main pool (per 1 hour whole pool)		106.00	3.92%
Private hire – main pool (per 1 hour per lane)		13.30	4.31%
Private hire – community pool (per 1 hour)		62.00	3.33%

Fitness and health casual

Gym induction		20.70	3.50%
Gym session concession (9.00am – 5.00pm only)		5.90	3.51%
GP referral / heartsmart session		3.25	4.84%

Sports halls and courts

Adult badminton court		11.50	4.55%
Concession (off peak only) badminton		6.00	3.45%
Half main hall hire		53.50	1.90%
Concession (off peak only) half main hall		26.00	4.00%

Category	VAT	2025/26 £	% inc
Markets			
Market stall licenced trader			
New traders to be charged half price on first stall for a period of four weeks			
Saturday zone A	EX	24.50	2.08%
Saturday zone A - Second stall	EX	18.38	2.11%
Saturday zone A - Third and all subsequent stalls	EX	12.25	2.08%
Monday zone A	EX	18.00	-7.22%
Monday zone A - Second stall	EX	13.50	-7.22%
Monday zone A - Third and all subsequent stalls	EX	9.00	-7.22%
Friday zone A	EX	20.00	3.09%
Friday zone A - Second stall	EX	15.00	3.09%
Friday zone A - Third and all subsequent stalls	EX	10.00	3.09%
Saturday zone B	EX	12.25	2.08%
Saturday zone B - Second stall	EX	9.19	2.11%
Saturday zone B - Third and all subsequent stalls	EX	6.13	2.17%
Monday zone B	EX	9.00	-7.22%
Monday zone B - Second stall	EX	6.75	-7.28%
Monday zone B - Third and all subsequent stalls	EX	4.50	-7.22%
Friday zone B	EX	10.00	3.09%
Friday zone B - Second stall	EX	7.50	3.02%
Friday zone B - Third and all subsequent stalls	EX	5.00	3.09%
Market stall casual trader			
Saturday zone A	EX	30.00	3.45%
Monday zone A	EX	20.00	-14.89%
Friday zone A	EX	24.00	2.13%
Saturday zone B	EX	15.00	3.45%
Monday zone B	EX	10.00	-14.89%
Friday zone B	EX	12.00	2.13%
Saturday zone C	EX	7.50	3.45%
Monday zone C	EX	5.00	-14.82%
Friday zone C	EX	6.00	2.21%
Charity stall	NB	0.00	0.00%
Friday street trading consents per pitch	NB	24.00	2.13%
Saturday bric a brac (in zone B)	EX	12.00	9.09%
Monday bric a brac (in zone B)	EX	11.00	0.00%
Friday bric a brac (in zone B)	EX	12.00	9.09%
Town centre commercial displays	SR	POA	-
Town centre large commercial displays (over 6m length over 3m width) Price per day	SR	204.00	2.00%

Category	VAT	2025/26 £	% inc
Rival markets			
One day event	NB	215.00	2.38%
Two day event	NB	370.00	2.78%
Three day event	NB	430.00	2.38%
Street trading - Annual consent	NB	1,055.00	2.43%
Street trading - Daily consent	NB	109.00	2.83%
Commercial rents			
Rent of industrial unit	EX	POA	-
Rent unit at Greenfields site	SR	POA	-
Rent of space in Atkins Building	SR	POA	-
Rent of retail shops	EX	POA	-
Miscellaneous - Copies of building regulations and planning approvals			
Extensive researching of planning history of site or premises	NB	68.30	1.94%
Photocopying of other documentation - Per A4 sheet	ZR	10p + p&p	-
Photocopying of other documentation - Per A3 sheet	ZR	10p + p&p	-
Other			
Aerial photography	SR	POA	-
Pre planning application advice			
Householder pre-application advice	SR	101.00	2.02%
Major strategic development (planning performance agreement)	SR	POA	-
Major development (large residential, retail, leisure, employment) pre-application advice	SR	6,273.00	2.00%
Additional meeting and advice note	SR	1,060.00	1.92%
Major development (50-99 dwellings or 5,000 - 9,999 m2) pre-application advice	SR	4,233.00	2.00%
Additional meeting and / or advice note	SR	591.00	1.90%
Major development (10-49 dwellings or 1,000 - 4,999 m2) pre-application advice	SR	2,703.00	2.00%
Additional meeting and / or advice note	SR	591.00	1.90%
Minor development (5-9 dwellings or 500 - 999 m2) pre-application advice	SR	1,183.00	1.98%
Additional meeting and / or advice note	SR	143.00	2.14%
Minor development (1-4 dwellings, agricultural, change of use or other minor development) pre-application advice	SR	449.00	2.05%
Additional meeting and advice note	SR	143.00	2.14%
Commercial pre-application advice	SR	POA	-

Local land charges

The land charges service is operated by Blaby District Council on behalf of Hinckley and Bosworth Borough Council. Please contact Blaby District Council land charges department for further information or to order your land charges search.

Category	VAT	2025/26 £	% inc
Building control			
Building regulation application charges - please ring 01455 255677			
Building control hourly rate	SR	77.10	1.98%
Written confirmation of works exempt from building regulations	NB	37.95	2.02%
Written confirmation of non-existence of building regulations record	SR	37.95	2.02%
Written confirmation of completion of work to which building regulations applied	SR	37.95	2.02%
Extensive search of building control history for site or premises (per hour)	SR	77.10	1.98%
Completion application for a closed application (reactivation of application and 1 inspection)	SR	77.10	1.98%
Additional inspections on a reactivated application (per inspection)	SR	77.10	1.98%
Building control surveyor attendance at emergency incident/enforcement (per hour)	NB	77.10	1.98%
Building control surveyor attendance at emergency incident out of hours (per hour)	NB	115.00	2.00%
Preparation and posting of documentation in relation to an emergency/enforcement incident or dangerous structure (per document)	NB	77.10	1.98%
Housing			
Groby Community Centre			
Whole building - 3 hour session	EX	54.21	1.99%
Small room - 3 hour session	EX	27.18	1.99%
Discounts			
Registered charities (must quote registration number)		70%	0.00%
Approved elderly persons' organisations		70%	0.00%
Regular users – minimum usage 1 booking per week			
Booked quarterly in advance with no cancellation permitted		10%	0.00%
Letting of garages and garage plots (HRA)			
Garage plots per annum - Private owners	SR	60.75	2.70%
Garage plots per annum - Council house residents if let within proximity of residence	NB	50.73	2.70%
Garages (council tenants)	NB	287.35	2.70%
Garages (non council tenants)	SR	344.92	2.70%
Garages (council tenants) not let within proximity of residence	SR	344.92	2.70%
Other housing charges (HRA)			
Warden assisted accommodation			
Guest room charge per night (Tom Eatough Court, Armada Court,)	SR	12.75	2.00%
Guest room charge per night (Mayflower Court, Centurion Court)	SR	20.00	60.00%

Category	VAT	2025/26 £	% inc
Other housing charges (HRA) cont..			
Warden assistance alarm connection			
Lifeline (weekly charge)	SR	6.27	2.00%
Lifeline for registered Disabled (weekly charge)	EX	5.25	2.00%
Central control connection (weekly charge)	SR	2.55	2.00%
Replacement lifeline pendant	SR	48.00	0.00%
Replacement lifeline pendant for registered disabled	EX	40.00	0.00%
Lifeline Falls detector (per week)	SR	2.00	0.00%
Lifeline Smoke detector (per week)	SR	1.10	0.00%
Lifeline Pillow alert (per week)	SR	1.90	0.00%
Lifeline CO2 detector (per week)	SR	2.00	0.00%
Other housing charges (private sector)			
Accommodation certificate	SR	173.40	2.00%
Service of housing act notices - recovery of cost	NB	POA	-
Housing - mandatory HMO licensing - recovery of cost	NB	POA	-
Supply of HMO register	NB	45.00	0.00%
HMO advisory inspection	SR	175.00	0.00%
HMO advisory inspection including written Report	SR	350.00	0.00%
Works in default - recovery of costs	SR	Cost	-
Works in default - administrative expenses and officer time	NB	Hourly rate	-
Sheltered housing - service charges			
Ambion Court	NB	17.45	2.65%
Ambion Court Guest Room (per night)	NB	37.00	2.64%
Hereford Way	NB	13.55	2.65%
Clarendon House	NB	17.45	2.65%
Queensway	NB	14.80	2.78%
Castle Court	NB	17.45	2.65%
Mayflower Court	NB	17.45	2.65%
Royal Court	NB	11.70	2.63%
Centurion Court	NB	17.45	2.65%
St Giles Close	NB	10.65	2.90%
Armada Court	NB	14.50	2.84%
Tom Eatough Court	NB	17.45	2.65%
Bed and breakfast charges (homeless)			
Households on JSA/IS (weekly charge)	SR	16.95	2.73%
Employed households (daily charge)	SR	16.95	2.73%
Each additional member of household (weekly charge)	SR	4.20	2.44%
Pets - charged at hotel nightly rate if more than weekly charge	SR	POA	-

Category	VAT	2025/26 £	% inc
Publication list			
Hinckley & Bosworth local plan *	ZR	87.82	2.00%
Local plan documents			
Local development scheme	ZR	15.20	1.99%
Statement of community involvement	ZR	15.20	1.99%
Authority monitoring report	ZR	15.20	1.99%
Residential land availability statement	ZR	15.20	1.99%
Employment land availability monitoring statement	ZR	15.20	1.99%
Core strategy (December 2009) plus sustainability appraisal	ZR	34.27	2.00%
Core strategy inspectors report	ZR	15.20	1.99%
Site allocations and generic development control policies DPD preferred options	ZR	87.67	2.00%
Site allocations and development management policies DPD pre-submission version	ZR	87.67	2.00%
Hinckley Town Centre area action plan (March 2011) plus sustainability appraisal	ZR	33.05	1.99%
Earl Shilton and Barwell area action plan preferred option (January 2011) plus sustainability appraisal	ZR	40.70	2.01%
Earl Shilton and Barwell area action plan pre-submission version (July 2013) plus sustainability appraisal	ZR	40.70	1.88%
Earl Shilton and Barwell area action plan (September 2014) plus sustainability appraisal	ZR	40.75	2.00%
Earl Shilton and Barwell area action plan inspectors report	ZR	15.20	1.99%
Local plan review scope, issues and options consultation document (2018)	ZR	15.20	1.99%
Local plan review new directions for growth consultation document (2019)	ZR	15.20	1.99%
Sustainability appraisal scoping report (2017)	ZR	15.20	1.99%
Village design statements (various)	ZR	15.20	1.99%
Neighbourhood plans (various)	ZR	40.70	2.01%
The good design guide SPD	ZR	54.67	2.00%
Hinckley town centre public realm masterplan	ZR	54.67	2.00%
Other documents			
Employment land and premises study	ZR	40.75	2.00%
Leicester & Leicestershire employment land study	ZR	40.75	2.00%
Green infrastructure study	ZR	40.75	2.00%
Strategic flood risk assessment	ZR	40.75	2.00%
Biodiversity assessment	ZR	34.32	1.99%
Areas of separation review (March 2012)	ZR	26.72	1.98%
District, local and neighbourhood centre review	ZR	15.20	1.99%
Green wedge review (Hinckley urban area or Rothley Brook)	ZR	26.72	1.98%
Green wedge allocations topic paper (July 2012) assessment of new areas	ZR	26.72	1.98%
Open space study	ZR	54.62	2.00%

Category	VAT	2025/26 £	% inc
Other documents cont..			
Community facilities review	ZR	26.72	1.98%
Settlement hierarchy review	ZR	26.72	1.98%
Gypsy & traveller accommodation needs assessment	ZR	26.72	1.98%
Extended phase 1 habitat survey	ZR	54.67	2.00%
Strategic housing land availability assessment	ZR	13.97	1.97%
Renewable energy capacity study	ZR	40.75	2.00%
Housing and economic development needs assessment	ZR	50.85	2.00%
Landscape character assessment and landscape sensitivity analysis	ZR	81.09	2.00%
Town and district centre study	ZR	81.09	2.00%
Strategic housing and employment land availability assessment (SHELAA)	ZR	13.92	1.98%
Car parking assessment of Hinckley town centre	ZR	38.15	2.01%
Playing pitch strategy	ZR	40.75	2.00%
Housing needs study	ZR	40.75	2.00%
Infrastructure capacity study	ZR	81.09	2.00%
Agricultural land study	ZR	40.75	2.00%
LLITM transport modelling	ZR	54.62	2.00%
Indoor sports facilities	ZR	40.75	2.00%
Note: - * 50% discount for local residents and voluntary organisations			
Economic regeneration			
Hinckley & Bosworth economic regeneration strategy (2021 - 2025)	ZR	14.90	0.00%
Conservation			
Conservation area appraisals (various)	ZR	14.90	0.00%
Heritage strategy and action plan	ZR	39.95	0.00%
Note: - All publications are subject to an additional charge for postage and packing			
Street naming and numbering			
Renaming/renumbering of existing property	NB	£50 each	-
Naming/numbering of one to five properties	NB	£50 each	-
Naming/numbering of more than five properties	NB	£30 each additional	-
Naming of a street	NB	175 each	-
Change to a development after notification (administration fee)	NB	60.00	-
Change to a development after notification	NB	£25 per plot	-
Street re-naming at residents request	NB	270.00	-
Written confirmation of postal address details	NB	30.00	-
Numbering of new flat complex	NB	£35 per flat	-

Category	VAT	2025/26 £	% inc
Register of electors – statutory fees			
Purchase of register in data format (per request)	SR	20.00	-
(per 1000 or part there of)	SR	1.50	-
Purchase of register in printed format (per request)	ZR	10.00	-
(per 1000 or part there of)	ZR	5.00	-
Purchase of the (printed) marked register per request	ZR	10.00	-
(per 1000 or part there of - data format)	ZR	1.00	-
(per 1000 or part there of - paper format)	ZR	2.00	-
Reprographic charges			
Photocopies for members of staff and parish councils			
A4 per sheet – black and white	SR	4p / copy	-
A4 per sheet – colour	SR	8p / copy	-
A3 per sheet – black and white	SR	9p / copy	-
A3 per sheet – colour	SR	15p / copy	-
Miscellaneous			
Agendas per copy - Council	ZR	12.50	-
Agendas per copy - Planning	ZR	12.50	-
Other committees	ZR	6.15	-
Photocopies of parts of reports and other documents - 1 copy A4	SR	0.12	-
Photocopies of parts of reports and other documents - 1 copy A3	SR	0.23	-
Published statement of accounts	ZR	£11 + p&p	-
Legal services			
Miscellaneous agreements			
Planning Agreements (Section 106 Agreements)	NB	2,312.00	2.03%
Unilateral undertaking	NB	405.00	2.01%
Variation of Planning Agreement	NB	867.00	2.00%
Preparation of lease for industrial unit / shop (includes lease renewal)	EX	350.00	2.94%
Preparation of lease for Greenfields / Atkins (incl lease renewal)	EX	350.00	2.94%
Preparation of lease for Crescent Estate	EX	405.00	2.02%
Preparation of non standard lease	EX	570.00	2.70%
Sitting out license	EX	290.00	2.11%
License to occupy	EX	290.00	2.11%
Rent Deposit Deed	EX	400.00	New
Deed of Surrender	EX	455.00	2.94%
Licence for Alterations	EX	390.00	New

Category	VAT	2025/26 £	% inc
Miscellaneous agreements cont..			
Licence to assign/ underlease/ sub-let (dependent upon instruction)	EX	455.00	2.94%
Costs in relation to sale or purchase of land	EX	475.00	-
Deed of release from restrictive covenant	SR	305.00	3.39%
Adoption of open space	EX	1,000.00	-
Deed of dedication	NB	350.00	2.94%
Deed of rectification (nil charge if council in error)	SR	325.00	2.20%
Right of way (standard Deed of Easement)	NB	445.00	New
Licence authorising change of use	NB	285.00	3.45%
Grazing licences	ZR	140.00	2.94%
Deed of variation (of lease, transfer, contract etc)	SR	405.00	2.02%
JCT minor works contract	NB	200.00	61.29%
Sealing fee	NB	25.00	6.38%
Ex-Council House Right of First Refusal	NB	140.00	2.94%
Ex-Council House Retrospective Consent	NB	140.00	2.94%
Ex-Council House Postponement of charge	NB	140.00	2.94%
Ex-Council House Consent Certificate	ZR	155.00	4.73%
Leasehold Enquires - Form LPE1	SR	120.00	5.73%
Notice fee (Notice of Assignment/Mortgage)	SR	60.00	5.82%
Mortgage questionnaire	ZR	110.00	4.76%
Sealing fee for mortgages (redemption)	ZR	95.00	2.15%
Charge for diversion / extinguishment of public rights of way			
Stage 1 (preliminary consultation) - First Path	NB	1,200.00	20.36%
Stage 1 - Each additional path	NB	350.00	18.64%
Stage 2 (making order) - First Path	NB	450.00	12.78%
Stage 2 - Each additional path	NB	200.00	69.49%
Stage 3 (submission to secretary of state where order opposed) - First Path	NB	600.00	28.21%
Stage 3 - Each additional path	NB	200.00	69.49%
Stage 4 (confirmation of order) - First Path	NB	300.00	27.66%
Stage 4 - Each additional path	NB	150.00	114.29%
Note: - No payment to be made until completion of Stage 2 (or such earlier stage if the matter proceeds no further) and, thereafter, at every appropriate subsequent stage			
Temporary Road Closures	NB	198.30	0.00%

Category	VAT	2025/26 £	% inc
Refuse collection			
Upholstered seating (POP's) item – up to 2 items or less	NB	40.00	6.67%
Each additional Upholstered seating item (POP's) max 5 per collection	NB	17.50	6.06%
General items (excluding POP's) - up to 3 items	NB	40.00	6.67%
Each additional general item (excluding POP's) max 5 per collection	NB	12.00	9.09%

Note:- Bulky item collection - 50% reduction available for those on benefits

Refuse collection

Garden waste collection (annual subscription per bin)	NB	47.50	11.76%
Replacement bin (lost/stolen/damaged or removed due a sec 46 EPA contravention)	NB	45.90	2.00%
1 new bin (new occupancy)	NB	29.50	2.08%
2 new bins (new occupancy)	NB	59.00	2.08%
Trade waste refuse 1100 litre wheeled bin	NB	POA	-
Trade waste refuse 660 litre wheeled bin	NB	POA	-
Trade waste refuse 240 litre wheeled bin	NB	POA	-
Trade waste recycling 1100 litre wheeled bin	NB	POA	-
Trade waste recycling 660 litre wheeled bin	NB	POA	-
Trade waste recycling 240 litre wheeled bin	NB	POA	-
Trade bag (town centre only)	NB	POA	-

Bin installation (additional to contract)

Bin installation	SR	POA	-
Empty additional bin (per bin per occasion)	SR	POA	-
Sweeper hire	SR	POA	-
Asbestos removal and disposal	SR	POA	-

The Big Bin Clear out collection service

1110 litre wheeled bin	NB	60.00	0.00%
Double service 2 x 1110 litre wheeled bins	NB	100.00	0.00%
660 litre wheeled bin	NB	50.00	0.00%
Double service 2 x 660 litre wheeled bins	NB	80.00	0.00%
1110 litre wheeled bin (Business collections)	NB	80.00	0.00%
Double service 2 x 1110 litre wheeled bins (Business collections)	NB	150.00	0.00%
660 litre wheeled bin (Business collections)	NB	70.00	0.00%
Double service 2 x 660 litre wheeled bins (Business collections)	NB	130.00	0.00%
Additional weeks hire of bin	NB	POA	-
Additional weeks hire of bins double service	NB	POA	-

Note:- 25% reduction available for those on benefits

Hinckley & Bosworth Borough Council
Town and Country Planning Fees Applications - scale of fees

Outline Applications		
£462 per 0.1 hectare for sites up to and including 0.5 hectares	Not more than 0.5 hectares	£578 per 0.1 hectare
	Between 0.5 hectares and 2.5 hectares	£624 per 0.1 hectare
	More than 2.5 hectares	£15,433 + £186 per 0.1 hectare
Householders Application		
Alterations/extensions to a single dwellinghouse , including works within boundary	Single dwellinghouse	£528
Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent)		
Alterations/extensions to two or more dwellinghouses , including works within boundary	Two or more dwellinghouses (or two or more flats)	£1,043
New dwellinghouses (up to 10)	New dwellinghouses	£578
New dwellinghouses (10-50)	New dwellinghouses	£624
New dwellinghouses (for <i>more</i> than 50)	New dwellinghouses (more than 50)	£31,385 + £186 per additional dwelling in excess of 50 up to a maximum of £405,000
Erection of buildings (not dwellinghouses, agricultural, glasshouses, plant nor machinery):		
Gross floor space to be created by the development	No increase in gross floor space or no more than 40 sqm	£293
Gross floor space to be created by the development	More than 40 sqm but no more than 1,000 sqm	£578 for each 75 sqm
Gross floor space to be created by the development	More than 1,000 sqm but no more than 3,750 sqm	£624 for each 75 sqm
Gross floor space to be created by the development	More than 3,750 sqm	£31,385 + £186 per each 75 sqm above 3,750 sqm subject to a maximum of £405,000
Erection of buildings (on land used for agriculture for agricultural purposes)		
Gross floor space to be created by the development	Not more than 465 sqm	£120
Gross floor space to be created by the development	More than 465 sqm but not more than 540 sqm	£578
Gross floor space to be created by the development	More than 540 sqm but not more than 1,000 sqm	£578 + £578 for each 75 sqm above 540 sqm

Gross floor space to be created by the development	More than 1,000 sq m but not more than 4,215 sqm	£5,077 + £624 for each 75 sqm above 1,000 sqm
Gross floor space to be created by the development	More than 4,215 sqm	£31,385 + £186 per each 75 sqm above 4,215 sqm subject to a maximum of £405,000
Erection of glasshouses (on land used for the purpose of agriculture)		
Gross floor space to be created by the development	Not more than 465 sqm	£120
Gross floor space to be created by the development	More than 465 sqm but less than 1,000 sqm	£3,225
Gross floor space to be created by the development	More than 1,000 sqm	£3,483
Erection/alterations/replacement of plant and machinery		
Site area	Not more than 1 hectare	£578 for each 0.1 hectare (or part thereof)
Site area	Not more than 5 hectares	£624 for each 0.1 hectare (or part thereof)
Site area	More than 5 hectares	£31,385 + £186 per each 0.1 hectare above 5 hectares subject to a maximum of £405,000
Applications other than Building Works		
Car parks, service roads or other accesses	For existing uses	£293
Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)		
Site area	Not more than 15 hectares	£316 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£47,161 + £186 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £105,300
Operations connected with exploratory drilling for oil or natural gas		
Site area	Not more than 7.5 hectares	£686 for each 0.1 hectare (or part thereof)
Site area	More than 7.5 hectares	£51,395 + £204 for each 0.1 hectare in excess of 7.5 hectares up to a maximum of £405,000
Operations (other than exploratory drilling) for the winning and working of oil or natural gas		
Site area	Not more than 15 hectares	£347 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£52,002 + £204 for each 0.1 hectare in excess of 15 hectares up to a maximum of £105,300
Other operations (winning and working of minerals) excluding oil and natural gas		
Site area	Not more than 15 hectares	£316 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£47,161 + £186 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £105,300
Other operations (not coming within any of the above categories)		
Site area	Any site area	£293 for each 0.1 hectare (or part thereof) up to a maximum of £2,535

Lawful Development Certificate	
Existing use or operation	Same as Full
Existing use or operation - lawful not to comply with any condition or limitation	£293
Proposed use or operation	Half the normal planning fee
Prior Approval	
Agricultural and Forestry buildings & operations or demolition of buildings	£240
Communications (previously referred to as 'Telecommunications Code Systems Operators')	£578
Proposed Change of Use to State Funded School or Registered Nursery	£240
Proposed Change of Use to Agricultural Building to a State Funded School or Registered Nursery	£240
Proposed Change of Use to Agricultural Building to a flexible use within Shops, Financial and Professional service, Restaurants and Cafes, Business, Storage or Distribution, Hotel, or Assembly or Leisure	£240
Proposed Change of Use of a building from Office (Use Class B1) Use to a use falling within Use Class C3 (Dwellinghouse)	£240
Proposed Change of Use to Agricultural Building to a Dwellinghouse (Use Class C3), where there are no Associated Building Operations	£240
Proposed Change of Use to Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations	£516
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a mixed Retail and Residential Use to a use falling within Use Class C3 (Dwelling house), where there are no Associated Building Operations	£240
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), and Associated Building Operations	£516
Notification for Prior Approval for a Change of use from Storage or Distribution Buildings (Class B8) and any land within its curtilage to Dwellinghouses (Class C3)	£240
Notification for Prior Approval for a Change of use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3)	£240
Notification for Prior Approval for a Change of use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3), and Associated Building Operations	£516
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurant and Cafes (Class A3)	£240
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurant and Cafes (Class A3), and Associated Building Operations	£516
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops (Sui Generis Uses) to Assembly and Leisure Uses (Class D2)	£240

Prior Approval cont..		
Notification for Prior Approval for a Development Consisting of the Erection or Construction of a Collection Facility within the curtilage of a Shop		£240
Notification for Prior Approval for the Temporary Use of Building or Land for the Purpose of Commercial Film-Making and the Associated Temporary Structures, Works, Plant or Machinery required in Connection with Use		£240
Notification for Prior Approval for the Installation, Alteration or Replacement of other Solar Photovoltaics (PV) equipment on the Roofs of Non-domestic Buildings, up to a Capacity of 1 Megawatt		£240
Reserved Matters		
Application for approval of reserved matters following outline approval		£578 per dwelling up to 10 dwellings, £624 per dwelling for more than 10 but less than 50 dwellings, £30,860 + £186 for each dwelling in excess of 50 for 50+ dwellings, subject to a maximum of £405,000
Approval/Variation/discharge of condition		
Application for removal or variation of a condition following grant of planning permission		(a) if the application is a householder application + £86; (b) if the application is an application for major development = £2,000; (c) in any other case = £586
Request for confirmation that one or more planning conditions have been complied with		£86 per request for Householders otherwise £298 per request
Change of Use of a building to use as one or more separate dwellinghouses, or other cases		
Number of dwellinghouses	Less than 10	£578 for each
Number of dwellinghouses	Not more than 50	£624 for each
Number of dwellinghouses	More than 50 dwellinghouses	£31,385 + £186 for each dwelling in excess of 50, subject to a maximum of £405,000
Other Changes of Use of a building or land		£578
Advertising		
Relating to the business on the premises		£165
Advance signs which are not situate on or visible from the site, directing the public to a business		£165
Other Advertisements		£462
Application for a Non-material Amendment Following a Grant of Planning Permission		
Applications in respect of householder developments		£43
Applications in respect of other developments		£293
Application for Permission in Principle (valid from 1 June 2018)		
Site area		£503 for each 0.1 hectare (or part thereof)
Concessions		
Please note: Not all concessions are valid for all applications types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable.		

Exemptions from payment
An application solely for the alteration or extension of an existing dwellinghouse; or works in the curtilage of an existing dwellinghouse (other than the erection of a dwellinghouse) for the purpose of providing:
*Means of access to or within it for a disabled person who resides in it, or is proposing to take up residence in it; or
*Facilities designed to secure that person's greater safety, health or comfort
An application solely for the carrying out of the operations for the purpose of providing a means of access for disabled persons to or within a building or premises to which members of the public are admitted
Listed Building Consent
Planning permission for relevant demolition in a Conservation Area
Works to trees covered by a Tree Preservation Order or in a Conservation Area Hedgerow Removal
If the application is the first revision of an application for development of the same character or description on the same site by the same applicant:
When the giving notice of a decision on the earlier valid application expired
If the application is for a lawful development certificate, for existing use, where an application for planning permission for the same development would be exempt from the need to pay a planning fee under any other planning fee regulation
If the application is for consent to display an advertisement following either a withdrawal of an earlier application (before notice of decision was issued) or where the application is made following refusal of consent for display of an advertisement, and where the application is made by or on behalf of the same person
If the application for consent to display an advertisement which results from a direction under Regulation 7 of the 2007 Regulations, dis-applying deemed consent under Regulation 6 to the advertisement in question
If the application is for alternative proposals for the same site by the same applicant, in order to benefit from the permitted development right in Schedule 2 Part 3 Class V of the Town and Country Planning (General Permitted Development) Order 2015 (as amended)
Please note: Not all concessions are valid for all applications types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable
If the application relates to a condition or conditions on an application for Listed Building Consent or planning permission for relevant demolition in a Conservation Area
If the application is for a Certificate of Lawfulness of Proposed Works to a listed building
Prior Approval for a Proposed Larger Home Extension
Reduction to payments
If the application is being made on behalf of a non-profit making sports club for works for playing fields not involving buildings then the fee is £578
If the application is being made on behalf of a parish or community council then the fee is 50%
If the application is an alternative proposal being submitted on the same site by the same applicant on the same day, where this application is of lesser cost then the fee is 50%
In respect of reserved matters you must pay a sum equal to or greater than what would be payable at current rates for approval of all the reserved matters. If this amount has already been paid then the fee is £578
If the application is for a Lawful Development Certificate for a Proposed use or development, then the fee is 50%
If two or more applications are submitted for different proposals on the same day and relating to the same site then you must pay the fee for the highest fee plus half the sum of the others
Where an application crosses one or more local or district planning authorities, the Planning Portal fee calculator will only calculate a cross boundary application fee as 150% of the fee that would have been payable if there had only been one application to a single authority covering the entire site
If the fee for the divided site is smaller when the sum of the fees payable for each part of the site are calculated separately, you will need to contact the lead local authority to discuss the fee for this divided site
The fee should go to the authority that contains the larger part of the application site

This page is intentionally left blank



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

Capital Programme 2024-25 to 2027-28 and Capital Strategy

Report of Head of Finance

1. Purpose of report

1.1 To seek approval of the Capital Strategy & Capital Programme for the years 2024/2025– 2027/2028.

2. Recommendation

2.1 That the Capital Strategy is approved.

2.2 That Council approves the proposed Capital Programme for the years 2024/2025 – 2027/2028.

2.3 That Council approves the growth bids detailed in section 3.29- 3.30 of this report.

3. Background to the report

Capital Strategy

3.1 CIPFA's updated prudential code & Treasury Management Code of Practice require local authorities to produce capital strategies from 1st April 2019. This requirement has also been confirmed by MHCLG.

3.2 The key drivers for the requirement are summarised below: -

- Understanding risks associated in investing in non-financial products with the primary aim of making a return (e.g., Local authorities investing in shopping malls and not understanding associated risks)

- Understanding risks and funding involved with third sector entities, wholly owned companies as part of regeneration etc.
- Underlying issues of how such investments are financed and setting aside a borrowing provision and due diligence.

Details of this Council's process regarding creation, approval and monitoring of schemes are included within section 7 of the financial procedure rules.

- 3.3 There is a requirement that the strategy is approved by Council.
- 3.4 This report should be read in conjunction with the Treasury Management report.

Capital Programme

- 3.5 Capital expenditure is expenditure that results in the creation of an asset that has a life expectancy of more than one year and where use of the asset will result in benefits in future years. Capital expenditure may be used to generate assets for the Council's own use or to provide support for third party capital enhancements. The Capital Strategy looks at the longer-term risks associated with capital expenditure and governance arrangements.
- 3.6 Any plans for capital expenditure must be financed through an approved method of funding. The main streams of such financing are summarised in paragraph 3.21: -
- 3.7 The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium-Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets. At the same time, the Programme is an integral element of the financial planning procedures of the Council and forecasts how the Council will deliver key projects affordably and within relevant Prudential Limits. The Programme should therefore be read in conjunction with these documents, alongside the Council's Corporate Asset Management Strategy and Housing Revenue Account Investment Plan.
- 3.8 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.9 The overall Capital Programme for 2024/2025 – 2027/2028 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

CAPITAL STRATEGY

Capital Expenditure

3.10 Primary legislation regarding capital finance is included in The Local Government Act 2003. The act refers to the following types of expenditure that fall under the capital financing regime.

- “expenditure of the authority which falls to be capitalised in accordance with proper practices” (i.e., the creation of an asset that has a useful life of more than one year).
- Expenditure under regulation prescribed by the Secretary of State which can or can’t be treated as capital expenditure.
- The Council’s definitions of the capital programme are included within Section 7 of the financial procedure rules. An extract is provided below: -

“Capital expenditure means the acquisition, construction, or enhancement of tangible/intangible fixed assets (land, buildings, vehicles, plant, equipment, hardware, and software). Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing and revenue running costs.

An enhancement is defined as:

- *Works that lengthen substantially the useful market value life of an asset.*
- *Works that increase substantially the market value of an asset.*
- *Works that increase the extent to which the property can be used for purposes of functions of the council “*

3.11 The Capital programme and its funding are summarised below. Details of individual schemes are presented within Appendix 1 of the Capital Programme Report. The future year’s capital programme will continue to be reliant on external funding and rental income for HRA schemes.

General Fund Schemes

	TOTAL	ESTIMAT	ESTIMATE	ESTIMATE	ESTIMATE
		E			
	COST	2024-2025	2025-2026	2026-2027	2027-2028
	£’000	£’000	£’000	£’000	£’000
Capital Expenditure					
Corporate & Support Services	24,169	5,225	17,437	847	660
Community Services	6,638	2,865	1,423	1,175	1,175
Total Capital Expenditure	30,807	8,090	18,860	2,022	1,835

Financing					
Capital Receipts	646	313	70	106	157
External Contributions	8,789	4,847	1,814	1,063	1,065
Borrowing GF	20,533	2,291	16,876	753	613
Contribution from reserves GF	839	639	100	100	0
Total Financing	30,807	8,090	18,860	2,022	1,835

HRA Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2024-2025	2025-2026	2026-2027	2027-2028
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
HRA					
Service Investment	36,649	9,575	9,122	9,182	8,770
Affordable Housing	17,757	8,207	4,850	2,850	1,850
Total Capital Expenditure	54,406	17,782	13,972	12,032	10,620
Financing					
Major Repairs Reserve	12,036	3,009	3,009	3,009	3,009
Regeneration Reserve	10,329	2,639	3,030	2,630	2,030
Earmarked Reserves	200	50	50	50	50
Borrowing	21,129	8,274	3,499	4,884	4,472
Grants	2,748	1,071	559	559	559
Capital Receipts	7,964	2,739	3,825	900	500
Total Financing	54,406	17,782	13,972	12,032	10,620

Capital Project Planning & Approval Framework.

3.12 Prior to consideration a capital bid form is submitted which details the following:

- Brief description of scheme and how the scheme meets the Councils priorities.
- Profiled spending proposals over 4 years.
- Sets out external contributions and grant funding for the scheme.
- Ongoing revenue implications (e.g., IT, Staffing costs).

3.13 Any additional bids that are agreed by SLT during the financial year are approved in accordance with financial procedure rules.

3.14 SLT will monitor progress and review the capital programme to ensure that the council's corporate objectives are being met and that there is consistency between the capital programme and the corporate plan.

Governance Arrangements

- 3.15 Scheme budgets are monitored monthly. Project Officers receive monthly reports and are discussed as part of the monthly meetings with their respective Accountant. Finance and Performance Committee receive quarterly updates. Additionally, budget variations are reported and approved in accordance with financial procedure rules.
- 3.16 For larger schemes a Project Board and Project Team oversee the scope and delivery of key strategic projects. Throughout the project both the Project Team and Project Board will monitor progress and be updated on any risks if they occur. Updates may also be reported to Executive and Full Council for major capital projects as required.

Longer Term Financial Planning

- 3.17 The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted. An Economic Prosperity Board has been set up which looks at various potential opportunities that may arise.

The Council will also have to set aside funds to ensure that parks, play areas, commercial units and corporate assets are maintained at a decent standard. A building maintenance reserve has been set aside to fund such developments.

- 3.18 Currently, the Council's capital activity for the general fund can be split into two areas. New one-off schemes and recurring schemes that are required to maintain the current level of service provision. i.e., this is the minimum value of the ongoing capital programme. The indicative cost for this is presented below.

	2025-26 Budget £000's
Enhancement & Improvement Works	1,998
Grants	1,126
Parks	251
Property, Plant and Equipment	4,783
Total	8,158

- 3.19 Resources are needed to ensure that this level of support can be maintained, and new commitments can be funded. In essence if no reserves or external funding is available, the cost of the capital programme is met by borrowing, the costs of which are charged to the revenue account through Minimum

Revenue Provision (principal repayment of debt funding) and any interest cost if actual borrowing has taken place.

3.20 The HRA Capital Programme is based on the 30 investment plan which will be included in the HRA Business Plan.

Capital Funding

3.21 The following areas of funding are available to fund the programme.

- Government Grants – Typically these are received to enable Councils to focus resources on central government priorities. e.g., disabled facilities grant. The grants have conditions attached so spending must focus on the area concerned and will normally only be given if a Council can also commit its own resources.
- Contributions and other grants – Typically these are like government grants. Expenditure will be limited to those set out in the conditions of the grant or legal contracts and may require a level of match funding by the local authority.
- Earmarked Reserves – Capital Expenditure can also be funded through the Council's earmarked reserves. Typically, these reserves are used to fund specific schemes or used for match funding to support partly funded projects. These reserves are reported as part of the MTFS and the revenue budget reports.
- Capital Receipts – These balances are the net sales proceeds that the Council can use to fund future capital projects. Part of the proceeds from the sale of Council Dwellings must be earmarked for the increase in affordable housing supply.
- Direct Revenue Financing – This is where the General Fund or HRA Balance is used to fund projects. Due to pressures on the revenue budget this is only used occasionally. Typically, this will arise when additional funding is received which can be used to fund either revenue or capital expenditure, or where specific underspends are used to part finance a capital project.
- Borrowing – the Council is permitted to set within its “Prudential Indicators” a level of borrowing that can be obtained to fund capital expenditure. The Council must be satisfied that this borrowing is used to fund projects that are prudent, sustainable, and affordable.

Borrowing

- 3.22 The Council is allowed to borrow funds to finance capital expenditure as long as it is affordable (i.e., future MRP and interest Payments affordable).
- 3.23 The Council has long term surplus cash balances, and these funds can also be used for fund expenditure. Although this will not attract an interest cost MRP still has to be provided.
- 3.24 The Council's borrowing requirement, risks and affordability are considered as part of the Treasury Management and prudential Indicator report also approved by Council in February.

Asset Management Overview

- 3.25 The overall aim of the plan is to detail how property assets will be managed to support Hinckley and Bosworth Borough Council's Corporate Plan 2024 – 2028 which sets out the Council's commitments.
- People: Helping people to stay safe, healthy, active, and in employment
 - Places: Creating clean, sustainable and attractive places to live, visit and work in
 - Prosperity: Encouraging sustainable, commercial, economic and housing growth, as well as attracting businesses, improving skills and supporting regeneration
 - The asset management plan sets out the core elements of our property asset management process.

Commercial Activity & non-Treasury investments

- 3.26 On the Council's balance sheet the Council does not hold any investment properties. Investment properties are assets that are solely held for an investment return or capital appreciation and no other reason. For all our assets although a future return is one of the aims, there are other aims as well e.g., economic regeneration, employment etc.

Major income generation activity using council assets is listed below: -

Activity	Value £000's	Due Diligence
Leisure Centre Management Fee	1,186	This is a fixed fee based on a design build operate and maintain contract. The fee is payable regardless of the value of fees collected by the Leisure Provider. Due diligence was undertaken at pre contract stage with detailed financial checks, references and off site meets at centres where the provider has successfully implemented such schemes.

Hinckley Hub	176	The partners occupy the premises on a Licence agreement. Each agreement has contractual provisions for uplift of rent.
Commercial Estates Income	946	Before award of the lease, a financial check is undertaken, and trading references are also taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
Car Parking	603	Income is monitored monthly and changes to the fee base are subject to Council approval.
Block C	368	Before award of the lease, a financial check is undertaken, and trading references are also taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees required.
New projects		At feasibility stage key risks are identified and any potential on going costs and or income are approved in accordance with financial procedure rules.

Knowledge & Skills - Capital Projects

3.27 The Council has resources to ensure projects are delivered successfully.

These officers have experience of: -

- Developing capital projects
- Acquiring and selling properties
- Commissioning partners to deliver the capital programme.
- Managing properties as a landlord

To support the Council's own resources, external support is also used for advice, due diligence, property assessments and valuations and project support. Architectural, Quantity Surveying and Engineering support is also used as and when required.

CAPITAL PROGRAMME

Proposed Capital Programme - General Fund

3.28 The General Fund Capital Programme is concentrated around achievement of the priority capital projects namely:

- Green Spaces Delivery Plan
- Private Sector Housing Assistance
- Crematorium Scheme funding has been updated to reflect the change in delivery approach.
- Heritage Action Zone.

3.29 New schemes 2024/25-2027/28

The following requests have been received in respect of new schemes for inclusion in the revised capital programme and require approval for inclusion. They have been reflected in the Capital Programme shown at Appendix 1.

Vehicle Communication System

The scheme relates to the procurement of a new vehicle communication system linked to the new HGV Fleet.

	Total	2025-26	2026-27	2027-28
	£	£	£	£
Total Cost (all HBBC)	27,000	27,000	0	0

Laptop Replacement

This scheme relates to the phased replacement of existing laptops procured in 2021/22 as part of the Future Operating Model project which are coming to the end of their serviceable life. It is intended to replace 63% of laptops in 2025/26 with the balance replaced the following year as phased below.

	Total	2025-26	2026-27	2027-28
	£	£	£	£
Total Cost (all HBBC)	475,000	300,000	175,000	0

Desktop Docking Station Replacement

This scheme relates to the phased replacement of docking stations procured in 2021/22 as part of the Future Operating Model project which are coming to the end of their serviceable life.

	Total	2025-26	2026-27	2027-28
	£	£	£	£
Total Cost (all HBBC)	38,000	38,000	0	0

UK Shared Prosperity Schemes

The Council has received an additional allocation of grant funding under this scheme for 2025/26 of £850,583 (Capital of £157,045 and Revenue of £693,539). - projects will support 5 key local priorities:

- Cost of Living challenges
- Climate Change impacts
- Town Centre enhancements
- Employment & Skills
- Health & Well Being

	Total	2025-26	2026-27	2027-28
	£	£	£	£
Total Cost	157,045	157,045	0	0
External Contributions	(157,045)	(175,045)	0	0
HBBC Element	0	0	0	0

3.30 Schemes Re-phased

The following schemes have been rephased as set out below:

	24/25 £000's	25/26 £000's	26/27 £000's	
Making Tax Digital	(12)	12	0	Project re-phased due to software changes.
Future Operating Model	(40)	40	0	Re-phasing of budget
Emergency Generator	(12)	12	0	Re-phasing of budget
UPS Replacement	(33)	33	0	Re-phasing of budget
Community Development Fund	(114)	0	0	Project complete – all existing commitments to projects have been met
Council Offices Solar Panel Scheme	0	1,000	0	See Comment below
Acquisition and Development Scheme	(15,000)	10,000	0	Existing scheme reprofiled and schemes shown separately for new crematorium and Council offices solar panel schemes funded from this budget

New Crematorium	0	4,000	0	See Comment above
Jubilee Depot	(747)	747	0	Re-phasing of budget
Total	(15,958)	15,844	0	

Existing schemes

3.31 The remainder of the Programme contains ongoing schemes which have been in place for several financial years. The following points should be noted when reviewing these schemes:

- Hinckley Area Community Initiatives grant (funded from the Special Expenses Reserves).
- Green Space strategy schemes have been re-profiled based on anticipated developer receipts and grant funding. HAC has reviewed and endorsed these schemes. These schemes are funded by SEA reserves or be external contributions. There is no General Fund capital funding earmarked for these schemes.

3.32 Future General Fund Schemes

The programme does not currently include the following schemes.

- New HGV purchases of circa £5.4m have already been agreed and have been allowed for in Treasury Borrowing assumptions but have been excluded from this report.

Proposed Capital Programme - Housing Revenue Account

3.33 The proposed Capital Programme for the Housing Revenue Account (the HRA Programme) is included in Section 4 of Appendix 1. The HRA Programme reflects the main investment priorities taken from the latest 30-year investment data. The overall capital programme is based on the following criteria: -

- Ongoing investment to existing stock
- Service improvements
- Affordable Housing

Stock Enhancement/Investment

3.34 £36.6 million of investment has been proposed over the life of the HRA Programme into existing stock. The sequence of these works is based on the outputs from the Asset Management System which is informed by the most recent stock condition survey. This includes measures to decarbonise the housing stock estimated cost £8.3m across the term of this capital programme.

Affordable Housing/Housing Delivery.

3.35 At the date of drafting this report, the Affordable Housing arm of the Programme includes.

- 28 new units including Potential 13 properties purchased at Greenfinch Road, Hinckley.
- Additional £13.5 million for New Housing Delivery between 2024/25 and 2027/28. This will ensure that Council is committed to using up its allocation of right to buy capital receipts.
- £4.18m Set aside for a development at Peggs Close.

Financing

3.36 Expenditure in the Capital Programme will be funded by the following key streams:

- Contributions from the Major Repairs Reserve for the cyclical stock programmes
- Use of the HRA “Regeneration Reserve” which has been set up following the introduction of self-financing.
- Use of earmarked reserves
- Grant Funding & External Contributions.
- Use of Right to Buy “Capital Receipts” obtained from the sale of HRA properties.

Funding Implications

3.37 The main methods of financing the Capital Programme are detailed in section 3.21 of this report. The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted.

Capital Receipts Reserve

3.38 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. It is estimated that £3.235m will be used in 2024/25 to reduce the Council’s overall borrowing position. Failure to pay off this debt will result in an additional MRP cost chargeable to the general fund from 2025/26 onwards. These costs have been allowed for within the MTFs. At the end of 2027/28 there will be an estimated £1,640m in the reserve.

	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Opening Balance	(11,461)	(5,924)	(2,429)	(1,847)
In Year Receipts	(750)	(400)	(425)	(450)
Repayment of Debt Leisure Centre	3,235	0	0	0
In Year Application	3,052	3,895	1,007	657
Closing Balance	(5,924)	(2,429)	(1,847)	(1,640)

3.39 Receipts assumptions are based on the following:

	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Right to Buys	(750)	(350)	(375)	(400)
Misc. Sales	0	(50)	(50)	(50)
Total Receipts	(750)	(400)	(425)	(450)

Borrowing

3.40 As outlined in section 3.2, the Council is permitted to borrow within approved limits to finance capital expenditure. This “authorised limit” is recommended as part of the Treasury Management Policy and Prudential Indicators each year and is based on the level of borrowing that is recommended by the S151 officer as being sustainable, affordable, and prudent.

3.41 The Council has loans of £52,945,000 within the Housing Revenue Account relating to the self-financing settlement. These started being repaid from March 2020.

3.42 In line with relevant accounting standards, the Council is required to budget for the cost of borrowing, to include any interest payable and a provision for the repayment of debt (the Minimum Revenue Position). Based on the current borrowing need the additional cost of capital financing costs for the General Fund is summarised below:

	2025/26 £	2026/27 £	2027/28 £
Interest	55,955	71,506	71,734
MRP	107,413	17,940	0
Total	163,368	89,446	71,734

3.43 Further details of the Council’s borrowing limits and indicators will be outlined in the 2025/2026 Treasury Management Policy.

Use of Reserves

3.44 The following reserves (excluding special expenses) have been used to finance specific capital schemes outlined in the Programme:

	2024/2 5 £000's	2025/2 6 £000's	2026/2 7 £000's	2027/2 8 £000's
ICT reserve	30	0	0	0
Waste Management Reserve	15	0	0	0
Asset Management Reserve	280	100	100	0
Enterprise Zone – Covid	214	0	0	0
Building Maintenance Reserve	100	0	0	0
Total General Fund	639	100	100	0

3.45 All transfers to/from reserves (i.e., including revenue expenditure and transfers from balances) are detailed in the General Fund budget report contained on this agenda.

4. Exemptions in accordance with the Access to Information procedure rules

4.1 Report taken in open session.

5. Financial implications [IB]

5.1 Contained in the body of the report.

6. Legal implications

6.1 The Local Government Act 2003 set out a framework for the financing of capital investments in Local Authorities.

6.2 The Council is legally required to set a balanced 3-year capital programme.

6.3 Whilst there are no implications arising directly from the recommendation of this report there are some legal considerations which should be noted:

6.4 In relation to the property transactions identified within the report, relevant officers will need to ensure that authority is obtained from Council for any acquisition or disposal of land. This applies in relation to the Affordable Housing purchases detailed within the body of the report.

6.5 Any contracts will need to be dealt with in accordance with the constitution and all relevant authorities for spending secured, as necessary.

7. Corporate Plan implications

7.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has been evaluated to ensure it contributes towards achievement of a Corporate Plan objective.

8. Consultation

8.1 Major schemes have been subject to individual consultations as part of the viability and design process.

9. Risk implications

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with

this decision / project have been identified, assessed and that controls are in place to manage them effectively.

- 9.3 The following significant risks associated with these report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
[S.11 - Failure to successfully deliver the Medium Term Financial Strategy.	<p>A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.</p> <p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p> <p>Sufficient levels of reserves and balances have been maintained to ensure financial resilience</p>	A Wilson

10. Knowing your community – equality and rural implications

- 10.1 The programme contains schemes which will assist in equality and rural development. Equality and rural issues are considered separately for each project.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasing difficult to meet it carbon emergency targets by 2030.
- 11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers:

Contact officer: Ilyas Bham, Accountancy Manager x5924

Executive member: Cllr K Lynch

General Fund Summary

CAPITAL ESTIMATES 2024/2025 to 2027/2028

	TOTAL COST	ESTIMATE 2024/25	ESTIMATE 2025/26	ESTIMATE 2026/27	ESTIMATE 2027/28
	£	£	£	£	£
Expenditure					
Corporate, Support & Street Scene Service	20,565,951	2,314,995	16,861,209	789,422	600,325
Community & Development Services	1,451,979	927,979	184,000	170,000	170,000
Expenditure Total	22,017,930	3,242,974	17,045,209	959,422	770,325
Financing					
General Financing					
Capital Receipts	646,131	312,739	70,000	106,696	156,696
Borrowing GF (Non MIRA)	20,532,313	2,290,749	16,875,209	752,726	613,629
Contribution from reserves GF	839,486	639,486	100,000	100,000	0
Crematorium					
Reserves	0	0	0	0	0
Financing Total	22,017,930	3,242,974	17,045,209	959,422	770,325

Corporate, Support & Street Scene

	TOTAL COST £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	555,000	255,000	100,000	100,000	100,000
Making Tax Digital					
Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0
Future Operating Model					
Total Annual Expenditure(ALL HBBC)	47,214	7,214	40,000	0	0
Network and Server Resilience					
Total Annual Expenditures	74,602	74,602	0	0	0
External Contributions	(53,160)	(53,160)	0	0	0
HBBC Element	21,442	21,442	0	0	0
Network Upgrades - Phase 2					
Total Annual Expenditure(ALL HBBC)	36,601	36,601	0	0	0
ICT Security Upgrades					
Total Annual Expenditure(ALL HBBC)	87,406	87,406	0	0	0
UK Shared Prosperity Schemes					
Total Annual Expenditures	586,499	429,454	157,045		
External Contributions	(586,499)	(429,454)	(157,045)		
HBBC Element	0	0	0	0	0
Rural Prosperity Fund Schemes					
Total Annual Expenditures	347,122	347,122	0	0	0
External Contributions	(347,122)	(347,122)	0	0	0
HBBC Element	0	0	0	0	0
Vehicle Communication System					
Total Annual Expenditure(ALL HBBC)	27,000	0	27,000	0	0
Emergency Generator					
Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0

Corporate, Support & Street Scene

	TOTAL COST £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £
UPS Replacement					
Total Annual Expenditure(ALL HBBC)	33,000	0	33,000	0	0
MFA Non Corp Mobiles					
Total Annual Expenditure(ALL HBBC)	8,000	8,000	0	0	0
Laptop Replacement					
Total Annual Expenditure(ALL HBBC)	475,000	0	300,000	175,000	0
Parks Major works					
Total Annual Expenditure(ALL HBBC)	135,265	45,265	30,000	30,000	30,000
Tracking System					
Total Annual Expenditure(ALL HBBC)	63,371	14,700	15,440	16,210	17,021
Memorial Safety Programme					
Total Annual Expenditures	26,550	6,460	6,610	6,740	6,740
Special Expenses Area Reserves	(26,550)	(6,460)	(6,610)	(6,740)	(6,740)
HBBC ELEMENT	0	0	0	0	0
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	684,511	163,111	172,500	175,100	173,800
Existing Green Spaces Delivery Plan					
Total Annual Expenditures	167,467	167,467	0	0	0
Less Section 106 contributions	(167,467)	(167,467)	0	0	0
Less other private contributions	0	0	0	0	0
HBBC ELEMENT	0	0	0	0	0
New Green Spaces Delivery Strategy					
Total Annual Expenditure(ALL HBBC)	388,977	146,450	214,527	0	28,000
Less Section 106 contributions	(261,267)	(113,420)	(147,847)	0	0
Special Expenses reserve	(118,950)	(28,030)	(62,920)	0	(28,000)
HBBC ELEMENT	8,760	5,000	3,760	0	0
Burbage Common - The Greens					
Total Annual Expenditure(ALL HBBC)	51,036	51,036	0	0	0
Borough Improvements					
Total Annual Expenditures	195,856	45,856	50,000	50,000	50,000
Less Private contribution	(60,000)	(15,000)	(15,000)	(15,000)	(15,000)
HBBC Element	135,856	30,856	35,000	35,000	35,000
Machinery Procurement					
Total Annual Expenditure(ALL HBBC)	345,147	83,002	76,229	90,412	95,504

Corporate, Support & Street Scene

	TOTAL COST £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £
Car Park Major Works					
Total Annual Expenditure	240,356	90,356	150,000	0	0
Less Section 106 contributions	(120,000)	0	(120,000)	0	0
Total Annual Expenditure (ALL HBBC)	120,356	90,356	30,000	0	0
WayFaring HAC					
Total Annual Expenditure	49,000	49,000	0	0	0
Special Expenses Area Reserves	(49,000)	(49,000)	0	0	0
HBBC Element	0	0	0	0	0
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	595,026	223,026	124,000	124,000	124,000
Hinckley Community Initiatives Fund					
Total Annual Expenditures	54,108	24,108	10,000	10,000	10,000
Special Expenses Area Reserves	(54,108)	(24,108)	(10,000)	(10,000)	(10,000)
HBBC Element	0	0	0	0	0
Community Equipment Grant Scheme					
Total Annual Expenditure(ALL HBBC)	100,000	25,000	25,000	25,000	25,000
Electric Charging Points					
Total Annual Expenditures	157,353	157,353	0	0	0
Grant Funding	(44,803)	(44,803)	0	0	0
HBBC Element	112,550	112,550	0	0	0
Argents Mead - Moat Improvements					
Total Annual Expenditures	3,493	3,493	0	0	0
Less Section 106 contributions	0	0	0	0	0
Other Contributions	0	0	0	0	0
HBBC Element	3,493	3,493	0	0	0
Partnership IT Schemes					
Total Annual Expenditures	268,687	268,687	0	0	0
External Contributions	(268,687)	(268,687)	0	0	0
HBBC Element	0	0	0	0	0
NHS Hinckley Hub upgrade					
Total Annual Expenditure(ALL HBBC)	183,650	183,650	0	0	0
Council Offices - Solar Panel Scheme					
Total Annual Expenditure(ALL HBBC)	1,000,000	0	1,000,000	0	0
Acquisition & Development Scheme					
Total Annual Expenditure(ALL HBBC)	10,000,000	0	10,000,000	0	0
New Crem					
Total Annual Expenditure(ALL HBBC)	4,000,000	0	4,000,000	0	0
Desktop Docking Station Replacement					
Total Annual Expenditure(ALL HBBC)	38,000	0	38,000	0	0

Corporate, Support & Street Scene

	TOTAL COST	ESTIMATE 2024/25	ESTIMATE 2025/26	ESTIMATE 2026/27	ESTIMATE 2027/28
	£	£	£	£	£
Cloud Archiving					
Total Annual Expenditure	135,000	45,000	45,000	45,000	0
Contributions from Partners	(78,900)	(26,300)	(26,300)	(26,300)	0
HBBC Element	56,100	18,700	18,700	18,700	0
Wan Replacement					
Total Annual Expenditure	50,000	0	50,000	0	0
Contributions from Partners	(29,220)	0	(29,220)	0	0
HBBC Element	20,780	0	20,780	0	0
Food Waste Service					
Total Annual Expenditure	1,071,000	1,071,000	0	0	0
External Contributions	(1,071,000)	(1,071,000)	0	0	0
HBBC Element	0	0	0	0	0
ICT Strategic Improvements					
Total Annual Expenditure	684,000	684,000	0	0	0
External Contributions	(266,413)	(266,413)	0	0	0
HBBC Element	417,587	417,587	0	0	0
Jubilee Depot with additional capital works					
Total Annual Expenditure	1,179,800	432,000	747,800		
HBBC Element	1,179,800	432,000	747,800	0	0
TOTAL GROSS EXPENDITURE	24,169,097	5,225,419	17,436,151	847,462	660,065
LESS TOTAL CONTRIBUTIONS	(3,603,146)	(2,910,424)	(574,942)	(58,040)	(59,740)
TOTAL HBBC ELEMENT	20,565,951	2,314,995	16,861,209	789,422	600,325

Community & Development Services

	TOTAL COST £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £
Renovation Assistance (Major Works)					
Total Annual Expenditure(ALL HBBC)	525,500	135,500	130,000	130,000	130,000
Home Improvement Assistance (Minor Works)					
Total Annual Expenditure(ALL HBBC)	168,615	48,615	40,000	40,000	40,000
Private Sector Housing Enforcement					
Total Annual Expenditure	423,524	123,524	100,000	100,000	100,000
Less External Contributions	(423,524)	(123,524)	(100,000)	(100,000)	(100,000)
HBBC ELEMENT	0	0	0	0	0
Countywide Hoarding Project					
Total Annual Expenditure	1,779,293	600,000	549,293	315,000	315,000
Less Government Grant	(1,779,293)	(600,000)	(549,293)	(315,000)	(315,000)
HBBC ELEMENT	0	0	0	0	0
Green Deal and Fuel Poverty Capital Fund					
Total Annual Expenditure	139,665	139,665	0	0	0
Less Government Grant	(139,665)	(139,665)	0	0	0
HBBC ELEMENT	0	0	0	0	0
Disabled Facilities Grants					
Total Annual Expenditure	2,662,462	893,422	589,680	589,680	589,680
Less Government Grant	(2,662,462)	(893,422)	(589,680)	(589,680)	(589,680)
HBBC ELEMENT	0	0	0	0	0
Sports Facility Improvement Fund					
Total Annual Expenditure(ALL HBBC)	15,200	15,200	0	0	0
Bosworth 1485 Sculpture Trail Project					
Total Annual Expenditure	109,375	109,375	0	0	0
LLEP contributions	0	0	0	0	0
HBBC Element	109,375	109,375	0	0	0
CCTV Back Office Upgrade					
Total Annual Expenditure(ALL HBBC)	50,000	50,000	0	0	0

Community & Development Services

	TOTAL COST	ESTIMATE 2024/25	ESTIMATE 2025/26	ESTIMATE 2026/27	ESTIMATE 2027/28
	£	£	£	£	£
Heritage Action Zone					
Total Annual Expenditures	224,000	224,000	0	0	0
Special Expenses Area Reserves	0	0	0	0	0
Less: Contributions	(19,197)	(19,197)	0	0	0
HBBC Element	204,803	204,803	0	0	0
Stetchley Brook 106					
Total Annual Expenditures	40,960	40,960	0	0	0
Less Section 106 contributions	(40,960)	(40,960)	0	0	0
HBBC Element	0	0	0	0	0
Solar Panel Scheme at Hinckley Leisure Centre					
Total Annual Expenditures	250,000	250,000	0	0	0
External Contributions	(120,000)	(120,000)	0	0	0
HBBC Element	130,000	130,000	0	0	0
Regeneration LLEP Enterprise Zone					
Total Annual Expenditure(ALL HBBC)	214,486	214,486			
Christmas Lights Replacement					
Total Annual Expenditure	34,000	20,000	14,000	0	0
HBBC Element	34,000	20,000	14,000	0	0
TOTAL GROSS EXPENDITURE	6,637,080	2,864,747	1,422,973	1,174,680	1,174,680
LESS TOTAL CONTRIBUTIONS	(5,185,101)	(1,936,768)	(1,238,973)	(1,004,680)	(1,004,680)
TOTAL HBBC ELEMENT	1,451,979	927,979	184,000	170,000	170,000

Housing Revenue Account Capital Programme

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	2024/25	2025/26	2026/27	2027/28	
	£	£	£	£	£
Expenditure					
Sheltered Scheme Enhancements	168,221	43,351	40,800	41,620	42,450
Kitchen Improvements	5,118,892	918,242	1,372,580	1,400,040	1,428,030
Boiler and Heating Replacement	2,338,078	563,358	579,900	591,500	603,320
Low Maintenance Doors	231,360	51,020	58,930	60,100	61,310
Electrical Testing / Upgrading	3,342,753	889,213	875,880	1,020,810	556,850
Programmed Enhancements	1,408,193	746,413	216,240	220,570	224,970
uPVC Window Replacement	1,055,083	278,893	253,620	258,700	263,870
Re-roofing	1,550,686	499,746	343,400	350,270	357,270
Adaptations for Disabled People	2,909,919	730,539	712,120	726,370	740,890
Major Void Enhancements	3,351,144	847,954	817,930	834,290	850,970
Bathrooms Enhancements	2,154,114	766,404	453,440	462,510	471,760
Legionella	52,580	12,000	12,240	15,610	12,730
Asbestos	811,319	218,209	193,800	197,680	201,630
Fire Risk Assessments	2,134,648	715,518	607,920	401,590	409,620
Insulation & Wraps	8,380,618	1,923,018	2,166,580	2,177,190	2,113,830
Capital Salaries	1,030,840		336,830	343,570	350,440
Piper Alarm System	200,000	50,000	50,000	50,000	50,000
Affordable Housing Scheme	2,400,000	600,000	600,000	600,000	600,000
Housing Delivery	11,174,000	3,424,000	4,250,000	2,250,000	1,250,000
Additional Housing Deliver Schemes	0	0			
Peggs Close	4,182,810	4,182,810			
Vehicles Purchases	0	0			
scheme communal areas	90,000	0	30,000	30,000	30,000
UKSPF (Energy Efficiency)	321,000	321,000			
Expenditure Total	54,406,258	17,781,688	13,972,210	12,032,420	10,619,940
Financing					
Major Repairs Reserve (Depreciation)	12,036,448	3,009,448	3,009,000	3,009,000	3,009,000
Regeneration Reserve	10,329,277	2,639,277	3,030,000	2,630,000	2,030,000
Earmarked Reserves - Piper Alarm	200,000	50,000	50,000	50,000	50,000
Borrowing	21,129,101	8,272,991	3,499,390	4,884,600	4,472,120
External Funding					
Grant funding	2,747,232	1,070,772	558,820	558,820	558,820
Capital Receipts	7,964,200	2,739,200	3,825,000	900,000	500,000
Financing Total	54,406,258	17,781,688	13,972,210	12,032,420	10,619,940



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES TREASURY MANAGEMENT STRATEGY 2024-25 – 2027-28 AND PRIDUENTIAL INDICATORS 2024-25 – 2027-28

Report of Head of Finance (Section 151 Officer)

1. Purpose of report

1.1 This report outlines the Council's prudential indicators for 2024/25 - 2027/28 and sets out the expected treasury operations for this period. It fulfils four key requirements:

- The reporting of the **Prudential Indicators**, setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice
- The Council's **Minimum Revenue Provision (MRP) Policy Statement**, which sets out how the Council will pay for capital assets through revenue each year
- The **Treasury Management Strategy Statement** which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003.

- The **Investment Strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance.

The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

- 1.2 This report should be read in conjunction with the Capital Strategy and the Capital Programme which are both also on the Council agenda for the 20th February 2025. The Capital Strategy deals with investments outside of the remit of standard treasury investments.

2. Recommendation

Members approve:

- 2.1 The Prudential Indicators and Limits for 2024/25 to 2027/28 contained within 3.19-3.20 of the report, including the Authorised Limit Prudential Indicator.
- 2.2 The Minimum Revenue Provision (MRP) Statement contained in paragraphs 3.10-3.11 which set out the Council's policy on MRP.
- 2.3 The attached report at Appendix 1.

3. Background to the report

- 3.1 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 or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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

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

security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

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

3.2 The Treasury Management Strategy is attached as Appendix 1. Key tables are summarised in the report.

The Capital Expenditure & Prudential Indicators (Section 2 of Appendix)

3.3 Capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council’s borrowing need. Any decisions by the Council to commit capital expenditure needs to have regard to:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal)
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the council tax and rents);
- Practicality (e.g. the achievability of the forward plan).

The revenue consequences of capital expenditure will need to be paid for from the Council’s own resources.

The Council’s capital expenditure plans are summarised below. Further details are contained in section two of the Appendix. The overall borrowing need for the Council is summarised below:-

£000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement					
Non-HRA	42,381	39,551	54,823	53,935	52,894
Housing	70,320	78,593	82,092	86,977	91,449
Total CFR	112,701	118,144	136,916	140,911	144,343
Movement in CFR	2,591	5,444	18,772	3,996	3,431

Movement in CFR represented by					
Net financing need for the year (above)	4,237	10,564	20,375	5,637	5,086

Less MRP/VRP and other financing movements	(1,646)	(5,120)	(1,603)	(1,641)	(1,655)
Movement in CFR	2,591	5,444	18,772	3,996	3,431

- 3.4 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.
- 3.5 The Council is asked to approve the summary capital expenditure projections below.

Capital expenditure £000's	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	7,435	8,090	18,859	2,022	1,835
HRA	9,788	17,782	13,972	12,282	11,870
Total	17,223	25,872	32,831	14,304	13,705
Financed by:					
Capital receipts	1,347	3,052	3,895	1,357	1,407
Capital grants	3,197	5,918	2,372	1,622	1,623
Capital reserves	8,442	6,338	6,189	5,688	5,589
Net financing need for the year	4,237	10,564	20,375	5,637	5,086

The Council's Borrowing Need (the Capital Financing Requirement)

- 3.6 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.
- 3.7 The Council is asked to approve the CFR projections below:

£000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement					
Non-HRA	42,381	39,551	54,823	53,935	52,894
Housing	70,320	78,593	82,092	86,977	91,449
Total CFR	112,701	118,144	136,916	140,911	144,343
Movement in CFR	2,591	5,444	18,772	3,996	3,431

Movement in CFR represented by

Net financing need for the year (above)	4,237	10,564	20,375	5,637	5,086
Less MRP/VRP and other financing movements	(1,646)	(5,120)	(1,603)	(1,641)	(1,655)
Movement in CFR	2,591	5,444	18,772	3,996	3,431

3.8 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). No revenue charge is required for the HRA.

3.9 CLG Regulations have been issued which require Full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

Minimum Revenue Provision (MRP) Policy Statement.

3.10 A detailed Policy statement is included in Section 2.5 of the appendix. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will follow:

To write off the existing balance over 37 years on a straight line basis (i.e. write the original debt off over 50 years)

3.11 From 1 April 2008 for all borrowing (including Finance Leases) the MRP policy will be:-

Asset Life Method – MRP will be based on the estimated life of the assets

This option provide for a reduction in the borrowing need over approximately the asset's life.

BORROWING (Section 3 of Appendix)

3.12 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is an issue that need to be considered.

3.13 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to borrowing. Section 3 of the Appendix details the Councils Borrowing Strategy.

Core funds and expected investment balances

- 3.14 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Fund balances / reserves	12,879	11,836	11,873	8,642	6,862
Capital receipts	11,457	5,924	2,429	1,747	2,222
Provisions	650	650	650	650	650
Other	3,058	2,000	1,500	1,500	1,500
Total core funds	28,044	20,410	16,452	12,539	11,234
Working capital*	1,500	1,500	1,500	1,500	1,500
Under/over borrowing**	34,347	28,129	22,758	23,976	21,629
Additional Borrowing	(7,847)	(9,500)	(8,500)	(13,000)	(12,000)
Expected investments	44	281	694	63	105

*Working capital balances shown are estimated year end; these may be higher mid-year.

- 3.15 The estimates of financing costs include current commitments and the proposals in the budget report.
- 3.16 The Council's treasury portfolio position at 31 March 2023, with forward projections are summarised below. The table shows the external debt for capital financing operations.

£000's	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
External Debt					
Debt at 1 April	79,215	78,354	90,015	114,157	116,936
Expected change in Debt	(336)	11,218	20,019	2,271	1,708
Other long-term liabilities (OLTL)	0	1,000	4,250	1,250	0
Expected change in OLTL	(525)	(557)	(126)	(742)	(930)
Actual gross debt at 31 March	78,354	90,015	114,158	116,936	117,714
The Capital Financing Requirement	112,701	118,144	136,916	140,912	144,343
Under / (over) borrowing	34,347	28,130	22,758	23,976	26,628

Treasury Indicators: limits to borrowing activity

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

Operational Boundary £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	110,063	125,267	128,881	133,377
Other long-term liabilities	8,082	11,649	12,030	10,966
Total	118,144	136,916	140,912	144,343

- 3.18 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Authorised Limit £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	113,063	128,267	131,881	136,377
Other long-term liabilities	8,082	11,649	12,030	10,966
Total	121,144	139,916	143,912	147,343

Separately, the Council is also limited to a maximum HRA CFR based on affordability.

HRA Debt Limit	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
HRA debt cap	72.0	72.0	72.0	72.0
HRA CFR	70.3	70.3	70.3	70.3
HRA headroom	1.7	1.7	1.7	1.7

ANNUAL INVESTMENT STRATEGY (Section 4 of Appendix)

- 3.19 The Council's investment policy has regard to the following: -
- MHCLG's Guidance on Local Government Investments ("the Guidance")
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")

- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The investment strategy is detailed in Section 4 of the Appendix. In accordance with guidance above the strategy prioritises security first, portfolio liquidity second and then return (yield). The Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables spreading of risk. Market information and expert advice is also used to monitor financial markets.

- 3.20 The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are to be used.
- 3.21 Credit rating information is supplied by Link Asset Services our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list
- 3.22 The criteria for providing a pool of high quality investment counterparties is listed in section 4.2 of the Appendix.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications

- 6.1 These are contained in the body of the report

7. Corporate Plan implications

- 7.1 Treasury Management and Prudential Indicators indirectly impacts on all Corporate Plan targets

8. Consultation

- 8.1 None

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of Significant (Net Red) Risks

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	<p>A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.</p> <p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p> <p>Sufficient levels of reserves and balances are maintained to ensure financial resilience</p>	A Wilson

10. Knowing your community – equality and rural implications

- 10.1 Schemes in the Capital Programme cover all services and all areas of the Borough including rural areas.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However budget decisions made by members in relation to issues such as rents, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasing difficult to meet it carbon emergency targets by 2030.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications

- Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: Capital Programme 2024/25 to 2027/28
Revenue Budget 2025/26

Contact officer: Ilyas Bham, Accountancy Manager x5924
Executive member: Cllr K Lynch

Appendix 1

Treasury Management and Prudential Indicators 2024/25 to 2027/28

1.1 Background

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

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

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

CIPFA defines treasury management as:

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

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

1.2 Reporting Requirements

1.2.1 Capital Strategy

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

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

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

1.2.2 Treasury Management Reporting

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

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

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

Scrutiny

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

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

1.3 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC (now MHCLG) Investment Guidance, DLUHC (now MHCLG) MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

1.5 Treasury Management Consultants

The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2027/28

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	7,435	8,090	18,859	2,022	1,835
HRA	9,788	17,782	13,972	12,282	11,870
Total	17,223	25,872	32,831	14,304	13,705

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital receipts	1,347	3,052	3,895	1,357	1,407
Capital grants	3,197	5,918	2,372	1,622	1,623
Capital reserves	8,442	6,338	6,189	5,688	5,589
Net financing need for the year	4,237	10,564	20,375	5,637	5,086

2.2 The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and

so the Authority is not required to separately borrow for these schemes. The Authority currently has £XXm of such schemes within the CFR.

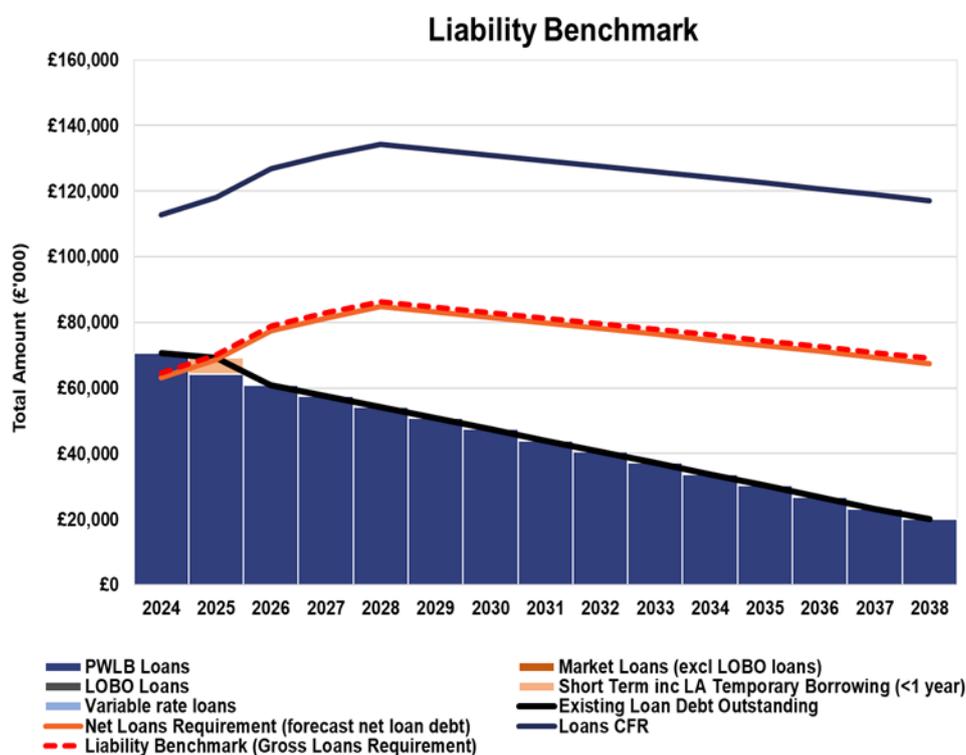
The Authority is asked to approve the CFR projections below:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement					
Non-HRA	42,381	39,551	54,823	53,935	52,894
Housing	70,320	78,593	82,092	86,977	91,449
Total CFR	112,701	118,144	136,916	140,911	144,343
Movement in CFR	2,591	5,444	18,772	3,996	3,431

Movement in CFR represented by					
Net financing need for the year (above)	4,237	10,564	20,375	5,637	5,086
Less MRP/VRP and other financing movements	(1,646)	(5,120)	(1,603)	(1,641)	(1,655)
Movement in CFR	2,591	5,444	18,772	3,996	3,431

2.3 Liability Benchmark

This is a new requirement for estimating and measuring the Liability Benchmark. It shows that the Council is currently under-borrowed so it can borrow long term to fund its capital expenditure without increasing in capital financing requirement.



2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Fund balances / reserves	12,879	11,836	11,873	8,642	6,862
Capital receipts	11,457	5,924	2,429	1,747	2,222
Provisions	650	650	650	650	650
Other	3,058	2,000	1,500	1,500	1,500
Total core funds	28,044	20,410	16,452	12,539	11,234
Working capital*	1,500	1,500	1,500	1,500	1,500
Under/over borrowing**	34,347	28,129	22,758	23,976	21,629
Additional Borrowing	(7,847)	(9,500)	(8,500)	(13,000)	(12,000)
Expected investments	44	281	694	63	105

*Working capital balances shown are estimated year-end; these may be higher mid-year

2.5 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2024) provides four ready-made options for calculating MRP. An authority can use a mix of these options if it considers it appropriate to do so.

The Authority is recommended to approve the following MRP Statement (amend/delete as required):

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:

- *Reducing balance over 40 years*

From 1 April 2008 for all unsupported borrowing the MRP policy will be (amend as appropriate):

- Asset life method (straight line)

Capital expenditure financed by borrowing in 2024/25 will not be subject to an MRP charge until 2025/26, or in the financial year following the one which the asset first becomes available for use.

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

The Authority has determined that MRP is/is not required for borrowing or credit arrangements used to finance capital expenditure on housing assets and accounted for within the Housing Revenue Account (HRA) as it has determined, through its duty to charge depreciation and hold a Major Repairs Reserve, that prudent provision has been made.

The Authority has not issued capital loans that are categorised as commercial loans.

MRP Overpayments

Under the MRP guidance, charges made in excess of the statutory MRP can be made and are known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to 31.03.24 are £0.117m.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.1 Current Portfolio Position

The overall treasury management portfolio as at 31.3.24 and for the position as at 31.12.24 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual 31.3.24	actual 31.3.24	current 31.12.24	current 31.12.24
	£000	%	£000	%
Treasury investments				
Banks	7,400	99%	12,452	98%
Money Market Funds	0	0%	183	1%
Westfield Community Centre	100	1%	150	1%
Total managed in house	7,500	100%	12,785	100%
Bond Funds	0	0%	0	0%
Property Funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	7,500	100%	12,785	100%
Treasury external borrowing				
Local Authorities	4,000	5%	0	0%
PWLB	70,657	95%	70,252	100%
Total external borrowing	74,657	100%	70,252	100%
Net treasury investments / (borrowing)	-67,157	0	-57,467	0

The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
External Debt					
Debt at 1 April	79,215	78,354	90,015	114,157	116,936
Expected change in Debt	(336)	11,218	20,019	2,271	1,708

Other long-term liabilities (OLTL)	0	1,000	4,250	1,250	0
Expected change in OLTL	(525)	(557)	(126)	(742)	(930)
Actual gross debt at 31 March	78,354	90,015	114,158	116,936	117,714
The Capital Financing Requirement	112,701	118,144	136,916	140,912	144,343
Under / (over) borrowing	34,347	28,130	22,758	23,976	26,628

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	110,063	125,267	128,881	133,377
Other long-term liabilities	8,082	11,649	12,030	10,966
Total	118,144	136,916	140,912	144,343

The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limit:

Authorised Limit £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	113,063	128,267	131,881	136,377
Other long-term liabilities	8,082	11,649	12,030	10,966
Total	121,144	139,916	143,912	147,343

3.3 Prospects for Interest Rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by Link on this forecast table: -

- Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.
- If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.
- The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.
- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.
- Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).

- Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.
- Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.
- So far, we have made little mention of the US President election. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.
- Our revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA

to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported in line with the Councils Financial Procedure rules

3.5 Policy on Borrowing in Advance of Need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to the Council at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK National Wealth Fund	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Authority’s investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority’s risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in

Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Authority has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 5%.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This Authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the over-ride to **31.3.25** was agreed by Government.

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness Policy

The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Authority will ensure that: -

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Authority's prudential indicators covering the maximum principal sums invested.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Full Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Authority will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign Long-Term rating of AA-

and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):

- i. Short Term – F1
 - ii. Long Term – A-
- Banks 2 – The Authority's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
 - Bank subsidiary and treasury operation -. The Authority will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
 - Building societies The Authority will use all societies which: -
 - i. Meet the ratings for banks outlined above;
 - ii. Have assets in excess of £500m;

or meet both criteria.

- Money Market Funds (MMFs) CNAV – £11m
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc
- Housing associations
- Supranational institutions

Use of additional information other than credit ratings. Additional requirements under the Code require the Authority to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Authority's counterparty list are as follows (these will cover both specified and non-specified investments): -

	Fitch long-term rating (or equivalent)	Money limit	Transaction limit	Time limit
Banks 1 higher quality	AA-	£15m	£10m	2yrs
Banks 1 medium quality	A-	£13m	£7m	2yrs
Banks 1 lower quality	BBB	£11m	£5m	1yr
Banks 2 – part nationalised	N/A	£11m	£6m	1yr
Limit 3 category – Authority's banker (not meeting Banks 1)	-	£13m	£10m	1yr
Building Societies	-	£15m	£2m	2yrs
Other institutions limit*	-	£8m	£5m	1yr
DMADF	UK sovereign rating	unlimited	unlimited	1yr
Local authorities	N/A	£15m	£10m	5yrs
Housing associations	-	£6m	£3m	2yrs
Money Market Funds	AAA	£20m	£11m	liquid

The proposed criteria for specified and non-specified investments are shown in Paragraph 5.3 for approval.

Creditworthiness

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

4.3 Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. **Non-specified treasury management investment limit.** The Authority has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being _% of the total treasury management investment portfolio.
- b. **Country limit.** The Authority has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition: -

- no more than 20% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.5%.

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

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Authority is asked to approve the following treasury indicator and limit: -

Upper limit for principal sums invested for longer than 365 days			
£m	2025/26	2026/27	2027/28
Principal sums invested for longer than 365 days	£2m	£2m	£2m

4.5 Investment Performance / Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Authority's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.05% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Authority seeks to maintain: -

- Bank overdraft - £3m if required
- Liquid short-term deposits of at least £1m available with a week's notice.

- Weighted average life benchmark is expected to be 1 month, with a maximum of 1 year.

Yield - local measures of yield benchmarks are -

Investments – internal returns above the 7-day SONIA compounded rate

4.6 End of Year Investment Report

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

(These can be appended to the report or omitted as required)

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management (option 1)
5. Treasury management practice 1 – credit and counterparty risk management (option 2)
6. Approved countries for investments
7. Treasury management scheme of delegation
8. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2025/26 – 2027/28

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital Expenditure

Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	7,435	8,090	18,859	2,022	1,835
HRA	9,788	17,782	13,972	12,282	11,870
Total	17,223	25,872	32,831	14,304	13,705

5.1.2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators: -

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

%	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	8.81	11.45	14.22	13.53	15.79
HRA	30.13	27.43	28.24	28.79	27.76
Total	38.94	38.88	42.46	42.32	43.55

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity Structure of Borrowing

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

The Authority is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2025/26		
	Lower	Upper
Under 12 months	0%	4.57%
12 months to 2 years	0%	4.57%
2 years to 5 years	0%	13.72%
5 years to 10 years	0%	22.87%
10 years to 20 years	0%	41.36%
20 years to 30 years	0%	5.13%
30 years to 40 years	0%	7.78%
Total		100.00%

5.1.4. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2024-2027

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

PWLB forecasts are based on PWLB certainty rates.

ECONOMIC BACKGROUND (to 12th December 2024)

The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the Budget on 30 October.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises..

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy.

If we focus on borrowing, market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too.

Staying with the US, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

Further information is available on request

5.3 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT OPTION 2

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the Guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. . In accordance with the Code, the Head of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are for the Authority to set an Annual Investment Strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Authority will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Authority is:

Strategy guidelines – The main strategy guidelines are contained in the body of the Treasury Management Strategy Statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under 12 months.

These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with: -

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- Supranational Bonds of less than one year's duration.
- A Local Authority, Housing Association, Parish Council or Community Council.
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating by a credit rating agency e.g., Standard and Poor's, Moody's and/or Fitch rating agencies.
- A body that is considered of a high credit quality (such as a bank or building society. This category covers bodies with a minimum Short-Term rating of XXX (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

In accordance with the Code, the Authority has set out additional criteria to limit the time and the amount of monies which will be invested in these bodies. These criteria are in the body of the report

Non-specified investments – are any other type of investment (i.e., not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any sterling investments with: -

	Non-Specified Investment Category	Limit (£ or %)
a.	The Authority's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£11m
b.	Building Societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Authority may use such building societies which have a minimum asset size of £XXm, but will restrict these types of investments to XXX (<i>insert local criteria from body of main report</i>)	£15m
c.	Any Bank or Building Society that has a minimum long-term credit rating of XXX, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£11m
d.	Any Non-Rated Subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a limit of £5m for a period of 6 months.	£9m

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from Link as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance, and if required new counterparties which meet the criteria will be added to the list.

5.4 APPROVED COUNTRIES FOR INVESTMENTS

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

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- **U.K.**

5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of /amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval.

(ii) Finance & Performance Committee

- approval of division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- reviewing the treasury management policy and procedures and making recommendations to Council .

(iii) SLT/ Head of Finance

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (say 20+ years – to be determined in accordance with local priorities.)
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

This page is intentionally left blank



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	30 January 2025
Council	20 February 2025

Wards affected: All wards

Pay Policy Statement 2025/26

Report of Director Corporate & Streetscene Services.

1. Purpose of report

1.1 To present the HBBC Pay Policy Statement for 2025/26.

2. Recommendation

2.1 That members note the continuing positive reduction in the pay gap between the top and median average earner to 4.18:1 compared to the previous year which was 4.26:1. This has positively decreased in the last three years.

2.2 Note the slight increase in the gender pay gap which was 4.3% on 31 March 2024 (previously reported as 3.1%) due to the payment of market supplements to housing trades operatives and refuse loaders, who are predominantly male. In terms of benchmarking, it is still significantly lower than other sectors which report a pay gap of 13.1%.

2.3 That the HBBC Pay Policy Statement for 2025/26 is endorsed by the Scrutiny Commission for approval at Council in February.

3. Background to the report

3.1 Section 38 of the Localism Act 2011 requires local authorities in England and Wales to produce a Pay Policy Statement for each financial year, which must be approved by Council. The act requires local authorities to prepare pay policy statements setting out the authority's own policies regarding the remuneration of its staff, particularly its senior staff (or 'chief officers') and its lowest paid employees.

- 3.2 The legislation provides that the pay policy statement must set out the council's policies for the financial year relating to:
- The remuneration of its chief officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its chief officers and its employees who are not chief officers
- 3.3 The Council is required to publish the Pay Policy Statement for 2025/26 on or before 1 April 2025.

Summary of the statement

- 3.4 The Pay Policy Statement **Appendix A** sets out:
- a. The council's approach to job evaluation and grading of posts
 - b. Additional payments
 - c. The 'pay multiple' - the ratio between the highest paid salary and the median average salary of the Council's workforce, the ratio between the highest paid salary and the median average salary of the Council's workforce is 4.18:1 (last year this was 4.26:1). The multiplier is monitored each year and the gap between the top earner and the median average earner has positively reduced compared to this time last year.
 - d. That there is no distinction between chief officers and other employees in relation to pension entitlements and severance payments
 - e. The council's approach to the re-engagement of former senior employees.
- 3.5 As highlighted in 3.4(c) the pay gap between the top and median average earner has continued to positively reduce over the last three years. This is because of the repeated cash pay award, which ensures that the council's lowest pay point is above the national living wage. The award of a cash value of £1,290 for every employee regardless of their grade, represents in real terms, an increase of 2.5% for the top earner whereas the median earner received the higher award of 4.5%.
- 3.6 For staff below senior management level, annual pay awards are negotiated at a national level by the National Joint Council (NJC) which represent the Employers side and the Trade Unions. The pay award for 2024/25 was agreed in November 2024 (backdated to April 2024) and comprised a cash increase of £1,290 per annum on each pay point including Grades 1-10 and an increase of 2.5% for those staff on Grade 11 and Heads of Service. The pay award is reflected in the statement and appendices.
- 3.7 The pay award for Chief Officers and Chief Executives, negotiated by the Joint Negotiating Committee for Chief Officers and Chief Executives (JNC) is also agreed, with the award comprising an increase of 2.5%.
- 3.8 At the time of writing the report, negotiations have not yet started to discuss the cost of living pay award for 2025/26 (the period of this Pay Policy).

Local Government Transparency Code

3.9 Local authorities are also required under the Local Government Transparency Code 2015 to publish data required under the regulations and this is set out within the pay policy statement to meet the requirements of the code. The code requires councils to publish:

- An organisation chart covering staff in the top three levels of the organisation
- Information about senior employees whose salary is above £50,000 in addition to that already required under the Accounts and Audit (England) Regulations 2015
- The council has interpreted 'senior employees' as those employed on the top three tiers of the council: Chief Executive, Director and Heads of Service including Service Managers
- The pay multiple (as defined in 3.4)

4.0 Gender Pay Gap Reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 introduced gender pay gap reporting, which is a requirement for employers with more than 250 employees at a snapshot date of 31 March each year. Employers should publish specific figures about their gender pay gap on their own website and on the government's online reporting service, in particular:

- The mean and median gender pay gap
- The mean and median bonus
- The proportion of males and females receiving a bonus payment and
- The proportion of males and females in each quartile pay band

HBBC Pay Gap

On 31 March 2024 the council's gender pay gap was 4.3% (3.1% on 31 March 2023). The pay gap has slightly increased this year due to the payment of market supplements to housing trades operatives and refuse loaders, who are predominantly male. In terms of benchmarking, it is still significantly lower than other sectors which report a pay gap of 13.1% (Office for National Statistics April 2024).

The average mean hourly rate for female employees on 31 March 2024 is £16.43 which is lower compared to male employees which is £17.16. This is a difference of 73 pence per hour. The calculation is set out below:

$$0.73/£17.16 \times 100 = \text{gap of } 4.3\%$$

The gender pay gap should be published no later than 31 March 2025.

4. Exemptions in accordance with the Access to Information procedure rules

4.1 The report to be taken in open session.

5. Financial implications [DW]

5.1 None.

6. Legal implications [ST]

6.1 Set out in the report.

7. Corporate Plan implications

7.1 The publication of the Pay Policy Statement ensures transparency and accountability and is a legal requirement.

8. Consultation

8.1 All pay decisions at national level, have undergone full consultation with the recognised trade unions.

9. Risk implications

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 No significant risks associated with this report / decisions were identified from this assessment.

10. Knowing your community – equality and rural implications

10.1 By publishing the Pay Policy Statement will ensure greater transparency in regard to how pay is determined thus ensuring accountability to citizens within the borough. The pay policy statement also sets out how the authority, through its robust pay policy, endeavours not to discriminate against any groups of staff within the protected characteristics as contained within the Equality Act 2010.

11. Climate implications

11.1 N/A

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
 - Environmental implications
 - ICT implications
 - Asset management implications
 - Procurement implications
 - Human resources implications
 - Planning implications
 - Data protection implications
 - Voluntary sector
-

Background papers:

Contact officer: Julie Stay, 01455 255688
Executive member: Councillor S Bray

This page is intentionally left blank

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

PAY POLICY STATEMENT 2025/26

1. Introduction

The Council is committed to fairness, transparency and the principle of equal pay in employment.

This Pay Policy Statement sets out Hinckley and Bosworth Borough Council's policy on pay for senior managers and employees for 2025/2026 and is in accordance with the requirements of Section 38 of the Localism Act 2011.

The policy will set out the council's policies for the financial year relating to:

- The remuneration of its chief officers
- The remuneration of its lowest paid employees; and
- The relationship between the remuneration of its chief officers and its employees who are not chief officers (the pay multiple)

The Council's Pay Policy Statement will be agreed by Full Council before the beginning of each financial year and will then be published on the HBBC website. The statement may also be amended by Full Council during the year.

The statement meets the Council's obligations under the Localism Act 2011 and will enable elected members of the council to make decisions on pay.

2. The Local Government Transparency Code 2015

The Local Government Transparency Code 2015 requires local authorities to publish open data, including an organisation chart giving information on senior employees' salaries. The organisation chart required under the code must provide information on all staff in the top three levels of the organisation, excluding those whose salary does not exceed £50,000.

3. Scope

This statement applies to all employees of Hinckley and Bosworth Borough Council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services
- Joint Negotiating Committee for Chief Officers of Local Authorities
- Joint Negotiating Committee for Local Authority Chief Executives

4. About the Council

The council has approximately 450 staff (including those staff on fixed term contracts) across two service areas. The Chief Executive and Directors are the Council's Strategic Leadership Team which lead the work that provide services across Hinckley and Bosworth. You can view the senior management structure [here](#).

5. Definitions

For the purposes of this Pay Policy Statement the following definitions apply.

Remuneration

This includes three elements:

- Basic salary
- Pension
- And any other allowances

Chief Officers

Under the Localism Act 2011 a Chief Officer is defined as:

- Head of Paid Service (under S.4 of the Local Government and Housing Act 1989);
- Monitoring Officer (designated under section 5(1) of that Act);
- A statutory Chief Officer mentioned in 2(6) of that Act;
- A non-statutory Chief Officer mentioned in 2(7) of that Act;
- A deputy Chief Officer mentioned in section 2(8) of that Act (for the purpose of this policy these are service managers that report to a Director)

In Hinckley and Bosworth Borough Council this definition would apply to the following posts: Chief Executive, Director (Corporate & Streetscene Services) and Director (Community & Development Services).

Lowest Paid Employees

The first pay point on the council's pay and grading structure is Grade 1 (Point 2) which is £12.26 per hour and is defined as the lowest point within the council. However, the Council has made a commitment to pay staff, as a minimum, Grade 2

(Point 3) which is £12.45 per hour. This is above the current National Living Wage rate of £11.44 and the increased rate of £12.21 from April 2025.

Pay Multiple

The 'pay multiple' - the ratio between the highest paid salary and the median average salary of the Council's workforce is 4.18:1 compared to last year which was 4.26:1. The multiplier is monitored each year and the gap between the top earner and the median average earner, has reduced slightly compared to this time last year.

6. Pay Structure

Basic pay is paid in accordance with the evaluated grade of each post.

Chief Executive

The Chief Executive is paid a fixed salary.

Directors and Head of Service

Pay and grading is evaluated using the Local Government Senior Manager Job Evaluation Scheme. The pay grade structure for both Directors and Heads of Service is attached at **Appendix 1**.

Employees under National Joint Council (NJC) Terms and Conditions

For this group the pay and grading is evaluated using the National Joint Council Job Evaluation Scheme. The councils local pay structure is attached at **Appendix 2**.

7. Pay Award

The Council's pay and grading structure is adjusted by a 'cost of living' increase agreed nationally by the three bodies that represent staff at the Council, this includes JNC for Chief Officers, JNC for Chief Executives and NJC for local government services (for staff below this level). The current pay award for all employees covers the period up to March 2025.

Negotiations have not yet started regarding the cost of living pay award for 2025/26 (the period of this Pay Policy).

8. Market Supplements

The Council recognises that pressures in the national or regional labour market can mean that pay levels for particular posts can be such that the Council's normal pay level would not be sufficiently competitive to enable it to recruit or retain that post. Market supplements may be considered, and this is subject to meeting strict criteria and Strategic Leadership Team approval. If approved, market supplements are awarded for a two-year period.

9. Starting Pay

All employees, including senior employees, will normally be appointed to the minimum point of the grade for the job.

In certain cases, it may be appropriate to appoint to a higher point of the pay grade. This may arise when, for example, the preferred candidate for the job is or has been, in receipt of a salary at a higher level than the grade minimum.

10. Pay Progression

All employees receive annual increments until the top of the development point is reached. The final increment, above the development point on each grade, is subject to outstanding performance.

11. Additional Payments

Employees are eligible to receive enhancements for working on public holidays.

Employees in posts graded 1-5 who work additional hours are eligible to paid overtime for those hours worked. Employees Grade 6 or above (including senior management) are not eligible to be paid but may receive time off in lieu.

Employees required to participate in a standby rota due to the nature of their job, will receive a daily allowance plus overtime rates for call out.

12. Senior Employee Pay – Local Government Transparency Code

Senior management remuneration is set out at **Appendix 3**. Performance related pay and bonuses, including lease cars, do not form part of senior employee's pay within the council.

13. Protection of Earnings Policy

The Council's policy on protection of earnings applies to all employees of the council and provides protection for an employee's basic pay where it is reduced as a result of:

- Redeployment into a suitable alternative vacancy where an employee is at risk or under notice of redundancy
- Redeployment into a suitable alternative vacancy on health grounds
- The introduction of a revised pay and grading system

The period of pay protection is for a period of up to two years from the date of change to basic pay.

14. Termination of employment

Early retirement (Efficiency of Service)

The Local Government Pension Scheme allows employers certain discretionary powers, but the council's usual policy is not to enhance pension benefits for any employee. There are no provisions for employees to seek early retirement on the grounds of efficiency of the service, although this could be considered on a case-by-case basis.

15. Redundancy

The Council has a single redundancy scheme which applies to all employees. Redundancy payments are calculated in accordance with the Employment Rights Act 1996 and the 2006 Discretionary Compensation Regulations and are based on the employee's age, length of continuous service and salary.

The Council does not usually provide any further payment to employees leaving the Council's employment other than in respect of accrued annual leave.

16. Re-engagement

Employees who have been made redundant are eligible to apply for vacancies which may arise after they have left the council's employment. Any such applications will be considered together with those from other candidates and the best person appointed to the post.

Where a senior manager, as defined under paragraph 4, has left the authority on redundancy grounds, the authority will not re-employ at a later stage or re-engage as a consultant.

17. Publication and Access to Information

This statement will be published on the council's website, together with the council's pay and grading structure and information relating to senior management remuneration.

Director Pay from 01.04.24

DIRECTOR	SCP	GRADE
		£
	1	97,521
	2	100,173
	3	102,825
	4	105,477

Head of Service Pay from 01.04.24

HEAD OF SERVICE	SCP	GRADE 1	GRADE 2
		£	£
	1	64,923	
	2	66,636	
	3	68,351	
	4	70,066	70,066
	5	71,780	71,780
	6		73,493
	7		75,208
	8		77,499

Developmental progression to next grade (if relevant)

This page is intentionally left blank

Sp Pt	Salary Structure 1 April 2024 £1290.00 on each scale and 2.5% on SCP44 or above	Hourly	278	337	385	431	478	520	567	639	699	762	820
			1	2	3	4	5	6	7	8	9	10	11
48	62,978	32.64											
47	61,511	31.88											
46	60,061	31.13											
45	58,597	30.37											
44	57,136	29.62											
42	51,802	26.85											
41	50,788	26.32											
40	49,764	25.79											
38	47,754	24.75											
37	46,731	24.22											
36	45,718	23.70											
34	43,693	22.65											
33	42,708	22.14											
32	41,511	21.52											
30	39,513	20.48											
29	38,626	20.02											
28	37,938	19.66											
27	37,035	19.20											
25	35,235	18.26											
24	34,314	17.79											
23	33,366	17.29											
22	32,654	16.93											
20	31,586	16.37											
19	31,067	16.10											
17	30,060	15.58											
15	29,093	15.08											
14	28,624	14.84											
12	27,711	14.36											
11	27,269	14.13											
9	26,409	13.69											
8	25,992	13.47											
7	25,584	13.26											
5	24,790	12.85											
4	24,404	12.65											
3	24,027	12.45											
2	23,656	12.26											
4	22,183	11.50											

This page is intentionally left blank

Senior Employee Pay from 1 April 2024 Appendix 3

	Salary Range	Grade
Chief Executive	£129,929	Fixed salary
Director (Community & Development Services)	£97,521 – £105,477	Director Grade
Head of Housing and Environmental Services	£70,066 – £77,499	Head of Service Grade 2
Head of Planning	£64,923 – £71,780	Head of Service Grade 1
Communities and Safeguarding Manager	£57,136 – £62,978	Staff Grading Structure
Cultural Services Manager	£57,136 – £62,978	Staff Grading Structure
Environmental Services Manager	£57,136 – £62,978	Staff Grading Structure
Director (Corporate Services)	£97,521 – £105,477	Director Grade
Head of Revenues and Benefits Partnership	£83,392	Fixed salary
Head of Finance	£70,066 – £77,499	Head of Service - Grade 2
HR and Interim Legal Manager	£64,923 – £71,780	Head of Service - Grade 1
Strategic Head of ICT Services	£64,923 – £71,780	Head of Service - Grade 1
Head of Street Scene Services.	£64,923 – £71,780	Head of Service - Grade 1
Estates and Assets Manager	£57,136 – £62,978	Staff Grading Structure

This page is intentionally left blank

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

FINANCE & PERFORMANCE SCRUTINY

16 DECEMBER 2024 AT 6.30 PM

PRESENT: Cllr MJ Surtees - Chair
Cllr P Williams – Vice-Chair
Cllr DT Glenville, Cllr H Smith, Cllr P Stead-Davis, Cllr BE Sutton and
Cllr A Weightman

Also in attendance:

Officers in attendance: Chris Brown, Malcolm Evans, Rosemary Leach, Gary Upton, Rebecca Valentine-Wilkinson, Ashley Wilson and Julie Kenny

299. **Minutes of previous meeting**

It was moved by Councillor Sutton, seconded by Councillor Williams and

RESOLVED – the minutes of the meeting held on 28 October were confirmed as a correct record.

300. **Declarations of interest**

No interests were declared at this meeting.

301. **Corporate Property Performance Report**

Members were provided with an update on the performance of the property portfolio managed by the Asset Management Service.

In response to questions from members, officers confirmed that:

- the new leisure facility building was leased out in its entirety to the leisure provider;
- the Atkins building offered more than an office environment and was a gallery area, and a co-location working area for home workers and was a service for the public. It was also a popular way to attract small businesses in to the building offering office accommodation;
- marketing for these facilities was mainly through the borough bulletin, and other social media outlets to stimulate the growth of the business;
- the renting of office and retail space was more volatile and there had been a decline for demand in retail spaces.

It was moved by Councillor Smith, seconded by Councillor Sutton and

RESOLVED – that the report be noted.

302. **Financial outturn - September 2024**

Members were presented with the financial outturn position as at September 2024.

In response to a question from members around income from planning applications, officers confirmed that this report reviewed a different timeframe to agenda item 10 and that whilst application fees were below budget to date (September) this pre-dated recent major applications being received. It was also confirmed that agency costs covered posts not directly related to receipt of planning applications.

It was moved by Councillor Glenville, seconded by Councillor Stead-Davis and

RESOLVED – that the report be noted.

303. Business rates and Pooling update quarter 2 - 2024/25

Members were informed of the business rates performance from 1 April 2024 to 30 September 2024.

It was moved by Councillor Smith, seconded by Councillor Williams and

RESOLVED – that the report be noted.

304. Performance & Risk Management Framework 2nd quarter summary for 2024/25

Members were provided with an update on the 2024/25 quarter two summary for performance indicators, service improvement plans, corporate risks and service area risks.

In response to questions from members, officers confirmed that:

- there would be some changes coming to this committee around the risk management framework coming out of work done on the risk register;
- information could be added to the sickness absence statistics to enable trends to be monitored.

It was moved by Councillor Williams, seconded by Councillor Sutton and

RESOLVED –

- (i) that members noted the second quarter status for items listed and reviewed the risks that posed the most significant threat to the council's objectives and priorities;
- (ii) that the report be noted.

305. Planning Service Review

Members were updated on the performance of the planning service.

In response to a question raised by members around when the next local plan would be in place, officers confirmed that there would still be a role for the local plan. Going forward local plans would sit below new strategic development strategies that would be produced on a wider geographical area. Progress on this would be to update the council's local development scheme in February 2025 and provide feedback to Government on local plan timescales by mid-March.

It was moved by Councillor Sutton, seconded by Councillor Williams and

RESOLVED –

- (i) that members acknowledged the increase in planning performance, the improvement in retention and recruitment across the service and the current and forthcoming challenges with regards to planning appeals;
- (ii) that the report be noted.

306. Frontline Service Review - Environmental Services

Members were updated on the performance of the Environmental Services team during the previous financial year.

It was moved by Councillor Glenville, seconded by Councillor Stead-Davis and

RESOLVED – that the report be noted.

307. Council Housing Services update report

Members were updated on the key activities and performance within the Housing service that included anti-social behaviour, rents, tenancy management, repairs and older persons' services.

Members thanked officers for such a comprehensive report.

It was moved by Councillor Sutton, seconded by Councillor Stead-Davis and

RESOLVED – that the report be noted.

308. Finance & Performance Scrutiny Work Programme

Members reviewed the work programme and noted that the financial outturn for quarter 3 would need to be included.

The update was noted.

(The Meeting closed at 7.52 pm)

