

Agenda

Meeting name	Meeting of the Cabinet
Date	Wednesday, 15 November 2023
Start time	4.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire. LE13 1GH
Other information	This meeting is open to the public

Members of the Cabinet are invited to attend the above meeting to consider the following items of business.

Edd de Coverly
Chief Executive

Membership

Councillors P. Allnatt (Chair) M. Glancy (Vice-Chair)
S. Butcher S. Cox
P. Cumbers

Quorum: 3 Councillors

Meeting enquiries	Democratic Services
Email	democracy@melton.gov.uk
Agenda despatched	Tuesday, 7 November 2023

No.	Item	Page No.
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES To confirm the minutes of the meeting held on 11 October 2023.	1 - 6
3.	DECLARATIONS OF INTEREST Members to declare any interest as appropriate in respect of items to be considered at this meeting.	7 - 8
4.	MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES The following items have been referred from Scrutiny Committee, in accordance with the Scrutiny Procedure Rules: <ul style="list-style-type: none"> • Crime and Disorder • Housing Ombudsman Annual Report 2022/23 	9 - 14
5.	PLANNING ENFORCEMENT POLICY A report seeking approval for the adoption of a Planning Enforcement Policy that will help the Council in managing the planning enforcement function in a consistent, effective, and compliant way.	15 - 40
6.	QUARTER 2 HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL BUDGET MONITORING REPORT 2023/24 A report providing information on actual expenditure and income incurred on the Housing Revenue Account (HRA), compared to the latest approved budget for the period 1 April to 30 September 2023 for revenue and capital budgets.	41 - 52
7.	QUARTER 2 GENERAL FUND REVENUE AND CAPITAL BUDGET MONITORING REPORT 2023/24 A report providing financial progress information on the General Fund and Special Expenses for period 1 April to 30 September 2023.	53 - 66
8.	MID YEAR TREASURY MANAGEMENT REPORT 2023/24 A report providing a summary of the treasury activities to the end of September 2023 and covering the actual position to date on the Prudential Indicators in accordance with the Prudential Code.	67 - 90
9.	ACQUISITION OF AFFORDABLE HOMES TO SPEND RIGHT TO BUY RECEIPTS A report advising of the need to spend Right to Buy receipts for 2023/24 to enable the acquisition of affordable homes and proposing that Cabinet delegates authority to the Director of Housing and Communities, in consultation with the Portfolio Holder for Housing and Landlord Services to purchase houses in accordance with the Right to Buy budget.	91 - 98



Minutes

Meeting name	Cabinet
Date	Wednesday, 11 October 2023
Start time	4.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire. LE13 1GH

Present:

Chair M. Glancy (Vice-Chair, in the Chair)

Councillors S. Butcher S. Cox
P. Cumbers

In Attendance Scrutiny Committee Chair – Councillor M. Brown

Officers Chief Executive
Director for Housing and Communities (Deputy Chief Executive) (via remote link)
Director for Corporate Services (Section 151 Officer)
Director for Growth and Regeneration
Assistant Director for Housing Management
Senior Solicitor
Senior Democratic Services and Scrutiny Officer

Minute No.	Minute
34	<p>APOLOGIES FOR ABSENCE An apology for absence was received from Councillor Allnatt.</p>
35	<p>MINUTES The Minutes of the meeting held on 13 September 2023 were confirmed.</p>
36	<p>DECLARATIONS OF INTEREST There were no declarations of interest.</p>
37	<p>MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES In accordance with the Scrutiny Procedure Rules, the following items had been referred from the Scrutiny Committee:</p> <ul style="list-style-type: none"> • Scrutiny feedback on Preparing for Regulatory Change (Housing). • Scrutiny feedback on Cattle Market Leases. <p>Scrutiny feedback on Preparing for Regulatory Change (Housing) The Chair of the Scrutiny Committee, Councillor Mike Brown, introduced the report, advising members the Scrutiny Committee had met on 21 September 2023 and considered the report on Preparing for Regulatory Change (Housing).</p> <p>The Deputy Leader thanked the Chair of the Scrutiny Committee for the feedback and stated that she considered the feedback to be a balanced and fair assessment of how the regulatory change in housing would affect the Council.</p> <p>Cabinet AGREED to have regard for Scrutiny Committee's feedback.</p> <p>Scrutiny feedback on Cattle Market Leases The Chair of the Scrutiny Committee, Councillor Mike Brown, introduced the report, advising members the Scrutiny Committee had met on 21 September 2023 and considered the report on the Cattle Market Leases.</p> <p>In responding to the feedback, the Deputy Leader wanted to assure the Scrutiny Committee that all options in relation to car parking are to be reviewed.</p> <p>The Portfolio Holder for Corporate Finance, Property and Resources stated that the lease arrangements at the Cattle Market were inherited and that going forward the rents would be reviewed with the aim to maximise income for the Council. She added that all options on managing the site would be explored and evaluated.</p> <p>Cabinet AGREED to have regard for Scrutiny Committee's feedback.</p>
38	<p>INTENSIVE HOUSING MANAGEMENT SERVICE REVIEW</p>

The Director for Housing and Communities (Deputy Chief Executive) introduced the report the purpose of which was to update Members on the Intensive Housing Management Service Review, which set out a number of recommendations and to update on the implementation of the revised support arrangements at Gretton Court, the Council's Extra Care Scheme.

The Portfolio Holder for Corporate Finance, Property and Resources thanked Officers for their hard work and noted that the option to allow tenants to manage their own budgets was welcome.

Cabinet

- (1) **NOTED** the findings of the review of the Intensive Housing Management Service (IHMS).
- (2) **AUTHORISED** the removal of the IHMS charge for tenants in dispersed accommodation who have confirmed during the initial consultation phase that they wish to leave the service.
- (3) **AUTHORISED** the removal of the IHMS charge for tenants in dispersed accommodation for any tenants who wish to opt out of the service.
- (4) **DELEGATED** to the Director for Housing and Communities in consultation with the Director for Corporate Services, authority to make arrangements to remove the IHMS charge and to determine the date from which the charge is removed.
- (5) **AUTHORISED** a consultation exercise with the Council's Sheltered Housing tenants which provides tenants with options for assistive technology and future support arrangements and indicative costs, ensuring that any future model operates on a full cost recovery basis and;
 - (5.1) To use the outcome of this consultation exercise to inform recommendations for future support arrangements for sheltered housing tenants, the outcome of which will be considered by Cabinet no later than January 2024.
- (6) **AUTHORISED** a consultation exercise with IHMS tenants within the Council's dispersed housing stock who have expressed a wish to access support or lifeline services, which provides tenants with options for assistive technology and future support arrangements and indicative costs, ensuring that any future model operates on a full cost recovery basis and;
 - (6.1) To use the outcome of this consultation exercise to inform recommendations for future support arrangements for the Council's

dispersed housing tenants, the outcome of which will be considered by Cabinet no later than January 2024.

- (7) **DELEGATED** authority to the Director for Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services, to de-designate dispersed accommodation units where the IHMS charge is no longer being applied.
- (8) **DELEGATED** authority to the Director for Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services, authority to develop a local lettings plan to provide clarity on future letting arrangements for de-designated properties across the borough, ensuring alignment with the Council's Housing Allocations Policy.

Reasons for the Recommendations

The Council is taking positive action to review its current practises and future service delivery options in relation to the IHMS service, whilst also allowing the autonomy of those who do not wish to have access to lifeline services or support, to be able to opt out.

The review of the Intensive Housing Management Service has been a comprehensive and complex exercise. A full review of the service across the Council's Extra Care, Sheltered and Designated Dispersed Housing stock has been required for some time. It has involved extensive work to fully understand the history, scope and delivery of the service and to consider future options, which best support tenants to retain their independence, but also ensure that the Council is confident it can comprehensively and financially deliver.

Initially the review has focussed on the dispersed properties with an IHMS designation attached. Formal consultation is needed with tenants who live in the council's sheltered schemes and those tenants in dispersed accommodation who have advised that they may be interested in receiving support in the future. Clarifying options, costs and recommendations is a necessary next step to allow tenants to make an informed choice.

The Council is now at a stage to conclude the review and to enable service changes to ensure clarity and effective service delivery, cost recovery and resilience. Careful consideration needs to be given to the most appropriate way to support tenants, ensuring at all times with any revised approach that regulatory requirements and tenants best interests are met.

At this point of the review, the Council needs to act on feedback from tenants within the council's dispersed housing stock who wish to opt out of the service. This needs to be carried out in a planned and managed way whilst progressing these changes quickly to minimise ongoing costs to tenants.

Formal consultation with sheltered housing scheme tenants and with those tenants within the council's designated dispersed housing stock who have expressed that

they wish to access support or lifeline services, will enable officers to develop clear recommendations for future for consideration by Cabinet This consultation process will allow officers to determine what support is required by tenants and how this can best be delivered. Affordability, service quality and resilience will be key considerations.

Removing the IHMS charge from each individual dispersed tenancy where the tenant has identified that they wish to leave the service will mean that those properties are effectively 'de-designated' and will form part of the council's general needs accommodation rather than restricted accommodation. However, there is scope, through the use of a Local Lettings Policy (LLP) to restrict the allocation of some properties to applicants with defined characteristics, for example those over a certain age or with health needs or disabilities. The Council will need to balance the requirement to ensure sustainable and balanced communities across the borough with tenant expectations and the council's statutory obligation to house those in the greatest need via its housing register.

The meeting closed at: 4.57 pm

Chair

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MEMBER INTERESTS

Do I have an interest?

1 DISCLOSABLE PECUNIARY INTERESTS (DPIs)

A “Disclosable Pecuniary Interest” is any interest described as such in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and includes an interest of yourself, or of your Spouse/Partner (if you are aware of your Partner's interest) that falls within the following categories: Employment, Trade, Profession, Sponsorship, Contracts, Land/Property, Licences, Tenancies and Securities.

A Disclosable Pecuniary Interest is a Registerable Interest. Failure to register a DPI is a criminal offence so register entries should be kept up-to-date.

2 OTHER REGISTERABLE INTERESTS (ORIs)

An “Other Registerable Interest” is a personal interest in any business of your authority which relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority; or
- b) any body
 - (i) exercising functions of a public nature
 - (ii) any body directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

3 NON-REGISTRABLE INTERESTS (NRIs)

“Non-Registrable Interests” are those that you are not required to register but need to be disclosed when a matter arises at a meeting which directly relates to your financial interest or wellbeing or a financial interest or wellbeing of a relative or close associate that is not a DPI.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you become aware. In any other circumstances, where Members require further advice they should contact the Monitoring Officer or Deputy Monitoring Officer in advance of the meeting.

Declarations and Participation in Meetings

1 DISCLOSABLE PECUNIARY INTERESTS (DPIs)

- 1.1 Where a matter arises at a meeting which **directly relates** to one of your Disclosable Pecuniary Interests which include both the interests of yourself and your partner then:
- a) you must disclose the interest;
 - b) not participate in any discussion or vote on the matter; and
 - c) must not remain in the room unless you have been granted a Dispensation.

2 OTHER REGISTERABLE INTERESTS (ORIs)

- 2.1 Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests i.e. relating to a body you may be involved in:
- a) you must disclose the interest
 - b) may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
 - c) must not remain in the room unless you have been granted a Dispensation.

3 NON-REGISTRABLE INTERESTS (NRIs)

- 3.1 Where a matter arises at a meeting, which is not registrable but may become relevant when a particular item arises i.e. interests which relate to you and /or other people you are connected with (e.g. friends, relative or close associates) then:
- a) you must disclose the interest;
 - b) may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
 - c) must not remain in the room unless you have been granted a Dispensation.

4 BIAS

- 4.1 Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest (bias):
- a) you should not take part in the decision-making process
 - b) you should state that your position in this matter prohibits you from taking part
 - c) you should leave the room.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you become aware. In any other circumstances, where Members require further advice they should contact the Monitoring Officer or Deputy Monitoring Officer in advance of the meeting.



To: Cabinet
Date: 15 November 2023
Report/Comments of: Scrutiny Committee
Title: Scrutiny Feedback to Cabinet – Crime and Disorder

SUMMARY OF REPORT CONSIDERED

Report Title:	Crime and Disorder – Annual Update
Purpose/Description of Report:	The Scrutiny Committee receives an annual update report to assist in the discharge of its responsibility as the Council’s designated Crime and Disorder Committee.
Key Decision:	No
Scrutiny Lead Member:	Cllr M Brown, Scrutiny Committee Chairman
Relevant Portfolio Holder:	Cllr P Cumbers, Portfolio Holder for Customers, Communities and Neighbourhoods

1. Introduction and Overview

The Scrutiny Committee met on 19 October 2023 to consider the Crime and Disorder Annual Update. A presentation was also provided to aid Members’ consideration.

As part of its remit, the Scrutiny Committee is the Council’s designated Crime and Disorder Committee under the Police and Justice Act 2006. The Scrutiny Committee receives an annual update report to assist in the discharge of this responsibility.

The report provided an update on the following key thematic areas:

- a) Impact of team restructure and the difference this has made.
- b) Partnership working and collaboration – including an introduction to the new Inspector for Melton, Darren Richardson. (Introduction, Crime trends and any other relevant info).
- c) Funding Opportunities – Current and Future
- d) Community Cohesion / Engagement
- e) Strategy and Key Performance Indicators

2. Summary of Feedback/Recommendations for Cabinet Consideration

- Members commented that they were impressed with how proactive Leicestershire Police have been in dealing with drug dealers in the community.
- Concerns were raised that young people, some who have a lot of maturing to do, are at risk of being criminalised because of a mistake they may make. Members were reassured that young people have access to support and are given every opportunity to reflect on their choices in order to make the correct decisions before they are charged. The Committee was reassured that taking enforcement action is a last resort.
- The Committee thanked Leicestershire Police for their service.
- A concern was raised regarding the use of social media in order to organise group antisocial behaviour or criminal activity, however it was confirmed that this is rare in Melton.
- Further concerns were raised regarding the disruption that Just Stop Oil protesters can cause, however the Committee were informed that the Police have a plan for such occurrences within Leicestershire.
- The comment was made that submitting queries via the Police website is cumbersome, however it was explained that the form has to conform to reporting standards.
- Concern was raised at the potential for prisoners to be released early due to prison overcrowding. Inspector Richardson informed the Committee that 'Operation Safeguard' would be enacted in such an occurrence, and that this involved the temporary use of custody suites for remand prisoners in some circumstances.
- Members commented that Crimestoppers is a really good service.
- The importance of community trust in the Police was raised, however it was recognised that increased reporting is going to help.
- The comment was made that rural crime prevention has improved with the beat officers and increased visibility and proactivity, as well as the community communication channels.
- Concerns were raised regarding retail crime and although Inspector Richardson stated that there had not be a noticeable increase in retail crime, he did state that County Lines and drugs do impact upon retail crime. The importance of reporting was reiterated.
- Members questioned the speediness of returning recovered stolen property with their rightful owners. Inspector Richardson stated that the Police aim to return property in a timely manner but that there are sometimes reasons why it isn't, e.g. the property being needed for further investigation.

- The Committee wanted more data on how many times the Council has engaged with and supported residents, and not just how many times enforcement action has been taken.
- When it comes to speeding, Members stated that flashing speed signs seem to be highly effective. Clarity was sought on how to request speed monitoring arrangements in local areas.
- Further to a discussion on fly tipping, members wanted to ensure that effective communication takes place, especially around the hiring waste contractors and the fact that the owner of the waste is responsible for how their waste is disposed of even if they hire a contractor to dispose of the waste. Officers outlined the various communication channels and committed to check the accessibility of information on the council website. Members raised a concern that the planned closure of reduced opening hours of household recycling suites would risk increased fly tipping.

Written by: Scrutiny Committee Chairman in consultation with Members of the Scrutiny Committee.

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To: Cabinet

Date: 15 November 2023

Report/Comments of: Scrutiny Committee

Title: Scrutiny Feedback to Cabinet – Housing Ombudsman, Annual Report 2022/23

SUMMARY OF REPORT CONSIDERED	
Report Title:	Housing Ombudsman, Annual Report 2022/23
Purpose/Description of Report:	The report sets out the content of the annual report and provides context regarding the complaints and the way in which complaints are managed by Melton Borough Council.
Key Decision:	No
Scrutiny Lead Member:	Cllr M Brown, Scrutiny Committee Chairman
Relevant Portfolio Holder:	Cllr P Allnatt, Portfolio Holder for Housing and Landlord Services

1. Introduction and Overview

The Scrutiny Committee met on 19 October 2023 to consider a report on the Housing Ombudsman’s Annual Report 2022/23.

The Council received notification on Thursday 12 October that the Housing Ombudsman would be issuing their annual landlord performance reports for complaints they had determined for each local authority on Tuesday 17 October.

The report sets out the content of the annual report and provides context regarding the complaints and the way in which complaints are managed by Melton Borough Council.

2. Summary of Feedback/Recommendations for Cabinet Consideration

- Members commented that, occasionally, they recognise that complaints acknowledgement had been an issue and the work that had been done to improve this.
- Concern was raised that the way the contractor acts can affect the way the Council is viewed by the Housing Ombudsman, however, it was noted that the Council is the landlord and is ultimately responsible.
- Members noted that being able to demonstrate learning from complaints was important. It was suggested that as part of the committees workplan review, the council's complaints policy and complaint handling may be added as a future workplan item.

Written by: Scrutiny Committee Chairman in consultation with Members of the Scrutiny Committee



Cabinet

15 November 2023

Planning Enforcement Policy

Report Author:	Louise Parker , Planning Development Manager
Report Author Contact Details:	01664 502375 lparker@melton.gov.uk
Chief Officer Responsible:	Pranali Parikh , Director for Growth and Regeneration
Chief Officer Contact Details:	01664 504321 PParikh@melton.gov.uk
Portfolio Holder Responsible	Councillor Margaret Glancy - Portfolio Holder for Governance, Environment and Regulatory Services (Deputy Leader)

Corporate Priority:	3: Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	Yes
Key Decision:	No
Subject to call-in:	Yes

1 Summary

- 1.1 Melton Borough Council (“the Council”) are a Local Planning Authority (“LPA”). LPAs are responsible for the planning function in England including planning enforcement.
- 1.2 The Council has discretionary powers in respect to Planning enforcement. This means that the Council has the discretion whether to take action and the decision will be based upon a number of factors that will be explained in the Policy. Planning enforcement powers are mainly set out in the Town and Country Planning Act.

- 1.3 The purpose of this report is to seek approval for the adoption of a Planning Enforcement Policy that will help the Council in managing the planning enforcement function in a consistent, effective, and compliant way.

2 Recommendation(s)

That Cabinet:

- 2.1 **Approves the Planning Enforcement Policy (Appendix 1) for adoption and publication on the Council's website.**
- 2.2 **Delegates Authority to the Director for Growth and Regeneration (in consultation with the relevant Portfolio Holder) to make any further changes to the Policy arising from the Levelling Up and Regeneration Act.**

3 Reason for Recommendations

- 3.1 'Delivering sustainable and inclusive growth in Melton' and 'Protecting our built and natural environment' are key corporate priorities for the Council. Planning enforcement is an important tool available to the Council in achieving these priorities.
- 3.2 Melton Borough Council, as a local planning authority, is a responsible body for planning enforcement within the Borough.
- 3.3 The purpose of the Planning Enforcement Policy is to ensure effective and proper enforcement of planning controls is in place to protect the local environment and interests of the residents, visitors, and businesses from the harmful effects of unauthorised development and breaches of planning control. It is important and necessary to ensure ongoing public trust in the planning system.

4 Background

- 4.1 The National Planning Policy Framework (NPPF, 2021) advises at paragraph 59:
"Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development, and take action where appropriate."
- 4.2 Central government advice on planning enforcement is set out primarily in the Planning Practice Guidance (PPG) 'Ensuring Effective Enforcement', which was most recently updated in July 2019. It emphasises the importance for local authorities to prepare and adopt local enforcement policies and plans.
- 4.3 Council approved a new post of Planning Enforcement Officer at its meeting in April 2022, and the post was created and subsequently recruited to in October 2022. The Officer set about writing the Council's new Planning Enforcement Policy (also responding to an audit

requirement), alongside managing the substantial backlog of caseload relating to planning enforcement as there had been no dedicated resource since a council decision to remove it in 2015.

- 4.4 An audit of planning enforcement functions was undertaken last year by the internal audit team which highlighted the need for a Planning Enforcement Policy. This document represents a culmination of that work.
- 4.5 The purpose of this policy is to explain the Council's approach to its planning enforcement responsibilities. This policy relates only to Planning Enforcement. The Council has separate Policies in relation to enforcement of other areas (e.g. Licensing).

5 Main Considerations

- 5.1 The planning system as a whole operates to regulate development and the use of land in accordance with the public interest. Enforcement is an integral part of the planning system and the Council's enforcement functions are carried out under the Scheme of Delegation to Officers in accordance with the Council's Constitution.
- 5.2 This Policy sets out the framework by which Council Officers will make decisions in respect of planning enforcement. It summarises how we prioritise complaints, the enforcement tools available, and how complaints are investigated.
- 5.3 The approach to prioritisation of planning enforcement complaints, as identified in the policy, will inform future planning of the workload within the planning enforcement function of the Council, and assist in preparing the Planning Enforcement Plan which will be reviewed on an annual basis.
- 5.4 The Policy is expected to provide clarity to:
- All stakeholders regarding the Council's approach and process in dealing with alleged planning breaches.
 - Complainants regarding how to complain and who to approach regarding identified or suspected breaches.
 - Owners/occupiers/applicants regarding what actions Council would take.
 - All stakeholders regarding options available to the Council and types of actions that could be taken in specific circumstances.
 - All stakeholders regarding what can be dealt with by this policy and what is excluded.
 - Council officers regarding process to follow and how to prioritise workload.
 - Councillors regarding performance of the enforcement function.
- 5.5 The key objective of this policy is to enable the Council in dealing with the breaches of planning control in a fair and robust way.
- 5.6 The Council will use key performance indicators to monitor the performance and effectiveness of this policy. There are two levels of indicators:
- a) PS1/2 returns (reported to Government on quarterly basis and planning committee on annual basis)
 - b) Corporate level indicators: (reported to Cabinet on quarterly basis, and planning committee on annual basis)

6 Options Considered

- 6.1 Not create / approve a Planning Enforcement Policy – this is not considered a viable option as it is an audit recommendation to have one in place.
- 6.2 Approve the Planning Enforcement Policy – recommended option as it is an audit requirement, and furthermore it assists the local community in understanding how the Council undertakes its enforcement duties, and the service that can be expected.

7 Consultation

- 7.1 This policy has been prepared in consultation with planning and legal officers in the Council.

8 Next Steps – Implementation and Communication

- 8.1 Following approval, the Policy will be uploaded to the website, and customers will be referred to it so that they can understand the processes and procedures we have in place to deal with enforcement complaints related to planning.

9 Financial Implications

- 9.1 There are no financial implications associated with this decision.

Financial Implications reviewed by: David Scott, Assistant Director for Resources

10 Legal and Governance Implications

- 10.1 Planning enforcement is a discretionary function of the planning system and the Council but is important and necessary to ensure ongoing public trust in the planning system. Melton Borough Council as a local planning authority have powers available to take action where necessary.
- 10.2 Planning enforcement powers are mainly set out in legislation (primarily through the Town and Country Planning Act 1990) and the Policy reflects these legislative provisions. There are also considerations within national guidance (such as the National Planning Policy Framework and Planning Practice Guidance) that are reflected within the Policy.
- 10.3 Other statutory provisions may be engaged depending on the particular case (e.g. the Human Rights Act 1998 and the Equalities Act 2010) and reference is made within the Policy.
- 10.4 It is good practice to have a planning enforcement policy in place to govern and explain and how decisions will be made.

Legal Implications reviewed by: Senior Solicitor

11 Equality and Safeguarding Implications

- 11.1 An Equalities Impact Assessment has been undertaken during the development of the policy.
- 11.2 There are no equality and safeguarding implications of the proposed policy.

12 Data Protection Implications

- 12.1 A Data Protection Impact Assessment (DPIA) has not been completed for the following reasons:
- There are no data protection implications of the Policy.
 - Planning enforcement complaints are confidential – The Council will only share personal information where we have consent or are required by law to do so.

13 Community Safety Implications

- 13.1 None

14 Environmental and Climate Change Implications

- 14.1 Planning enforcement can often be associated with remedying harm caused when planning control is breached. This can include heritage, archaeology etc.
- 14.2 The Policy is considered a positive impact on the environment for these reasons.

15 Other Implications (where significant)

- 15.1 None

16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	The Policy is not approved and therefore the Council continues to have no formal Planning Enforcement Policy.	Very Low	Critical	Low Risk
2	The policy is not followed	Low	Critical	Medium Risk
3	Matters arise that are not included within the policy	Low	Marginal	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low		3	2	
	2 Very Low			1	
	1 Almost impossible				

Risk No	Mitigation
1	Adopt the proposed Planning Enforcement Policy
2	There are performance indicators and quality assurance measures in place to monitor effective implementation of the policy
3	The policy will be reviewed on periodic basis and will be updated in view of matters arising

17 Background Papers.

17.1 None

17.2 Equality Impact Assessment

18 Appendices

18.1 Appendix 1: Planning Enforcement Policy



Planning Enforcement Policy

September 2023

Document Control

Policy Details	Comments / Confirmation (To be updated as the document progresses)
Policy Title	Planning Enforcement Policy
Status / Version	Draft for Decision (V16)
Author	Planning Development Manager
Location of Policy	Public / Website
Committee Lead	Cabinet
Lead Member Responsible	Cabinet Portfolio Holder for Governance, Environment & Regulatory Services
Equality Impact Assessment Approval	In progress
Partnership Involvement (If applicable)	N/A
Final Policy Approval Route	Cabinet (November 2023)
Date Policy Approved	TBC
Date Policy Due for Review (maximum 5 years)	November 2028

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3. Our approach
4. Legislation and Guidance

Part 2 – Planning Enforcement Complaints

5. What can be considered a planning enforcement complaint?
6. What cannot be considered as a planning enforcement complaint?
7. Who can make a complaint and how?
8. What happens when a complaint is received?

Part 3 – Investigating Complaints

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10. Will the Council take action?
11. Site Visits
12. Rights of Entry
13. Is it expedient and proportionate to take action?
14. Where the Council decides to take formal action
15. Trees and Hedges
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Part 4 – Enforcement Options

17. No further action
18. Further investigation required
19. Negotiated solutions
20. Retrospective applications
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22. Prosecution
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24. Planning Contravention Notice
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Part 4 – Miscellaneous

32. Human Rights and Equalities
33. Feedback, compliments and complaints
34. Equality Impact Assessment
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36. Zero Tolerance
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DRAFT

Part 1 - Background

1. Introduction

- 1.1. Melton Borough Council (“the Council”) are a Local Planning Authority (“LPA”). LPAs are responsible for the planning function in England including planning enforcement.
- 1.2. The purpose of this policy is to explain the Council’s approach to its planning enforcement responsibilities. This policy relates only to Planning Enforcement. The Council has separate Policies in relation to enforcement of other areas (e.g. Licensing).
- 1.3. Unless the context says otherwise, the word ‘complaint’ within this policy refers to a planning enforcement complaint, allegation or report of a potential breach of the planning system.
- 1.4. This Policy explains:
 - 1.4.1. what is a planning enforcement complaint;
 - 1.4.2. what is not a planning enforcement complaint;
 - 1.4.3. who can make a complaint and how;
 - 1.4.4. how we prioritise complaints and timescales;
 - 1.4.5. how we will investigate your complaint;
 - 1.4.6. whether the Council will take action; and
 - 1.4.7. what action the Council is able to take.
- 1.5. This Policy sets out the framework by which Council Officers will make decisions in respect of planning enforcement. It summarises how we prioritise complaints, the enforcement tools available, and how complaints are investigated.
- 1.6. The Council seeks to promote an efficient and effective approach to enforcement. We recognise that planning enforcement can affect people in many ways and is often an emotive area.
- 1.7. Planning enforcement is a complex area of the planning system and it should be noted that the processes involved can often be lengthy and complicated and an instant resolution may not be possible.
- 1.8. The Council’s enforcement functions are carried out under the Scheme of Delegation to Officers in accordance with the Council’s Constitution.
- 1.9. Any reference to statutes, acts, orders, directions, guidance, frameworks, regulations, statutory instruments or otherwise in this Policy includes (where appropriate) reference to their amendments and replacements.

2. Key Objectives

- 2.1. The Council has discretionary powers in respect to Planning enforcement. This means that the Council has the discretion whether to take action and the decision will be based upon a number of factors that will be explained in this Policy.

- 2.2. The planning system as a whole operates to regulate development and the use of land in accordance with the public interest.
- 2.3. The effective and proper enforcement of planning controls is essential to protect the local environment and interests of the residents, visitors and businesses from the harmful effects of unauthorised development.
- 2.4. This Policy seeks to ensure that planning enforcement at the Council is:
 - 2.4.1. carried out in a fair and robust way;
 - 2.4.2. able to remedy the undesirable effects of unauthorised developments; and
 - 2.4.3. proportionate and reasonable in the circumstances.
- 2.5. The Council's objective is to remedy serious breaches of planning control not to punish those who are in technical breach of legislation. The Council gives those concerned the opportunity to remedy any identified breach and will work with people in seeking solutions that are acceptable to the Council in line with national guidance, best practice and local planning policies.
- 2.6. It should be noted that just because something is a breach of planning control is not, in itself, a justifiable reason to take enforcement action and there are other considerations that must be considered in line with this Policy.

3. Our Approach

- 3.1. We recognise that most people want to comply with the law and we want to work with all parties to achieve compliance. If there is a problem, we want to resolve it by clear and effective communicating and encouraging people to behave responsibly. We will follow the '4 Es' approach to enforcement:



- 3.1.1. We will engage with parties early on to try and resolve matters early.
- 3.1.2. We will explain why we think there is an issue or why we think there is not.
- 3.1.3. Where we think there is an issue, we will encourage corrective action to be taken to seek compliance and where relevant to reduce the risk to public health, safety, welfare and/or to the environment.
- 3.1.4. If necessary, we will take enforcement action as a last resort.
- 3.2. Although we will attempt to work through the '4 Es' it may not always be possible depending on the situation.
- 3.3. The Council is committed to fair and objective enforcement ensuring that enforcement is carried out in a non-discriminatory manner and aimed at promoting good community relations.
- 3.4. The Council will consider the facts of the case and apply them against Legislation Guidance and Policies.

4. Legislation and Guidance and Policies

- 4.1. LPAs have discretionary powers in relation to planning enforcement that are set out in legislation. The main provision is the Town and Country Planning Act 1990 (as amended). This allows the Council to investigate complaints and take certain courses of action to remedy breaches of planning control.
- 4.2. There are other pieces of legislation that the Council uses in carrying out its duties for planning enforcement including (but not limited to):
 - 4.2.1. The Planning (Listed Building and Conservation Areas) Act 1990 (as amended);
 - 4.2.2. The Town and Country Planning (Control of Advertisements) (England) Regulations 2007 (as amended);
 - 4.2.3. Town and Country Planning (Tree Preservation) Regulations (England) 2012 (as amended);
 - 4.2.4. The Town and Country Planning (General Permitted Development) Order 2015 (as amended); and
 - 4.2.5. The Town and Country Planning (Use Classes) Order 1987(England) (as amended).
- 4.3. The National Planning Policy Framework (September 2023) and National Planning Practice Guidance are clear that the powers provided by legislation are discretionary and should only be used when it is expedient to do so. Any action taken should be commensurate with the seriousness of the breach of planning control and the harm caused or harm that may be caused.

Part 2 – Planning Enforcement Complaints

5. What can be considered a planning enforcement complaint?

- 5.1. The Council has a duty to investigate complaints alleging a breach or breaches of planning control. A breach of planning control may relate to either carrying out development without planning permission or failing to comply with any condition or limitation imposed by a planning permission.
- 5.2. This also includes a material change of use without the relevant permission. Whether a change of use is 'material' or not is a judgement that is made by professional officers taking account of the facts and circumstances of a case.
- 5.3. For example a complaint is received that:
 - 5.3.1. a developer is building a new property without planning permission – this can be investigated.
 - 5.3.2. a residential house has become a large nail salon without a change of use – this can be investigated.
 - 5.3.3. a condition on planning permission requires that install a 6ft close boarded fence is installed around a new build but it is only a post and rail 4ft fence – this can be investigated.
- 5.4. It must be remembered however that just because a complaint can be investigated, it does not mean enforcement action will follow.
- 5.5. The Council is also able to investigate against certain other matters, for example in relation to trees and hedgerows. Please see Section 15 for more information.

6. What cannot be considered as a planning enforcement complaint?

- 6.1. There are certain matters and circumstances where the Council will not investigate including (but not limited to) complaints about:
 - 6.1.1. neighbour disputes without material planning considerations (including boundary disputes)
 - 6.1.2. property and land ownership issue (including breaches of covenants, easements and other rights) and trespass
 - 6.1.3. dangerous structures (this is under the Building Control remit)
 - 6.1.4. licensing issues (this is under the Licensing remit)
 - 6.1.5. environmental health matters (this is under the Environmental Health remit)
 - 6.1.6. persistent complaints that we have previously investigated, and we consider have been resolved or could not be progressed
 - 6.1.7. malicious or vexatious reports
 - 6.1.8. fly posting (this is under the Environmental Waste remit)
 - 6.1.9. offences specifically defined under the Highways Act 1980 – e.g. obstruction of a footpath (these are function of the Local Highway Authority)

- 6.2. The Council may also not be able to investigate complaints where there is no supporting evidence to substantiate an allegation.

7. Who can make a complaint and how?

- 7.1. Anyone can make a complaint to the Council in respect of planning enforcement.
- 7.2. This can be done by:
- 7.2.1. [completing our on-line form](#) (this is the best and most effective way);
 - 7.2.2. calling our Customer Services Team on 01664 502 502; or
 - 7.2.3. emailing planningenforcement@melton.gov.uk
- 7.3. Anonymous complaints may be submitted however the Council will obviously not be able to provide any updates on the case.

8. What happens when a complaint is received?

- 8.1. When a complaint is received, it will be allocated to an officer to review who will endeavour to acknowledge receipt within 5 working days. The acknowledgement will either be by letter, e-mail or telephone and will provide the name and contact details of the investigating officer and a case reference number.
- 8.2. If on initial receipt of a complaint it is obvious that it is not a planning matter or there is deemed to be no breach of planning control the complainant will be notified. If the reported breach relates to a function or activity enforced by another Council service (e.g. fly tipping or statutory nuisance) the complaint will be forwarded to the relevant department.
- 8.3. Initial information will be gathered in order to assess whether the complaint can be reviewed and if so to prioritise the complaint.
- 8.4. Where a complaint falls outside of this Policy (see Section 6), the complainant will be notified with the reasons why. There is no internal right of appeal of this decision, however it may be possible to raise a complaint through the Council's Corporate Complaint's procedure in certain circumstances (please see Section 33).
- 8.5. Complaints are treated in confidence and the details of the complainant are not shared. There may be circumstances where a case later progresses to legal action and witness evidence is required. If this is required, we may contact you to ask you to provide a statement. We will not disclose your information without your consent.

Part 3 – Investigating Complaints

9. How we prioritise your complaint and timescales

- 9.1. When the Council investigates an allegation, the case will be allocated a priority depending on a number of factors. These priorities take into account the severity and harm of the breach. The Council will investigate the breach in accordance with the priority.
- 9.2. Although the Council will seek to investigate the breach in accordance with the timescales below, there may be instances where this is not possible.
- 9.3. **Priority 1 – Severe**
 - 9.3.1. Works to listed buildings (demolition/alteration/disrepair);
 - 9.3.2. Demolition or significant development in a conservation area;
 - 9.3.3. Breach of a TPO or works to trees in a conservation area; and/or
 - 9.3.4. Development causing serious and immediate/irreparable harm, particularly to protected ecology or causing serious danger to the public.
- 9.4. **Priority 2 – High**
 - 9.4.1. Operational development already in progress;
 - 9.4.2. Development where potentially immune from enforcement within 6 months
 - 9.4.3. Development causing serious harm to amenity;
 - 9.4.4. Breaches of condition/non-compliance with approved plans causing serious harm to amenity
- 9.5. **Priority 3 – Medium**
 - 9.5.1. Other operational development which is complete;
 - 9.5.2. Changes of use resulting in some harm to amenity;
 - 9.5.3. Advertisements (other than flyposting);
 - 9.5.4. Breaches of condition/non-compliance with approved plans causing non-serious harm to amenity
- 9.6. **Priority 4 – Low**
 - 9.6.1. Changes of Use resulting in no harm to amenity;
 - 9.6.2. Untidy land (other than where comes under Environmental Health legislation)
- 9.7. Anticipated site inspection timescales:
 - 9.7.1. Priority 1 – Severe – within 5 working days
 - 9.7.2. Priority 2 – High – within 14 working days
 - 9.7.3. Priority 3 - Medium – within 21 working days
 - 9.7.4. Priority 4 – Low – within 28 working days

9.8. The Council has full discretion in prioritising cases and may change the prioritisation at any time during an investigation.

10. Will the Council take action?

10.1. The Council has discretionary powers to take action against certain breach(es) of planning control. The impact of some development is more harmful than others and therefore enforcement action must always be appropriate to the seriousness of the breach of planning control.

10.2. The vast majority of breaches of planning control are resolved informally by negotiation with the owner/occupier. Ordinarily formal action will only be taken as a last resort and and/or the breach of planning control is causing significant or irreparable harm to the amenity of the area or is a breach of local planning policy.

10.3. There are certain factors that the Council cannot consider when investigating. This includes (but is not limited) to:

10.3.1. loss of views;

10.3.2. alleged reduced value of property or land;

10.3.3. competition between businesses; and/or

10.3.4. civil law matters (e.g. boundary and land disputes).

10.4. The Council must also consider whether it is expedient and proportionate to take action (please see Section 13).

11. Site Visits

11.1. The Council will normally conduct a site visit in accordance with the priority level given to a case, but it is the discretion of the case officer.

11.2. There may however be cases where this is not required, for example where photographs have been provided and clearly evidence whether or not there is a breach that can be actioned.

11.3. Site visits may be made outside of 'normal' working hours where it is considered appropriate by the Council to do so.

12. Rights of Entry

12.1. Officers may have powers of entry in certain circumstances as set out in Sections 196A, 196B and 196C of the TCPA. This right is limited to what is regarded as essential, in the particular circumstances, for effective enforcement of planning control.

12.2. The TCPA specifies the purposes for which entry to land may be authorised (Section 196A(1) of the Town and Country Planning Act 1990), namely:

12.2.1. ascertain whether there is or has been any breach of planning control on the land or any other land;

12.2.2. determine whether any of the local planning authority's enforcement

- powers should be exercised in relation to the land, or any other land;
- 12.2.3. determine how any such power should be exercised; and
- 12.2.4. ascertain whether there has been compliance with any requirement arising from earlier enforcement action in relation to the land, or any other land.

13. Is it expedient and proportionate to take action?

- 13.1. The Council are required to ensure that any action taken is expedient.
- 13.2. This means that although there may be a breach the Council must consider whether the breach warrants action being taken. This a professional judgement for officers to make and in doing so they will consider:
 - 13.2.1. whether the breach is in accordance with planning policy;
 - 13.2.2. the breach against any other material planning considerations;
 - 13.2.3. whether, had a planning permission been submitted before the development. occurred, permission would have been likely to be granted;
 - 13.2.4. if the breach unacceptably affects public amenity;
 - 13.2.5. how the breach affects any existing land use or buildings;
 - 13.2.6. the public interest in taking enforcement action; and/or
 - 13.2.7. whether the breach can be regularised (for example a retrospective planning application).
- 13.3. Any enforcement action should also be proportionate to the breach.
- 13.4. This duty means that the Council must consider the proposed course of enforcement action in the context of the breach. For example, it may not be proportionate to knock down an entire house for a very minor technical breach.
- 13.5. There will be cases where there is a breach of planning control, but the breach or harm is so minor that action cannot be justified i.e. it is not expedient to pursue the case. For example, where there is technical and trivial breach that causes no material planning harm or adversely impacts on the amenity of a site, it may not be expedient or proportionate to take action.
- 13.6. It is important to note that each case will be assessed on its own merits.

14. Where the Council decides to take formal action

- 14.1. Planning Enforcement Officers are not empowered to physically stop unauthorised works on site but can issue enforcement proceedings which can lead to prosecution.
- 14.2. We will endeavour to update the complainant as our investigation is progressing but this may not always be possible. This may be for example to explain that we are monitoring the situation or that we are considering taking formal action.

15. Trees and Hedges

- 15.1. The Council has certain powers to deal with trees and hedgerows.
- 15.2. Tree Preservation Orders (TPOs) and trees in conservation areas
 - 15.2.1. Sections 210 and 211 of the Town and Country Planning Act 1990
- 15.3. High Hedges
 - 15.3.1. Part 8 Anti-Social Behaviour Act 2003
- 15.4. Hedgerow Removal
 - 15.4.1. Hedgerow Regulations 1997
- 15.5. Dangerous trees
 - 15.5.1. Section 23 Local Government (Miscellaneous Provisions) Act 197

16. Unauthorised Encampments

- 16.1. The travelling community can experience difficulties finding an approved place to stay. This means that sometimes they stop on land without permission, including highway verges and lay-bys.
- 16.2. Encampments on Council land and highway land (such as verges and lay-bys) are dealt with by the [Multi Agency Traveller Unit \(MATU\)](#) hosted by Leicestershire County Council.
- 16.3. Trespassing on private land is a civil matter, with prevention of trespass being the responsibility of the landowner. Landowners will need to seek their own appropriate advice in these circumstances.

Part 4 – Enforcement Options

17. No further action

- 17.1. The Council may conclude that there has been no breach of planning control or that the breach is minor or insignificant in nature, or that there is insufficient evidence to pursue the matter. In this case, the Council may decide to take no further action.

18. Further investigation required

- 18.1. It may be necessary to carry out further investigations to determine whether a breach of planning control has occurred. This may involve additional site inspections, research, seeking advice from other services or agencies or further information from the complainant, site owner or other parties.
- 18.2. In certain cases, the Council may request the person reporting the suspected breach of planning control to assist with the investigation by providing a written log detailing the dates, times, duration and nature of the suspected breach. If the person reporting the suspected breach of planning control is unwilling to assist, they may be advised that this may result in the Council not being able to pursue the investigation due to insufficient evidence being available.
- 18.3. Where it appears to the Council that a breach of planning control may have occurred, it will consider serving a Planning Contravention Notice (please see Section 24) or a Requisition for Information to obtain information relating to the suspected breach or site ownership details.
- 18.4. In the rare event that covert evidence is required, the investigation will be carried out in line with the Regulation of Investigatory Powers Act 2000 (RIPA) and the Council's RIPA Policy.

19. Negotiated solutions

- 19.1. Where it has been established that a breach of planning control has occurred, the Council will normally attempt to first negotiate a solution to regularise the breach of planning control without recourse to formal enforcement action.
- 19.2. Such negotiations may involve the reduction or cessation of an unauthorised use of activity, or the modification or removal of unauthorised operational development. However, these negotiations will not be allowed to hamper or delay the consideration of enforcement action where the breach of control causes serious harm to amenity.
- 19.3. Where the Council is unable to negotiate an acceptable solution within a reasonable timescale, the Council will consider whether or not it is expedient to take formal enforcement action.

20. Retrospective applications

- 20.1. Where a breach of planning control has occurred, but no harm is being

caused, or any harm might be removed or alleviated by the imposition of conditions on a planning permission, the person(s) responsible may be invited to submit a retrospective planning application within a specified time scale. In such circumstances, it will be made clear that the invitation to submit a retrospective application is made without prejudice to any final decision the Council may take in the matter. If such an application is not submitted, the Council will consider whether or not it is expedient to take further enforcement action.

21. Notices

- 21.1. Where the Council has been unable to or it has not been appropriate to deal with a matter informally, the Council may issue a notice.
- 21.2. The Council is able to issue a variety of notices under the TCPA for breaches of planning control. Please see Part 5 of this Policy for more information about these notices.

22. Prosecutions

- 22.1. The Council will consider prosecuting through the Courts against any person who has failed to comply with the requirement(s) of notice where the date for compliance has passed and the requirements have not been complied with.
- 22.2. The Council will also consider issuing a prosecution for matters such as:
 - 22.2.1. unauthorised works have been carried out to trees subject to a Tree Preservation Order, or in a designated Conservation Area.
 - 22.2.2. an Advertisement is being displayed without the necessary consent and the Council's request to remove it within a specified timescale has been declined or ignored.
 - 22.2.3. unauthorised works have been carried out to a Listed Building.
 - 22.2.4. unauthorised demolition has taken place in a Conservation Area.
 - 22.2.5. the recipient of a Planning Contravention Notice has failed to provide a response within the prescribed time period or has supplied false or misleading information.
- 22.3. The Council may consider the Proceeds of Crime Act 2002 where relevant.

23. Injunctions

- 23.1. In some rare circumstances, the Council may apply to the Courts for an injunction to restrain or rectify a breach of planning control. This will normally be as a last resort where other actions have failed to remedy the breach of planning control. There is a high threshold for obtaining an injunction and will normally be for cases that are particularly serious and are causing, or likely to cause, exceptional harm.

Part 5 – Enforcement Notices

24. Planning Contravention Notice

- 24.1. A Planning Contravention Notice may be issued for the following:
- 24.1.1. For the Council to require information in relation to planning enforcement about any operations or activities being carried out on the land; and/or
 - 24.1.2. to invite a person to respond constructively to Council as to how a breach of planning control may be satisfactorily remedied
- 24.2. Failing to comply with or providing false or misleading information is a criminal offence.

25. Enforcement Notice

- 25.1. The Council will consider the service of an Enforcement Notice where unauthorised operational development or a material change of use has taken place and it is considered expedient to do so.
- 25.2. An Enforcement Notice will specify a date by which compliance is required by and must be at least 28 days from the date of the notice.
- 25.3. Where a breach of planning control exists and any harm caused may be removed or alleviated by the imposition of conditions on a planning permission, but the invitation to submit a retrospective planning application or rectify the breach voluntarily has been declined, the Council will consider the expediency of serving an Enforcement Notice.
- 25.4. If the breach of planning control relates to a Listed Building, or unauthorised demolition within a Conservation Area, the Council will consider the expediency of serving a Listed Building Enforcement Notice or a Conservation Area Enforcement Notice and where appropriate, commencing a prosecution in the Courts.
- 25.5. The Enforcement Notice will specify the reason(s) for its service, the steps required to remedy the breach, the date that it takes effect and the time period for compliance.
- 25.6. An Enforcement Notice may be appealed to the Secretary of State through the Planning Inspectorate (please see Section 31)
- 25.7. If an Enforcement Notice is not appealed, or is appealed and unsuccessful, it is a criminal offence to fail to comply.

26. Stop Notice

- 26.1. Where a breach of planning control is causing very serious harm to public amenity and the environment, and this harm could not be removed or alleviated by the imposition of conditions on a planning permission, the Council will consider the expediency of serving a Stop Notice (after the service of an Enforcement Notice).
- 26.2. This action will be in cases where urgent action is necessary to immediately

stop a relevant activity before the expiry of the period of compliance of the related Enforcement Notice.

- 26.3. The Stop Notice will refer to the Enforcement Notice to which it relates, specify the activity or activities that are required to cease, and the date that it takes effect.
- 26.4. There is no right of appeal to the Secretary of State for a Stop Notice but may be challenged by an application to the High Court for judicial review.
- 26.5. It is a criminal offence if a person contravenes a Stop Notice after the notice takes effect.

27. Temporary Stop Notice

- 27.1. A Temporary Stop Notice requires that an activity which is a breach of planning control should stop immediately.
- 27.2. Before issuing a Temporary Stop Notice, the LPA must be satisfied that there has been a breach of planning control and that “it is expedient that the activity which amounts to the breach is stopped immediately”. Just because there is a breach of planning control does not mean it may be appropriate to serve a Temporary Stop Notice.
- 27.3. There is no right of appeal to the Secretary of State for a temporary stop notice but may be challenged by an application to the High Court for judicial review.
- 27.4. It is a criminal offence if a person contravenes a Temporary Stop Notice after the notice takes effect.

28. Breach of Condition Notice

- 28.1. A Breach of Condition Notice can be used where there is a breach of a condition attached to a planning permission. This action is mainly intended as an alternative to an Enforcement Notice for remedying a breach of condition – but it may also be served in addition to an Enforcement Notice. sometimes as an alternative to a Stop Notice, where the local planning authority consider it expedient to stop the breach quickly and before any appeal against the Enforcement Notice is determined.
- 28.2. Any recipient of a Breach of Condition notice will be in breach of the notice if, after the compliance period, any condition specified in it has not been complied with, and the steps specified have not been taken or the activities specified have not ceased.
- 28.3. There is no right of appeal to the Secretary of State for a Breach of Condition Notice but may be challenged by an application to the High Court for judicial review.
- 28.4. It is a criminal offence if a person contravenes a Breach of Condition notice after the notice takes effect.

29. Section 215 Notice (Untidy Land)

- 29.1. In cases where the amenity of an area is adversely affected by the condition of land or buildings, the Council will consider the expediency of serving a Notice under Section 215 of the TCPA.
- 29.2. The Notice will specify the steps required to be taken to remedy the condition of the land or buildings, the time period within which the steps must be taken and the date that it takes effect.
- 29.3. There is a right of appeal against these notices via the Magistrates Court and non compliance constitutes a criminal offence for which recipients may be prosecuted.

30. Community Protection Notice

- 30.1. In cases where the amenity of an area is adversely affected by the condition of land or buildings, the Council will consider the expediency of serving such Notice under the Anti-Social Behaviour Crime and Policing Act 2014.
- 30.2. A Community Protection Notice (CPN) is aimed to prevent unreasonable behaviour that is having a negative impact on the local community's quality of life. Examples include persistent untidy land and motor repairs on driveways.
- 30.3. There is a right of appeal against these notices via the Magistrates Court and non compliance constitutes a criminal offence for which recipients may be prosecuted.

31. Appeals against Notices

- 31.1. As stated under each type of notice, it may be possible to appeal to the Secretary of State through the Planning Inspectorate. Further information is available on the [Government Website](#)
- 31.2. Some notices may only be challenged by application for judicial review to the High Court and it is strongly advisable to seek immediate legal advice if this is being considered due to time constraints

Part 6 – Miscellaneous

32. Human Rights and Equalities

- 32.1. Melton Borough Council is a public authority for the purposes of the Human Rights Act 1998. The Council will, therefore, apply the principles of the European Convention for the Protection of Human Rights (ECHR) and Fundamental Freedoms.
- 32.2. When considering enforcement action, Article 1 of the First Protocol, (Right to Peaceful Enjoyment of Property), Article 8 (Respect for Private and Family Life) and Article 14 (Protection from Discrimination) may be relevant.
- 32.3. Government Guidance states that there is a clear public interest in enforcement planning law and planning regulation in a proportionate way. In deciding whether enforcement action is taken, local planning authorities should, where relevant, have regard to the potential impact on the health, housing needs and welfare of those affected by the proposed action, and also those who are affected by a breach of planning control. Action taken needs to be proportionate and expedient and consideration given to how quickly action needs to take effect. – [Government Guidance on Enforcement and post-permission matters \(22 July 2019 version\)](#)
- 32.4. There is also the general equality duty as set out in Section 149 of the Equality Act 2010 which eliminates unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- 32.5. In making decisions, the Council will have due regards to the Public Sector Equality Duty and the human rights of all parties.
- 32.6. This policy is applied in accordance with the principles of the Council's Equality Policy. <https://www.melton.gov.uk/strategies/equality-diversity-and-cohesion/equality-scheme/>

33. Feedback, compliments and complaints

- 33.1. Customer feedback is very important to us, whether it's a general comment or observation about a service we provide, a compliment about something we've done well or a complaint about something you are not happy with.
- 33.2. The Council deals with feedback, compliments and complaints in accordance with the [Council's Customer Feedback and Complaints Policy](#)
- 33.3. The Council is committed to listening to your feedback and acting on what we hear, to continually improve the quality of, and access to, the services it provides.
- 33.4. We will use your views to look at our services and see how we can continue to build on the good aspects and how we can improve those you feel are not as good as they could be.
- 33.5. Feedback, compliments and complaints are part of our Customer Services processes, and the information you give to us is covered by the Customer Services Enquiries Privacy Notes.

34. Equality Impact Assessment

- 34.1. This Policy has been subject to an Equality Impact Assessment to ensure that the objectives and actions contained in the Plan fully consider positive outcomes on the grounds of age, disability, gender, race, religion/belief, sexuality and socio-economic circumstances.
- 34.2. If you need this information in large print, Braille or another language please telephone 01664 502502 or email contactus@melton.gov.uk

35. Review and Monitoring

- 35.1. This policy may be reviewed and updated with changes to legislation, guidance or other circumstances which may impact on the principles set out in this document. It will be routinely reviewed every five years.
- 35.2. The performance of the Planning Enforcement Policy will be monitored in accordance with the Council's performance management framework. Quarterly updates will be provided to the Cabinet on corporate measures and an annual update will be presented at the meetings of Planning Committee as well as the Council on the performance of agreed indicators.
- 35.3. The Council may at any time make alterations to this Policy at its full discretion.

36. Zero Tolerance

- 36.1. Our Officers and Members have the right to be treated with dignity and respect at all times without the risk of threatening behaviour or violence.
- 36.2. The Council has a zero-tolerance approach and is committed to ensuring that its officers can carry out their work safely and without fear. The Council will take action against individuals where required.

37. Record Keeping and Data Protection

- 37.1. In accordance with Section 188 of the Town and Country Planning Act 1990, we hold a register of all enforcement notices, stop notices and breach of condition notices served. This is available for inspection by the public. Anyone wishing to view the register via prior appointment, should do so by contacting the Council's Planning Development Manager.
- 37.2. In accordance with the UK General Data Protection Regulations, the Data Protection Act 2018, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, the Council will not disclose any information relating to the identity of a complainant without their prior consent or where we are required to by law.
- 37.3. However, as any occupiers of land or buildings close to the breach of planning control will usually be the most affected, it is possible that an individual subject of an investigation will make their own assumptions as to who may have informed the Council.

Housing Revenue Account Budget Monitoring - 1 April 2023 to 30 September 2023

Report Author:	Carol King , Senior Technical Accountant 01664 502446 CKing@melton.gov.uk
Chief Officer Responsible:	Dawn Garton , Director for Corporate Services 01664 502444 DGarton@melton.gov.uk Michelle Howard , Director for Housing and Communities (Deputy Chief Executive) 01664 504322 mhoward@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox - Portfolio Holder for Corporate Finance, Property and Resources Councillor Pip Allnatt – Leader of the Council, Portfolio Holder for Housing and Landlord Services

Corporate Priority:	Providing high quality council homes and landlord services Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 This report seeks to provide information on actual expenditure and income incurred on the Housing Revenue Account (HRA), compared to the latest approved budget for the period 1 April 2023 to 30 September 2023 for revenue and capital budgets.

- 1.2 As at 30 September 2023, budget holders are projecting a forecast revenue underspend for the HRA of £134k, of which £36k is an overspend at Net Cost of Services level and £170k is in regard to increased investment income that is below the net cost of services level, which will result in a reduced contribution from the Regeneration & Development Reserve in order to increase the approved working balance to £1m.
- 1.3 With regard to capital spend budget holders are projecting a forecast underspend of £66k (including a minor £10k overspend on the new build programme) by the end of the financial year, of which circa £72k will be required to be carried forward into the next financial year, against a budget of £5.763m.
- 1.4 In addition to formal quarterly reporting to Cabinet, the budget position is reported monthly to the Senior Leadership Team. This is to ensure that any early warnings that highlight pressures can be collectively understood and action taken.

2 Recommendations

That Cabinet:

- 2.1 **Notes the financial position on the HRA at 30 September 2023 and the year-end forecast for both revenue and capital.**

3 Reason for Recommendations

- 3.1 The Council, having set an agreed budget at the start of the financial year, needs to ensure that the delivery of the budget is achieved. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

4 Background

- 4.1 The HRA is a high risk service account which is monitored regularly by the budget holders and the service accountant. The service and financial performance are then reported to the Senior Leadership Team.

5 Main Considerations

5.1 Overall Revenue Position at 30 September 2023

- 5.2 A summary of income and expenditure for the HRA is attached at appendix A, and is split into controllable and internal support income and expenditure and depreciation costs.

- 5.3 A summary of the total income and expenditure of the HRA compared to the approved budget at 30 September is as follows:

2023-24

	Approved Budget £	Estimated Year End Position £	Variance £
Expenditure	8,790,160	8,773,160	-17,000
Income	-8,975,050	-8,922,050	53,000
Net Cost of Services	-184,890	-148,890	36,000

5.4 The following paragraphs outline the reasons for the current potential year end variance and the action currently being taken by officers to ensure that value for money, efficiency and effectiveness are at the forefront of the service provision.

5.5 **Budget Variance Exception Reporting +/- £10k**

5.6 As part of the budget monitoring process variances are being promptly and proactively managed, facilitating more detailed reporting. Details of the more significant year end controllable variances +/- £10k (as shown in appendix A) are set out below:

5.6.1 Expenditure

General Management 51k underspend:

Anticipated underspends of employee costs (£23k) due to a vacant post not being recruited and the budgeted pay-award yet to be applied as well as court costs (£13k) underspend due to the continuation of the back-log on income recovery and court proceedings, is being off-set by the expected council tax empty rate (£12k) due to the longer term vacant properties.

At the current time, the budget hardship fund (£50k) has not been used and a hardship scheme is not in place.

The fire insurance renewal to the HRA has increased by 32% on 2022-23 levels, due to the high level of fires in our properties, this equates to an estimated overspend of £16k.

Repairs & Maintenance £72k underspend:

£19k employee costs underspend – career graded posts currently showing as lower than budgeted as staff work towards their higher grade, a vacant post saving is expected to fund staffing pressures elsewhere both in the service and within other areas of the Council which continue to support the processing of disrepair claims.

£123k Professional fees underspend due to the costs relating to the specific stock condition surveys being lower than budgeted.

The heating contract has been re-tendered with the new contractor expected to be in place in January, in the meantime, the current contractor has changed terms for remaining for an additional 3 months, which has the potential to overspend that budget by up to £20k.

A number of write-offs to historic repairs invoices to tenants is causing the income shortfall of £42k to the service.

The Northgate system which holds much of the repairs & maintenance commitment information is double counting the commitments made where replacement orders have been generated. The team is looking at the extent of the duplication and putting in place resources to clear them. Procedures will be enacted to ensure no repeat occurs. It is expected that more robust information will be available to be reported in the April to December monitoring report.

The repairs service is facing continued pressures from disrepair claims which require significant works and have increased from 5 in the previous year to 22 in this year to date. The Council is aware of no win-no fee companies targeting tenants in social housing and has issued [guidance](#) to tenants on this. Improved record keeping and stock condition data is enabling the Council to defend claims, however the work to do so is creating additional

pressure on an already stretched team. The additional damp and mould cases which are proactively remedied are also impacting on the resources within the team, however budgets continue to be proactively managed across the service to ensure any overspends are able to be identified and resourced as efficiently as possible.

Special Services £106k overspend:

Our gas unit prices have increased by 300-400% in the schemes from 1 April 2023, in addition there have been no gas bills received for Gretton Court since February 2022, investigations are continuing with the supplier but an estimated overspend of £150k is anticipated at this time.

An anticipated underspend of employee costs (£60k) due to vacant posts in the IHMS service is being off-set by £22k of professional fees for lunchtime cover, the current concierge service and an Independent Living Officer. This post has now been recruited to the establishment so this post and the concierge service will in future be within the Wellbeing service charge offer.

Following the cabinet decision on 11 October to discontinue the IHMS service to those dispersed properties which have requested such, the remainder of this underspend will be required to cover the resulting income shortfall for these 265 properties from November. There is further scope in this underspend if a few more properties request to be removed from the service at that time, but the extended need for professional fees (above) has limited the availability of these funds. Careful consideration will need to be given to savings across the wider service if income reduces further.

Income £53k shortfall:

£52k rent income shortfall – this includes an extrapolation of the reduced rent to quarter 2 but allows for a continued focus on bringing these properties back into use by the use of pre-termination inspections. The delayed capital purchase of 8 affordable rented properties is causing the shortfall on the affordable housing rental income, these are expected to complete once the outstanding legal issues are concluded. The recent fires are covered by insurance including lost rental, income and £7k has been received in the year to date to cover lost rental for 2 of these properties.

The continued work on and resulting reduction in void properties is starting to impact the income on other service charges, such as the accommodation charge for the schemes (-£11k) and meal income from Gretton Court (-£16k).

£35k shortfall on the removal of 265 properties from the IHMS service from November 2023 as above.

In addition, an action plan has been developed to have a significant impact on the level of current rent arrears which the council is currently carrying. This includes both additional staffing resources and improved operating procedures. At the end of 22/23 the council's rent arrears (total cumulative arrears as a percentage of rent roll, including former tenant arrears) reported in the LAHS return were at 11.% which, while the upward trend is consistent with other providers, places the council's performance in the lower quartile nationally, which is a concern and needs to be addressed both for its impact on the HRA and to ensure the council is in the best possible position as it prepares for regulatory inspection. Significant work will continue to address this risk, with promising progress being made. Weekly monitoring of arrears cases and performance is underway and there has been a trend to show this work is starting to have an impact on the levels of arrears.

There has also been a large improvement in cases being managed with a 71% reduction in the amount of rent accounts where arrears have not been subject to some form of action for over 3 weeks since the start of this financial year.

5.7 Forecast Position

5.8 The figures as shown in appendix A as at the end of September 2023 indicate a year to date underspend of £288k which is due to budget profiling and the uneven payment of invoices. However, as above the current forecast position, at net cost of services level, for the year end is a potential projected overspend of £36k.

5.9 Interest rates have increased since the budgets were set with investments achieving higher returns. The latest forecast to date will add an additional £170k of interest received on HRA balances in the year. This, with the £36k overspend noted above would result in an overall potential projected underspend of £134k.

5.10 Overall Capital Position at 30 September 2023

5.11 The capital programme summary is attached at appendix B and shows the latest spend forecast of £5.697m against a £5.763m budget. This would result in an underspend of £66k (including a minor £10k overspend on the new build programme) of which circa £72k will be required to be carried forward into the next financial year.

The larger variances are summarised below:

Project	Total Budget £'000	Actual April 2023 to Sept 2023 £'000	Year End Forecast £'000	Variance (-) is Underspend £'000	Reason
Fire Damaged Property – Burgins Lane	80	8	8	-72	There is potential that works will continue into the next financial year, full costs are estimated at circa £80k. Excepting £5k excess this will be funded by insurance.

6 Options Considered

6.1 No other options considered. If the report were not provided Councillors would not be aware of on-going developments and therefore would not be able to represent their residents effectively.

7 Consultation

7.1 The service accountant and budget holders discussed the financial performance of the HRA at the budget monitoring meetings held on 10 October.

7.2 The report has also been reviewed with the Portfolio Holder for Corporate Governance, Finance and Resources and the Portfolio Holder Housing and Communities.

8 Next Steps – Implementation and Communication

8.1 Any additional spend against this budget will be in line with the approved business plan and the annually reviewed Asset Management Plan.

9 Financial Implications

9.1 All financial implications have been addressed in sections 4 and 5 above.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

10.1 The Council is required by s74 of the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which records all revenue expenditure and income relating to the provision of council dwellings and related services. In formulating its proposals using best estimates and assumptions, the Authority must set a balanced account. In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. The HRA Budget will assist the council in fulfilling those obligations.

Legal Implications reviewed by: Interim Assistant Director for Governance & Democracy (Monitoring Officer)

11 Equality and Safeguarding Implications

11.1 Equalities and Safeguarding issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

12 Data Protection Implications (Mandatory)

12.1 A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons - because there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

13.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

14 Environmental and Climate Change Implications

14.1 No implications have been identified.

15 Other Implications (where significant)

15.1 No other implications have been identified.

16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Repairs to overspend against budget in this and future years, due to low spend in previous years	Significant	Critical	Medium Risk
2	Higher levels of rent arrears and reduced collection performance	High	Critical	High Risk
3	Budgets are insufficient including costs associated with delivering improvements	Very Low	Critical	Medium Risk

	on continuing health & safety compliance risks			
4	Increasing Right to Buy sales over those budgeted for cause reductions to rent income streams	Low	Marginal	Low Risk
5	Ability to completely cleanse repairs commitments from Northgate housing system and accurately show spend against budgets	High	Critical	High Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High			2,5	
	4 Significant			1	
	3 Low		4		
	2 Very Low			3	
	1 Almost impossible				

Risk No	Mitigation
1	The HRA Asset Management Plan aims to focus spend on planned investment in key areas of high spend on revenue repairs. For example, targeted and planned investment to address damp and mould in properties will reduce the strain on the revenue repair budgets
2	A sharp focus on income recovery, and implementing the income policy, procedure and ten point action plan, plus dedicated resources will significantly improve performance. It is important to note that there was no dedicated resource managing income for over two years, and whilst good results can be achieved with relatively new debts, the high level of older debts which the HRA holds will prove challenging.
3	The key areas of health and safety compliance have now been procured and budgets are set based on the tendered rates.
4	We now budget for a more realistic level of RTB sales per year and this will continue to be monitored and updated if required.

5

The team is looking at the extent of the duplication and putting in place resources to clear them. Procedures will be enacted to ensure no repeat occurs

17 Background Papers

17.1 None

18 Appendices

18.1 Appendix A – HRA Summary of Income & Expenditure

18.2 Appendix B – HRA Capital Programme 2023-24

HOUSING REVENUE ACCOUNT
SUMMARY OF EXPENDITURE & INCOME

APRIL TO SEPTEMBER 2023

	Original Budget	Approved Budget @ Sept 23	April - September Budget	Apr - Sept Net Expend. / Income (-)	Variance Underspend(-) Apr-Sept	Year End Forecast	Year End Variance Underspend(-)
	£	£	£	£	£	£	£
Expenditure							
1 General Management	883,960	969,630	530,798	458,333	-72,465	918,630	-51,000
2 Special Services	853,090	542,520	453,937	505,220	51,283	648,520	106,000
3 Repairs & Maintenance	3,466,270	4,019,710	1,749,533	1,500,742	-248,791	3,947,710	-72,000
4 Bad & Doubtful Debts	100,000	100,000	0	0	0	100,000	0
5 Total Controllable Expenditure	5,303,320	5,631,860	2,734,268	2,464,295	-269,973	5,614,860	-17,000
6 Controllable Income (-)	-8,795,050	-8,795,050	-4,405,082	-4,422,790	-17,708	-8,742,050	53,000
7 Net Controllable Cost of Services	-3,491,730	-3,163,190	-1,670,814	-1,958,495	-287,681	-3,127,190	36,000
8 Internal Support Expenditure	1,502,640	1,502,640	0	0	0	1,502,640	
9 Depreciation	1,655,660	1,655,660	0	0	0	1,655,660	0
10 Internal Support Income	-180,000	-180,000	0	0	0	-180,000	
11 Net Cost of Services	-513,430	-184,890	-1,670,814	-1,958,495	-287,681	-148,890	36,000
10 Loan Charges - Interest	1,169,960	1,169,960	584,980	130,980	-454,000	1,169,960	0
11 Investment Income	-246,000	-246,000	0	0	0	-416,000	-170,000
12 Net Operating Expenditure	410,530	739,070	-1,085,834	-1,827,515	-741,681	605,070	-134,000
13 Contribution to Capital	112,090	112,090	0	0	0	112,090	0
14 Contribution to/from(-) Reserves	-772,620	-1,101,160	0	0	0	-967,160	134,000
15 Surplus (-) / Deficit	-£250,000	-£250,000	-£1,085,834	-£1,827,515	-£741,681	-£250,000	£0

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CAPITAL PROGRAMME SUMMARY HRA 2023-24

	Approved Budget 23-24 (£'000)	Actual April to June 23 (£'000)	Year End Forecast (£'000)	Variance (-) = Underspend (£'000)	Comment
HRA					
Lifeline - Analogue To Digital	18	0	18	0	A review is currently underway to determine the requirements.
Aids & Adaptations	350	130	350	0	Demand led budget, expect fully spend
Replacement Kitchens And Bathrooms	25	30	25	0	This is to complete the 22/23 programme
Replacement Kitchens	538	342	538	0	Number of kitchens required have been identified and work is progressing as planned, some tenants have refused the replacements so these will be picked up in future years as necessary through voids.
Replacement Bathrooms	101	55	101	0	Number of bathrooms required have been identified and work is progressing as planned
Install Central Heating	52	5	52	0	This is to complete the 22/23 programme
Replace Exterior Windows & Doors	404	252	404	0	Additional requirement identified to replace previously unidentified aluminium windows and doors, programme has been increased to accommodate this
Rewire Council Properties	137	0	137	0	Works have been identified, plan to spend fully
Capitalisation Of Housing Inspector	180	0	172	(8)	Dependant upon actual employee time. Final calculation undertaken at year end
Fire Safety Works	360	52	360	0	Passive fire protection work in flats, expect to spend fully
Affordable Housing- New Build	1718	-49	1728	10	Revised purchase price for Marquis Gardens properties £1,347,320. includes fees, 5% contingency and 5k admin fee. The hold is due to the unilateral undertaking for all the properties on the development and problems with procuring the energy efficient insulated panels. It is expected that 2 of these properties are certain to be purchased in this financial year, with the remaining 6 either later this financial year or into next year so a carry forward will be required. In order to ensure that the required RTB receipts are spent in time a further 2 properties have been identified from other developers and approvals are being processed. If all 8 Marquis gardens properties and the additional 2 properties are purchased in year the overspend can be taken from bringing the next years budget forward, so reducing the amount available in 2024-25.
Local Authority Housing Fund (LAHF) Purchases	750	0	750	0	On 23 August 2023 Cabinet approved the capital investment to match fund the LAHF grant for the purchase of up to 3 properties, 2 for Afghan households and 1 for temporary accommodation.
Gretton Court	408	66	408	0	This project is subject to tenants agreeing to the works, underspend in year will be carried forward. Contractors on site to do bathroom upgrades.
Boiler Replacements	224	43	224	0	Expect to fully spend by the end of financial year
Void Properties	112	42	112	0	Demand led. Longer term voids, expect to be fully spent in year
Scooter Pods	33	28	33	0	Project is now complete.
Fire Damage - Drummond Walk	35	0	35	0	Works remain on-going
Fire Damage - 17 Bentley Street	34	34	34	0	Works are now complete, excepting £5k excess, will be funded by insurance
Fire Damage- Burgins Lane	80	8	8	(72)	Potential for works to continue into next financial year. Full costs estimated at circa £80k, excepting £5k excess, will be funded by insurance.
Fire Damage -19 Burnaby Place	4	4	4	0	Works are now complete
Fire Damage - 45 Beckmill	0	4	4	4	Works are now complete
Fire alarm systems upgrade	200	105	200	0	Works are underway, estimate to spend in line with budget
HOUSING REVENUE ACCOUNT TOTAL	5,763	1,151	5,697	-66	

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Cabinet

15 November 2023

General Fund and Special Expenses – Budget Monitoring 1 April 2023 to 30 September 2023

Report Author:	Natasha Allsopp , Senior Management Accountant 01664 502393 NAllsopp@melton.gov.uk
Chief Officer Responsible:	Dawn Garton , Director for Corporate Services 01664 502444 DGarton@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox , Portfolio Holder for Corporate Finance Property and Resources

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 As part of the Council’s budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance.
- 1.2 As at 30 September budget holders are forecasting the following position against their 2023/24 revenue budgets:

General Expenses	£46k	Underspend
Special Expenses Melton Mowbray	£14k	Overspend

On general expenses there is a gross £410k overspend for 2023/24 forecast across all services. This overspend is offset by non-specific grant income received in year (£185k) and higher investment income predicted based on increased interest rates (£271k).

- 1.3 In relation to capital budgets, budget holders are projecting an underspend of £263k against the latest approved programme.
- 1.4 In addition to formal quarterly reporting to Cabinet, the revenue budget position is reported monthly to the Senior Leadership Team. This is to ensure any early warnings that highlight pressures can be collectively resolved.

2 Recommendations:

That Cabinet:

- 2.1 **Notes the year end forecast and financial position for the General Fund both general and Special Expenses at 30 September 2023 for both revenue and capital.**

3 Reason for Recommendations

- 3.1 The Council, having set an agreed budget at the start of the financial year, needs to ensure that the delivery of this budget is achieved. Consequently, there is a requirement to regularly monitor progress so that corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

4 Background

4.1 Overall Position at 30 September 2023:

A summary of the total income and expenditure for the General Fund and Special Expenses revenue budget compared to the approved budget at 30th September 2023 is as follows:

SUMMARY OF INCOME AND EXPENDITURE APRIL TO SEPTEMBER 2023

Approved Budget at Sept '23 £'000	Year End Forecast £'000	Year End Variance* £'000
--------------------------------------	----------------------------	-----------------------------

GENERAL FUND			
Portfolio:			
People	2,499	2,647	148
Place	5,292	5,373	81
Great Council	278	213	(65)
Pay Award	0	60	60
Total Service Cost - All Portfolios	8,069	8,294	224
Other Expenses	(3,222)	(3,492)	(270)
Net Expenditure Requiring Funding	4,847	4,802	(46)
Funded by:			
Ctax, NNDR, NHB and General Grants	(4,246)	(4,246)	0
Corporate Reserves**	(751)	(751)	0
NET UNDER/OVERSPENDING*	(150)	(195)	(46)

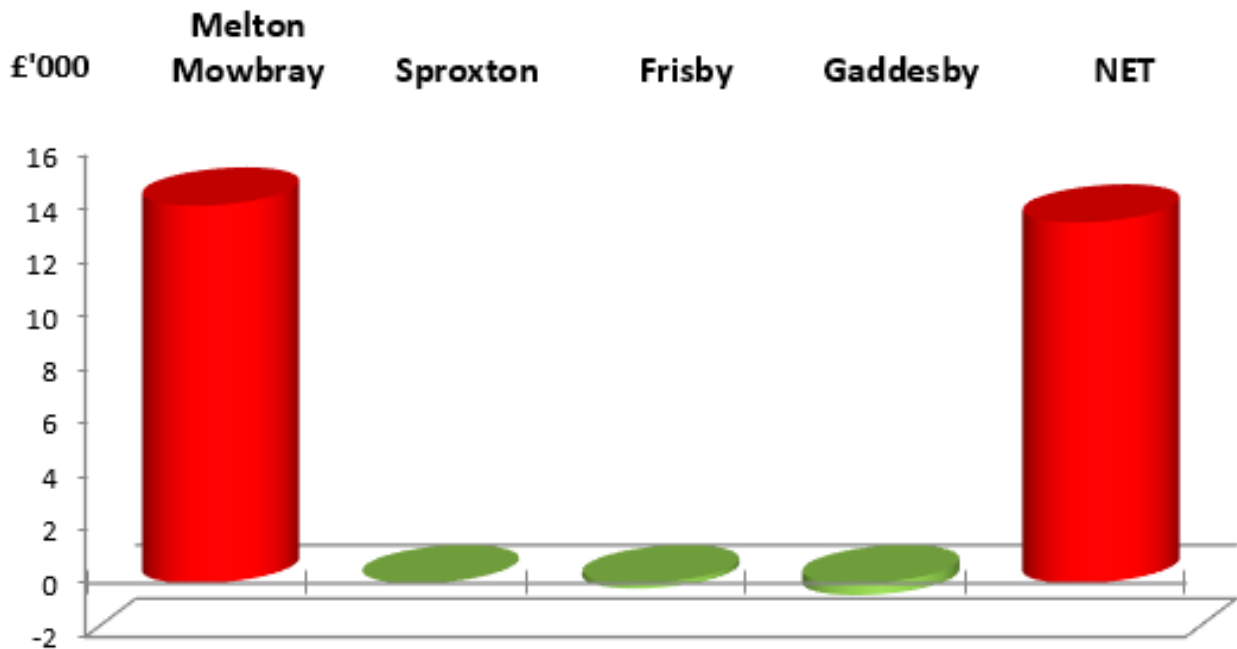
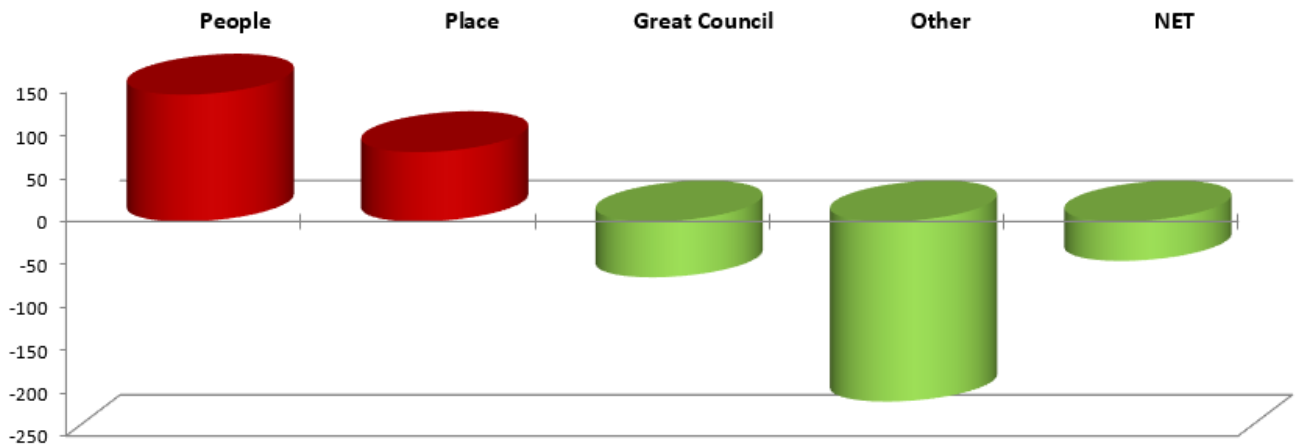
SPECIAL EXPENSES			
Melton Mowbray	718	732	14
Sproxtton	6	6	0
Gaddesby	7	7	(0)
Frisby	6	6	(0)
Total Service Costs - Special Expenses	737	751	14
Other Expenses			
Interest and Investment Income	(2)	(2)	0
Depreciation Reversal	(97)	(97)	0
Other Expenses	(99)	(99)	0
Net Expenditure Requiring Funding	638	652	14
Funded by:			
Council Tax	(522)	(522)	0
Carry forwards	(20)	(20)	0
Reserves**	(96)	(96)	0
Total Funding	(638)	(638)	0
NET UNDER/OVERSPENDING*	0	14	14

* Underspending (-), Overspending (+)

** Use of Reserves (-) Contribution to Reserves (+)

Over/Under Spending by Category

£'000



5 Main Considerations

- 5.1 There are a number of reasons for the estimated forecast overspend of £410k on general expenses (before taking into account the non-specific grant income received and higher investment income predicted), as outlined in paragraph 5.3 below. Assuming full use of these funding resources, the forecast is a potential underspend of £46k.
- 5.2 This demonstrates the challenges facing the budget with overspends, some of which will impact on later financial years, having to be met from largely non-recurring grant and investment income.
- 5.3 The main variances within the figures above are as follows:

People Portfolio:

- Waterfield Leisure Centre – Potential Shortfall of up to £150k in operator management fee still subject to negotiation.

- Case Management (£28k), Customer Services (£20k) and Community Safety (£14K) – There are savings from part-year vacancies, recruitment at a lower spinal point, change in hours and appointment of an apprentice.
- Rent Rebates and Rent Allowances – Shortfall of £60k expected in overpayment recovery. Also slight variance expected in subsidy actuals however this will be refined further as part of the mid-year subsidy return plus a number of write-offs to be actioned.
- Homelessness – recovery of B&B charges has reduced so income levels unlikely to be achieved (£21k). This is based on people placed in B&B which has significantly reduced from last few years.

Place Portfolio:

- Building Control £42k – Increase in partnership costs due to lack of applications and therefore loss of income. The general economic outlook and interest rate rises are having a detrimental effect on building improvements and new builds.
- Cattle Market (£13k) – latest throughput information from operator is showing income is up which is mainly related to animal auctions.
- Car Parking (£13k) – income has been increasing and exceeding budget in the past few months.
- Development Control £147k - Indication that income will be below the expected budget by £110k based on applications received to date. Potential value could be up to £260k however the forecast has been reduced to reflect the potential for some larger applications which are dependant upon the progress of the MMDR. Additional £29k fee claimed by LCC re bio-diversity demands and a further £8k for temporary employment to cover vacancies.
- Land Charges £16k – Shortfall in income predicted. Interest rates for mortgages are thought to be discouraging house purchases.
- Environmental Maintenance £12k – Tree surveys have identified works required. Cost is an estimate.
- Parkside (£25k) – Additional rental income is expected from temporary use of office space.
- Utility Costs £74k – latest bills are showing a significant increase in charges linked to the inflationary rises.
- Phoenix House (£150k) – one off back dated historical service charges for the last five years need to be invoiced to tenants.

Great Council Portfolio:

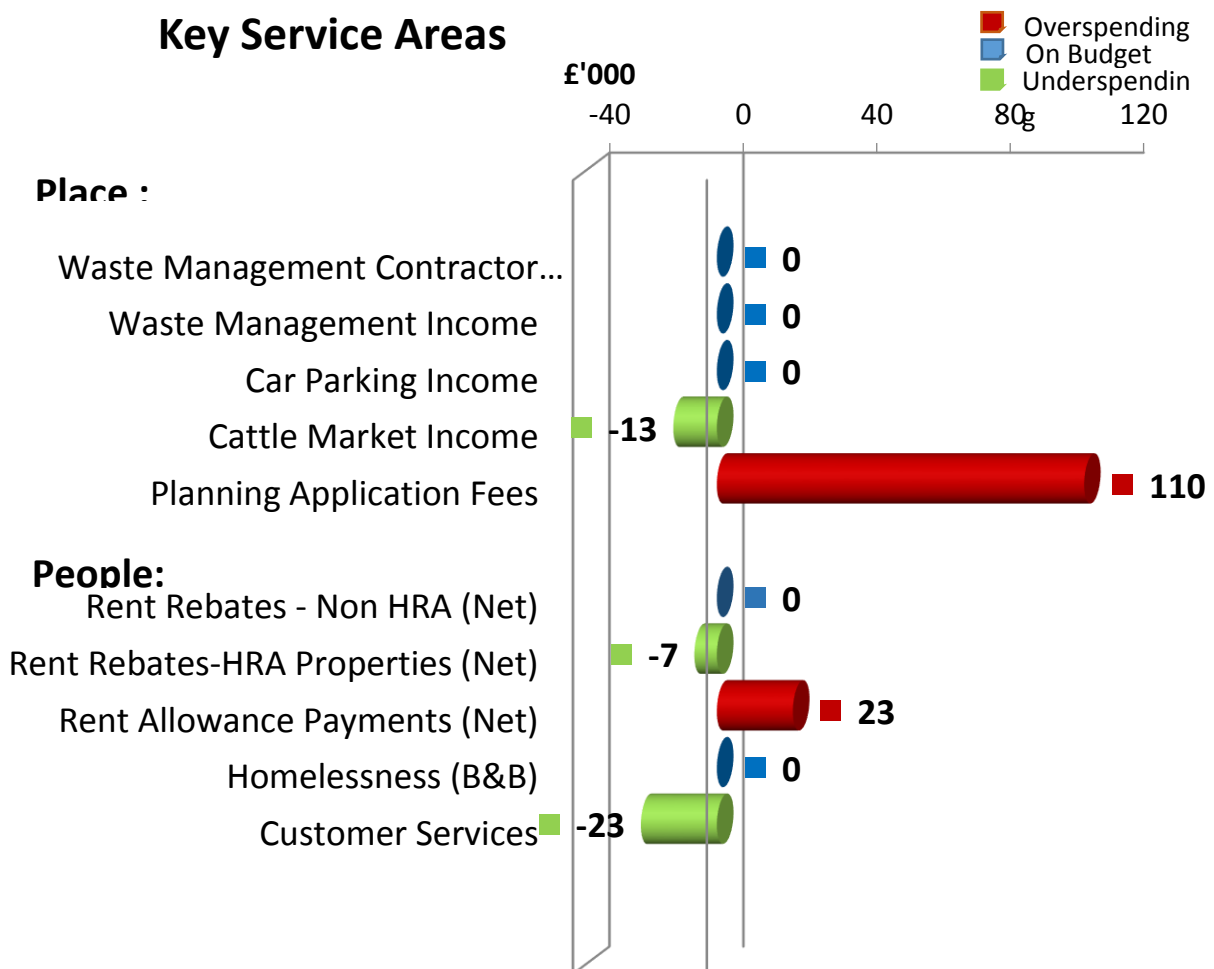
- Legal Services - Legal fees income expected to be higher due to number of summons issued. Cost of living impact (£14k) but this is being offset by additional agency fees to cover vacancies (£15K).
- Organisational Development – there has been a part year vacancy for the Customer Insight and experience officer alongside another employee not in pension scheme which is resulting in a underspend on salaries (£13k)
- NNDR Collection – £42k shortfall with the levy calculation is higher than budgeted (£16k) and the in-year monitoring has also identified an increased levy which is not fully off-set by increased Section31 grant (£26k).

Other:

- Pay award – the budget includes an allowance for a 4% pay increase. Initial correspondence suggest £1,925 will be added to each spinal point for those earning up to £49,950, and a 3.88% increase for higher earners, leading to an estimated £60k overspend. The pay award is still under negotiation. This risk was considered by Members when the budget was set.
- Interest Income (£271k) – Increase in interest rates against those budgeted for linked to the rise in base rate.
- Grant Funding (£185k) – various grants received have been offered up towards corporate pressures. This includes Homes for Ukraine £18k, Levelling Up Fund £70k and revenues and benefits new burdens funding £97k. there is the risk that some of this funding may be required to meet the requirements of the grants.

Key Service Areas

The Key Service Areas report as at the end of June 2023 for all services is attached at Appendix A. This report is presented to the Senior Leadership Team on a regular basis and highlights high risk budgets that were identified as part of the Council’s budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the financial position. The Key Service Areas are summarised below:



5.4 Special Expenses

The predicted year end position for Special Expenses Melton Mowbray is an overspend of £14k due to a public liability insurance claim, purchase of vaults and reduction in income for the cemetery.

There is also expected to be an overspend on the closed churchyard at Frisby due to repair and maintenance requirements for the boundary walls however this can not yet be quantified. This could impact significantly on the level of council tax set for 2024/25 due to the low taxbase of this area.

5.5 Overall Capital Position at 30 September 2023

The capital programme is attached at Appendix B and the latest spend is forecast to be an underspend of £263k against a budget of £15.815m.

	Total Budget 23-24 (£'000)	Actual April to Sept 23 (£'000)	Year End Forecast (£'000)	Variance (-) = Underspend (£'000)
Great Council	201	(13)	201	0
People	15	14	15	0
Place	15,676	389	15,413	(263)
Total General Expenses	15,892	390	15,629	(263)

The key areas to note are:

Great Council

The relates to ICT capital programme which has a number of projects that will be delivered but the majority of spend is anticipated to be undertaken later in this financial year.

Place

The most significant item in this priority is the delivery of the Levelling Up Fund scheme which will be spread over a number of financial years but the total amount has been initially included in the capital programme for 2023/24.

MMDR (£250k) – The planned borrowing to fund the LCC Education Infrastructure capital contribution has been pushed back due to the latest announcement by the highways authority with regard to progressing the scheme to which this contribution is linked. As the scheme is unlikely to process in the foreseeable future the capital borrowing won't be required in 2023/24 and will be reviewed to see whether this should be formally taken out of the programme until timelines become clear again.

Condition survey asset works (£13k) – Cattle Market farmers market works are no longer required. Can be removed from the capital programme when the capital programme is set for 2024/25 and schemes reprofiled.

6 Options Considered

- 6.1 No other options considered. If the report were not provided Councillors would not be aware of on-going developments and therefore would not be able to represent their residents effectively.

7 Consultation

- 7.1 The service accountant and budget holders discussed the financial performance of the services at the budget monitoring meetings during September.
- 7.2 The report has also been reviewed with the Portfolio Holder Corporate Governance, Finance and Resources.

8 Next Steps – Implementation and Communication

- 8.1 The Council's budget position will continue to be monitored at future Strategic Leadership Team meetings and further reports will be presented to Cabinet each quarter.

9 Financial Implications

- 9.1 This is the Quarter 2 budget monitoring report that provides information on the forecast outturn for the Council for 2023-24. The Council has robust methods for reporting and forecasting budgets in place and alongside formal quarterly reporting to Cabinet, the financial position is reported regularly at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.
- 9.2 Officers are closely monitoring the financial position on a monthly basis. The latest review as at the end of September for period 6 (Q2) indicated a slightly increased underspend of £46k now being forecast.
- 9.3 The various overspends such as increased pay costs, biodiversity costs and loss of Waterfield management fee are on-going cost pressures not factored into the current MTFs. Planning fees would also need to recover substantially to not cause a further loss in later years. The grant funding of circa £185k is non-recurring and the interest rates are unlikely to remain at these heightened levels. Therefore, these ongoing cost pressures will not be able to be met in future years without further recurring savings being identified.
- 9.4 In recognition of the pressures in the current and future years the Senior Leadership team are looking at areas where in year savings can be made as well as pulling together a longer-term financial sustainability plan. Should the situation not be mitigated sufficiently by this action then more directive action will be considered.
- 9.5 As outlined above the current position are based on forecasts and whilst officers have based their forecast predictions based on best available information there could be further changes later in the year.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

Legal Implications reviewed by: Interim Assistant Director for Governance & Democracy (Monitoring Officer)

11 Equality and Safeguarding Implications

- 11.1 Equalities and Safeguarding issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

- 13.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

14 Environmental and Climate Change Implications

- 14.1 No implications have been identified.

15 Other Implications (where significant)

- 15.1 No other implications have been identified

16 Risk & Mitigation

- 16.1 These are assessed as part of the Corporate Services Risk Register

Risk No	Risk Description	Likelihood	Impact	Risk
1	Failure to secure financial stability in the medium term	Very High	Catastrophic	High Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				1
	5 High				
	4 Significant				
	3 Low				
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Senior Leadership/Directorate Teams reviewing the financial position. Availability of General Fund Balances.

17 Background Papers

17.1 2023/24 Budget Report

18 Appendices

18.1 Appendix A – Key Service Areas

18.2 Appendix B – Capital Programme Summary

BUDGET MONITORING- KEY SERVICE AREAS 2023-24

1 APRIL 2023 - 3 SEPTEMBER 2023

General Expenses

- 😊 - In line with budget
- 😊😊 - Underspent
- 😞 - Overspent
- 😞😞 - Overspending has increased

Main Code	Service Area	Latest Approved Budget	Budget to Period 5	Adjusted Actual to Period 5	Variance		Projected Full Year Variance () = Favourable	Rating	Comments	Priority
					Adverse	Favourable				
		£	£	£	£	£	£			
EXPENDITURE										
G1480	Waste Management Contractor Costs	1,973,850	986,925	967,103	-	19,820	-	😊	current inflation rate between 0 and 1% so far no change to the projection	Place
G1700	Rent Rebates - Non HRA (Net)	10	5	0	-	10	-	😊		People
G1710	Rent Rebates-HRA Properties (Net)	(48,240)	(24,120)	(84,518)	-	60,400	12,000	😞😞	Subsidy is currently 99.3% compared to budget of 98.93%. It is not unusual for this % to fluctuate throughout the year due to the nature of the service (£13.5k favourable). There is a shortfall of overpayment recovery £25.5k, this is mainly due to write offs. YTD variance is due to timing of subsidy payments and receipts which balance out at year end.	People
G1720	Rent Allowance Payments (Net)	(58,800)	(29,400)	245,009	274,410	-	34,500	😞😞	Subsidy forecast is set at budget of 98.86%. It is not unusual for this % to fluctuate throughout the year due to the nature of the service £4.5k. There is a shortfall of overpayment recovery £25.5k, this is mainly due to write offs. YTD variance is due to timing of subsidy payments and receipts which balance out at year end.	People
G1770	Homelessness (B&B)	154,450	77,225	(76,530)	-	153,760	13,840	😊😊	Shortfall of B&B recharges for accomodation. This is based on people put in B&B which has significantly reduced from last few years YTD variance due to Homelessness grant received at the beginning of the yea	People
G3620	Customer Services	521,701	217,375	213,502	-	3,870	(20,000)	😊😊	Multiple staff savings. YTD variance due to annual IEG invoice paid at the start of the year	People
Total Expenditure		2,542,971	1,228,010	1,264,566	274,410	237,860	40,340			

BUDGET MONITORING- KEY SERVICE AREAS 2023-24

1 APRIL 2023 - 3 SEPTEMBER 2023

General Expenses

- 😊 - In line with budget
- 😊😊 - Underspent
- 😞 - Overspent
- 😞😞 - Overspending has increased

Main Code	Service Area	Latest Approved Budget	Budget to Period 5	Adjusted Actual to Period 5	Variance		Projected Full Year Variance () = Favourable	Rating	Comments	Priority	
					Adverse	Favourable					
		£	£	£	£	£	£				
INCOME											
G1480	Waste Management Income	(397,850)	(198,925)	(184,019)	14,910	-	-	5,200	😊😊	Additional income as a result of an new agreement with Parish council to empty additional bins installed.	Place
G1310	Car Parking Income	(577,500)	(288,750)	(274,116)	14,630	-	-	13,000	😊😊	Parking fees has been increasing in the past couple of months , currently it is 13k above the target. (24k accrual for last year)	Place
G1320	Cattle Market Income	(245,930)	(122,965)	(103,550)	19,420	-	-	13,000	😊😊	Income £13k higher than budgeted since April to August (n asactuals represent a fixed monthlu fee agreed, balance in March)	Place
G1510	Planning Application Fees	(600,000)	(300,000)	(170,393)	129,610	-	-	110,000	😞	Predicted position assumes three large applications from potential developments but is dependant upon MMDR	Place
Total Income		(1,821,280)	(910,640)	(732,078)	178,570	0	0	78,800			
Net Position		4,364,251	2,138,650	1,996,644	452,980	237,860	119,140				

GENERAL EXPENSES

CAPITAL PROGRAMME SUMMARY 2023-24

	Original Budget 23-24 (£'000)	Carry forward	in year virements	Revised Budget 23-24 (£'000)	Actual April to September 23 (£'000)	Year End Forecast (£'000)	Variance (-) = Underspend (£'000)	Comment
CORPORATE PRIORITY								
Network Access Controller	0	14	8	22	0	22	0	Due to increase costs on Firewall implementation, the budget has been increased. This is an audit requirement.
Privilege Access Management	0	10	14	24	0	24	0	Due to increase costs on Firewall implementation, the budget has been increased. This is an audit requirement. Potential to be carried forward into 2024-25.
Network Switches	0	14	0	14	0	14	0	This work has been carried from prior year, it is expected the scheme will be delivered this financial year and within budget
WAN Improvement and Active Data	0	17	0	17	0	17	0	This work has been carried from prior year, it is expected the scheme will be delivered this financial year and within budget
Firewall Update	0	31	0	31	-6	31	0	This work has been carried from prior year, it is expected the scheme will be delivered this financial year and within budget
Wi-Fi Upgrades	0	30	0	30	0	30	0	Original estimate for budget was based on pre-pandemic hardware costs, Hardware costs have now increased significantly
IT Power security	22	0	0	22	0	22	0	This work has been carried from prior year, it is expected the scheme will be delivered this financial year and within budget
IT User Authentication	16	0	6	22	0	22	0	Budget has been increased to cover additional costs as a result of inflation, security concerns with Authenticator apps and additional NFC tokens.
Service Asset & Desk Management	0	0	19	19	-5	19	0	Partner organisation is reviewing the actual recharged costs, likely need an adjustment
Ict Data Centre Replacement	0	0	0	0	-2	0	0	Partner organisation is reviewing the actual recharged costs, likely need an adjustment
Total Great Council	38	116	47	201	-13	201	0	
PEOPLE PRIORITY								
Lifeline	0	15	0	15	14	15	0	Scheme is complete. The purchase of digital lifeline units to replace the analogue units has happened.
Total People	0	15	0	15	14	15	0	
PLACE PRIORITY								
Private Sector Housing Grants								
LUF Stockyard	0	0	11,100	11,100	32	11,100	0	Agreement entered into for the design stage the cost of £800k, and submitted the grant claim from Rutland £205k. The actual construction is estimated to start in June 2024.
Campus Theatre LUF	0	0	2,000	2,000	0	2,000	0	The project grants have been approved , the project is progressing
UKSPF	0	0	378	378	16	378	0	Business and community grants due to start in October.

Disabled Facilities Grants (Private Sector Mandatory)	345	336	-10	671	76	671	0	Financial performance data is provided by Blaby District Council who carry out the DFG process on MBC's behalf. It should be noted that any underspend will need to be paid back or permission received from Better Care Fund/LCC to carry this forward. Current year grant is £304k .the rest of the budget needs to be carried forward
Warm Homes Grants	0	8	0	8	0	8	0	This is demand led with no expenditure incurred in year so will be carried forward option to remove this from the capital budget as no activity for 2 years.
EMT Vehicle/Frontline Service Machine replacement	40	180	0	220	117	220	0	The team is progressing with the purchase of the vehicles, two vans and six mowers have been purchased the other two vans likely to be complete in 24/25. In case of the project delay this will need to be carried over to 2024/25. the cost of vehicles have been a bit higher due to inflation, the programme for future years has been reviewed as a result.
Lake Terrace Waste Depot Refurbishment	0	76	0	76	6	76	0	Drainage investigations have been completed which has identified some issues. The government guidelines have meant the design and spec need to change.
Drainage at MSV	0	47	0	47	0	47	0	Melton's Sports village drainage requires remedial work. Awaiting report from engineers. No works will be carried out until the report has been assessed. Works estimated to be complex due to the geographical location connected to the drainage ditch and pipe under the railway track. Remedial cost is estimated to be 67k excluding design fees. There may also be further works required to the pipe, that is currently flooded.
LCC Education Infrastructure Condition Survey Asset Works	0	250	0	250	0	0	(250)	The Council are to be invoiced by the County Council as various triggers / stages are met as per the staged payment agreement agreed by Council but this is unlikely to occur for the foreseeable future.
-Cattle Market - Farmers Market	0	13	0	13	0	0	(13)	This is no longer required, to be removed from the capital programme
-Car Parks	0	108	43	151	115	151	0	Work on all car parks have been completed, awaiting for last invoices and breakdown
Asset Development Programme	592	170	0	762	27	762	0	Waiting for the outcome of the NHS/CCG feasibility regarding the proposal for the surgery at the Parkside.
Total Place	977	1188	13511	15676	389	15,413	-263	
Sub Total General Expenses	1,015	1,319	13,558	15,892	390	15,629	-263	



Cabinet

15 November 2023

Treasury Management Mid-Year Report 2023-24

Report Author:	Natasha Allsopp , Senior Management Accountant 01664 502393 NAllsopp@melton.gov.uk
Chief Officer Responsible:	Dawn Garton , Director for Corporate Services 01664 502444 DGarton@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox , Portfolio Holder for Corporate Finance, Property and Resources

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 The mid-year Treasury Report is a requirement of the Council's reporting procedures and provides a summary of the Treasury activities to the end of September 2023. The report also covers the actual position to date on the Prudential Indicators in accordance with the Prudential Code.
- 1.2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management 2021 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both codes through Regulations issued under the Local Government Act 2003

2 Recommendations

That Cabinet recommends to Council:

- 2.1 That the mid-year position on treasury activity for 2022-23 be noted
- 2.2 That the mid-year position on Prudential Indicators for 2022-23 be noted

3 Reason for Recommendations

- 3.1 The Prudential Code requires the Council to monitor and report performance on Treasury Management activities at least quarterly. As a minimum full Council need to receive an annual report on the strategy and plan for the coming financial year, a mid year review and an annual report on performance of the treasury management function. In addition monitoring reports should be received at least quarterly alongside revenue and capital monitoring by the cabinet as the body delegated responsibility for treasury management functions.
- 3.2 To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators.

4 Background

- 4.1 The Treasury Management & Prudential Indicators Mid-Year report for 2023-24 is attached at Appendix A. The report covers:
 - Economics, Interest and borrowing rate updates
 - Investment and Borrowing Strategies
 - Compliance with Treasury and Prudential Limits
- 4.2 The underlying purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance/Investment regulations. These state that Members receive and adequately scrutinise Treasury Management services.

5 Main Considerations

- 5.1 The underlying economic environment has been challenging for a number of years which had been impacting on investment returns, however interest rates have continued to rise with the base rate moving to 5.25% at the Monetary Policy Committee on 3rd August 2023 as part of the Bank of England's response to the escalating inflation rates.
- 5.2 The report shows that the basis of the treasury management strategy, the investment strategy and the PI's have not materially changed, except where shown and that all Prudential Indicators have been complied with over the reporting period.

- 5.3 The report is structured to highlight the key changes to the Councils capital activity (the prudential indicators), the economic outlook and the actual and forecast treasury management activity (borrowing and investment).

6 Options Considered

- 6.1 No other options considered. If the report was not provided councillors would not be aware of the ongoing management of the treasury functions and appropriate scrutiny would not be undertaken in accordance with the treasury framework.

7 Consultation

- 7.1 Consultation has been undertaken with the portfolio holder regarding the position for the 2023-24 financial year

8 Next Steps – Implementation and Communication

- 8.1 As this is a monitoring report there are no further steps required.

9 Financial Implications

- 9.1 The Treasury Management Strategy and Policy are core financial policies which underpin all the work of the Treasury Management function and incorporate any implications arising from the capital programme.
- 9.2 Following the previous suppressed interest rates there has been a period of continued positivity with rates steadily increasing with 12 month rates now over 6% in some instances. Interest rates are expected to remain high for the remainder of the year, with officers looking to continue to maximise returns with the latest forecast predicting a surplus of £533k against a budgeted income level of £589k (across General Fund and HRA). This will help to support some of the other in year pressures the Council is facing.
- 9.3 In terms of performance Melton is currently achieving an average rate of return of 5.66% as at the end of Sept which in comparison to the benchmarking group Melton is part of, is outperforming the benchmark average of 5.17% which includes county level authorities as well. In fact, Melton is the highest performing authority in the benchmark group at present. This is a positive achievement as the Council looks to maximise its returns whilst striving to balance risk and return.
- 9.4 As regards the £2m the Council has invested in a property fund the latest valuation as at the end of September 2023 shows a notional loss of £177k. At present, in accordance with the current accounting rules this potential loss doesn't have to be recognised but if it did we do have £120k in a reserve to partly offset. A property fund by its very nature is a long-term investment in terms of potential fluctuations in asset values but since the initial investment was made in 2017 the council has received investment income of £534k to date which has supported the revenue budget.

9.5 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the first half of the 2023/24 financial year for the period ending 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.

9.6 The Director for Corporate Services can confirm that no difficulties are envisaged for the current or future years in complying with these indicators and that all treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

10.1 The Local Government Act 2003 provides the powers to invest and borrow as well as providing controls and limits on the activity. There are no direct legal implications arising from this report. Failure to follow the Code of Practice and Strategy could increase the risk of financial loss.

Legal Implications reviewed by: Interim Assistant Director for Governance & Democracy)Monitoring Officer)

11 Equality and Safeguarding Implications

11.1 There are no direct equality or safeguarding issues arising from this report.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

13.1 There are no direct links to community safety arising from this report.

14 Environmental and Climate Change Implications

14.1 No implications have been identified but members may wish to note the council has an investment in a green and sustainable product that is focused around sustainable economic growth investment.

15 Other Implications (where significant)

15.1 No other implications have been identified.

16 Risk & Mitigation

16.1 These are assessed as part of the Corporate Services Risk Register

Risk No	Risk Description	Likelihood	Impact	Risk
1	Loss of investment income during 2023-24 as result of change in interest rates	Low	Marginal	Low Risk
2	Reduction in the valuation of the Councils Property Fund investment resulting in an actual loss should the regulations change to charge the loss to revenue account.	Significant	Marginal	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant		2		
	3 Low		1		
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Continue to maximise returns in line with the Treasury management investment strategy
2	Establishment of a property fund reserve to help mitigate any losses in the future should the statutory override be removed and there is a need to be charged direct to the revenue account in line with any change in accounting rules.

17 Background Papers

Treasury Management Strategy Statement 2023-24

18 Appendices

18.1 Appendix A – Mid-Year Treasury Management Review 2023-24

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APPENDIX A

Treasury Management Strategy Statement and Annual Investment Strategy

Mid-Year Review Report
2023/24

Contents

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1. Background

1.1 Capital Strategy

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level 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 capital strategy for 2023/24 was approved by Council at its meeting on the 23 February 2023.

1.2 Treasury management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising 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 the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, 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.”

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Council.)
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, Cabinet is the delegated body.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

3. Economics and Interest Rates

3.1 Economics Update – commentary provided by LINK Asset Services

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise

since March and takes it below the forecast of 7.2% the Bank of England published in early August.

- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures “further tightening in policy would be required”. Governor Bailey stated, “we’ll be watching closely to see if further increases are needed”. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100’s relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

3.2 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View		25.09.23											
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by this Council on 23rd February 2023.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved

Prudential Indicator 2023/24	Original	Revised Prudential Indicator
	£'000	£'000
Authorised Limit	46,000	46,000
Operational Boundary	34,000	34,000
Capital Financing Requirement	31,777	31,527

5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000	2023/24 Forecast £'000
Great Council	38	201	201
People	345	360	360
Place	632	15,331	15,068
Total General Fund	1,015	15,892	15,629
HRA	2,592	5,763	5,697
Total capital expenditure	3,607	21,655	21,326

The revised budget includes carry forwards from 2022/23 of £3.631m plus some new additions in year for projects such as the Levelling Up Fund Stockyard (£11.1m), Levelling Up Fund Campus Theatre (£2m)

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000	2023/24 Forecast £'000
Total capital expenditure			
Financed by:			
Capital receipts	968	3,523	3,531
Capital grants	684	360	13,978
Major Repairs Reserve	1912	15,391	1,765
Development and Regeneration Reserve	0	1,049	1,055
Repairs and Renewal Funds	38	553	540
Third Party Contributions	0	529	457
Revenue	5	0	0
Total financing	3,607	21,405	21,326
Borrowing requirement	0	250	0

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The planned borrowing to fund the LCC Education Infrastructure capital contribution has been pushed back due to the latest announcement by the highways authority with regard to progressing the scheme to which this contribution is linked. The CFR has therefore reduced by £250k.

Prudential Indicator – the Operational Boundary for external debt

	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000
Prudential Indicator – Capital Financing Requirement		
CFR – non housing	293	43
CFR – housing	31,484	31,484
Total CFR	31,788	31,527
Net movement in CFR	238	11
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	31,663	31,413
Other long-term liabilities	43	43
Total debt (year end position)	31,706	31,456

5.4 Limits to Borrowing Activity

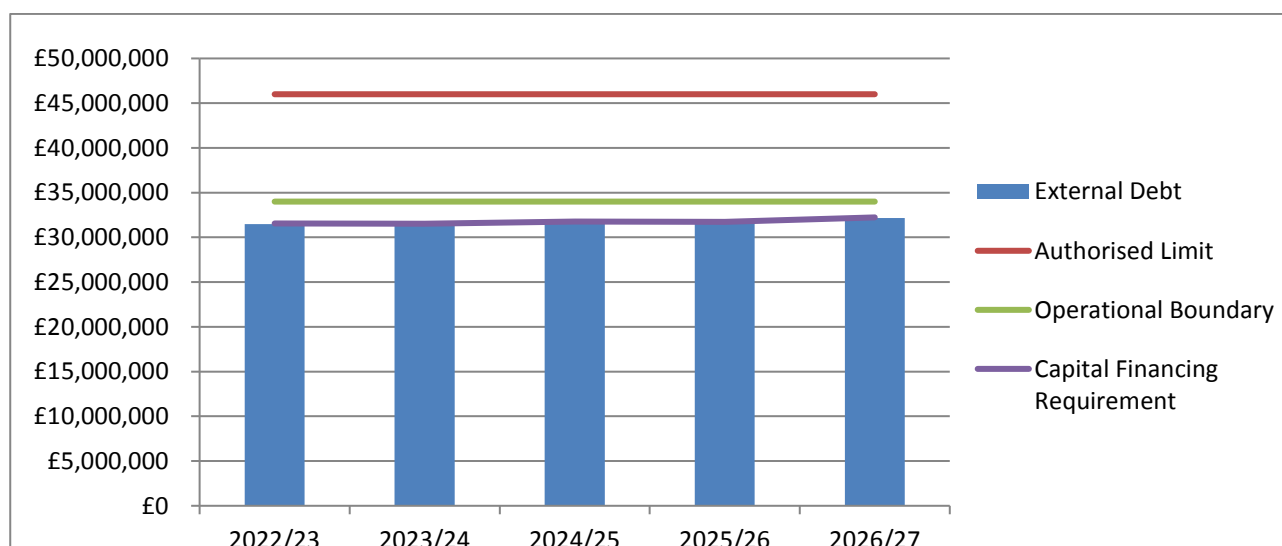
The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000
Borrowing	31,663	31,413
Other long-term liabilities*	43	43
Total debt	31,706	31,456
CFR* (year end position)	31,788	31,527

A further prudential indicator controls the overall level of borrowing. This is the **Authorised Limit** which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2023/24 Original Indicator £'000	2023/24 Revised Indicator £'000
Borrowing	45,950	45,950
Other long-term liabilities	50	50
Total	46,000	46,000

Comparison of borrowing parameters to actual external borrowing



6. Borrowing

The Council's capital financing requirement (CFR) for 2023/24 is £31.527m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council has

borrowings of £31.456m and has utilised £0.071m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if further upside risk to gilt yields prevails.

The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

It is anticipated that further borrowing will not be undertaken during this financial year.

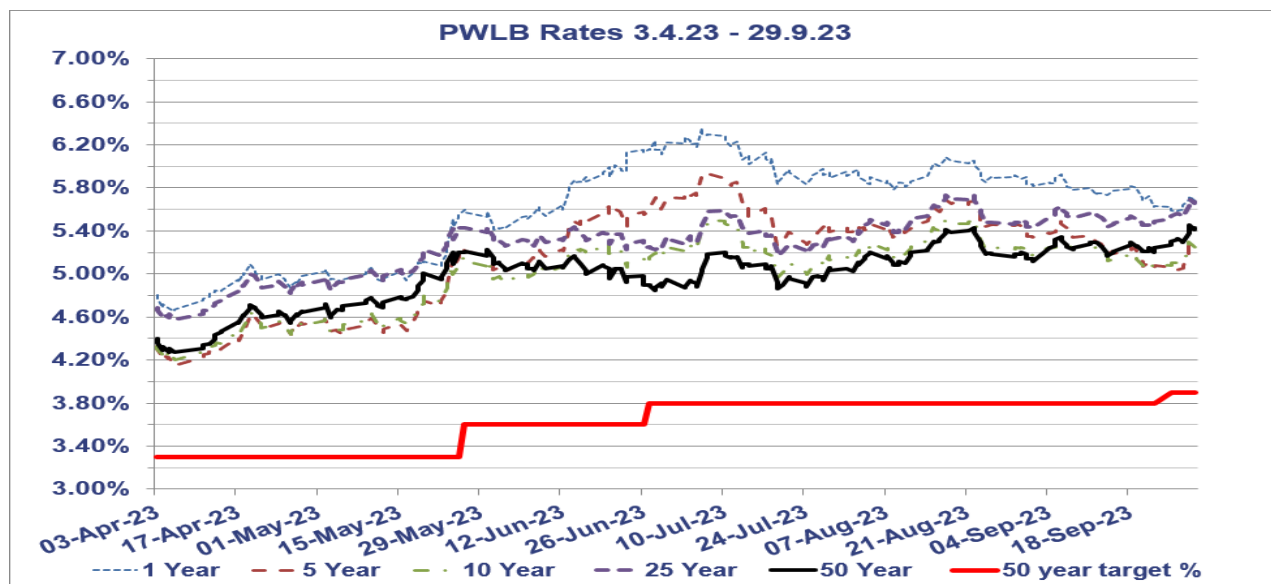
PWLB maturity certainty rates (gilts plus 80bps) year to date to 29th September 2023

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

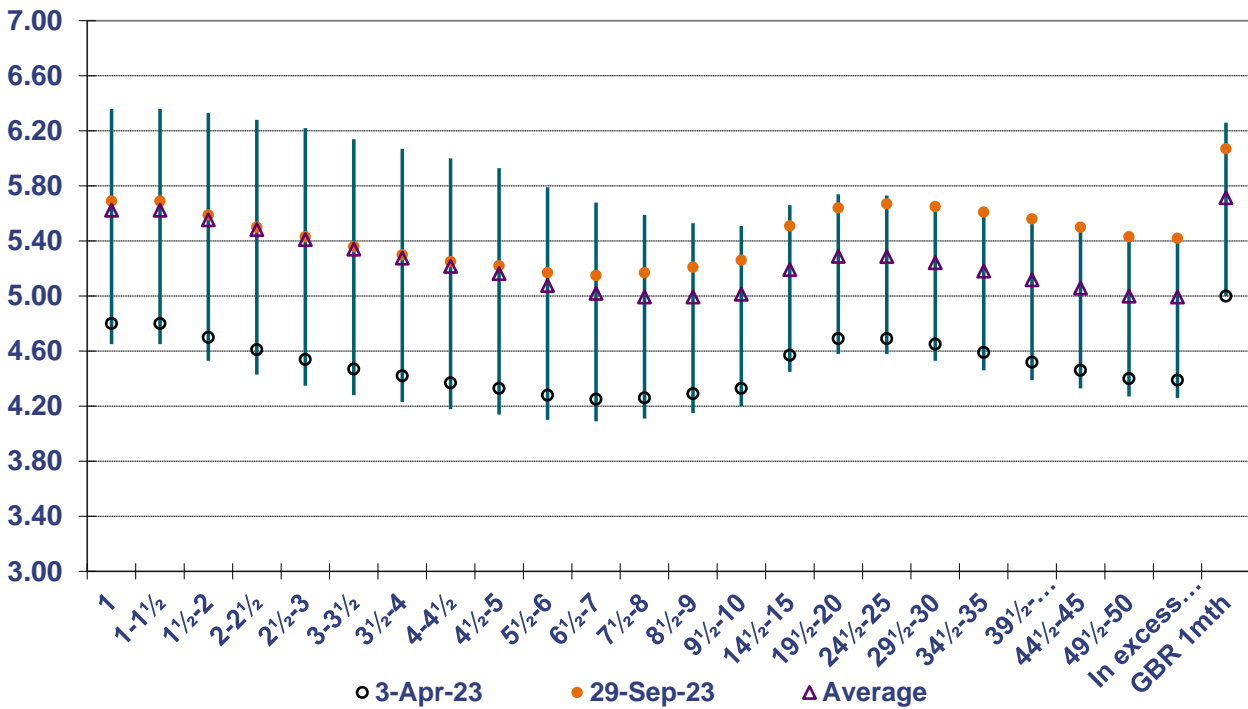
July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

We forecast rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

PWLB RATES 01.04.23 - 29.09.23



PWLB Certainty Rate Variations 3.4.23 to 29.9.23



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

- The current PWLB rates are set as margins over gilt yields as follows: -
 - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
 - **PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
 - **PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)
- The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

7. Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Director of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 23rd February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness.

Following the Government's fiscal event on 23rd September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

Investment Counterparty criteria

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

CDS prices

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

The average level of funds available for investment purposes during the first half of the financial year was £24.4m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £2m core cash balances for investment purposes (i.e., funds available for more than one year).

Investment performance year to date as of 29th September 2023

The Council's gross budgeted investment return for 2023/24 is £589k, and performance for the year is currently anticipated to be £533k above budget. This is due to both cash levels and interest rates being higher than anticipated.

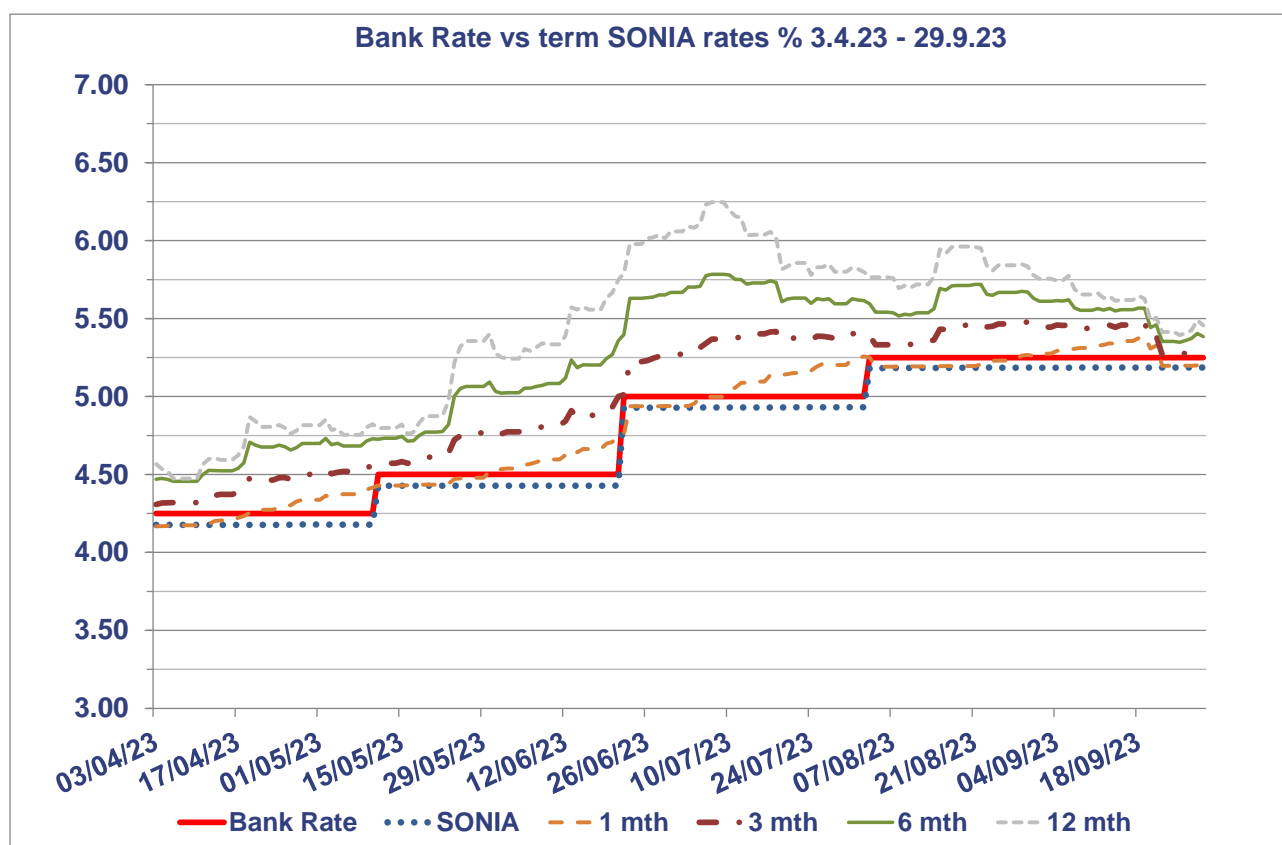
The investment portfolio yield for the first six months of the year is 5.66% against the seven day money market rate of 4.73%.

The average level of funds available during the first six months of the year is £24.379m compared with the annual budgeted figure of £15.4m.

Approved limits

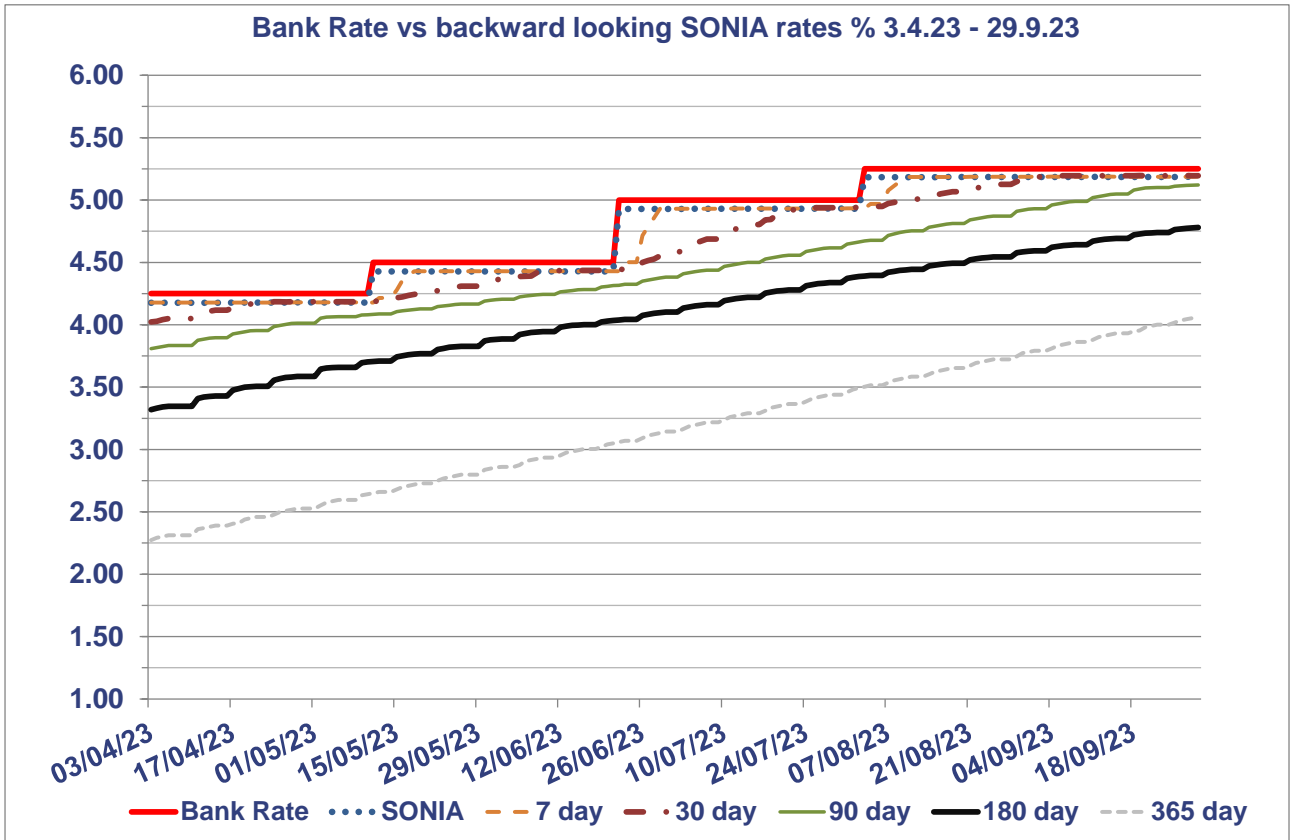
Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2023.

Investment rates during half year ended 30th September 2022



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

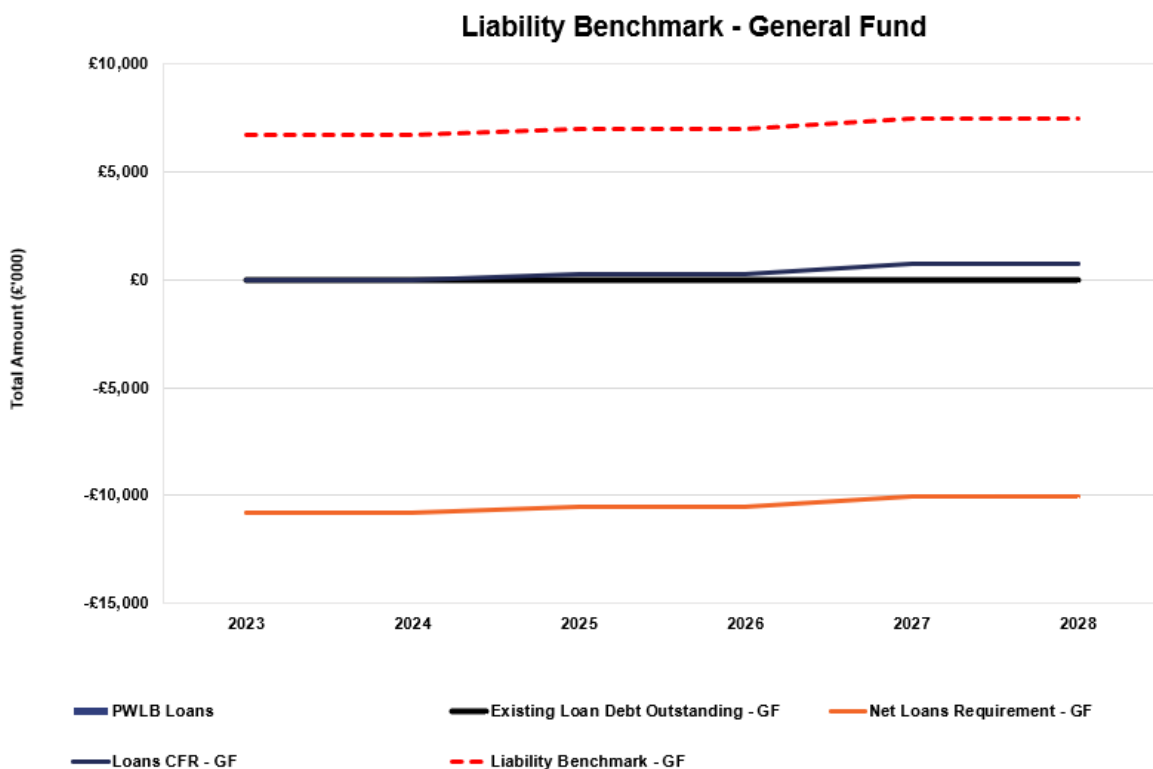
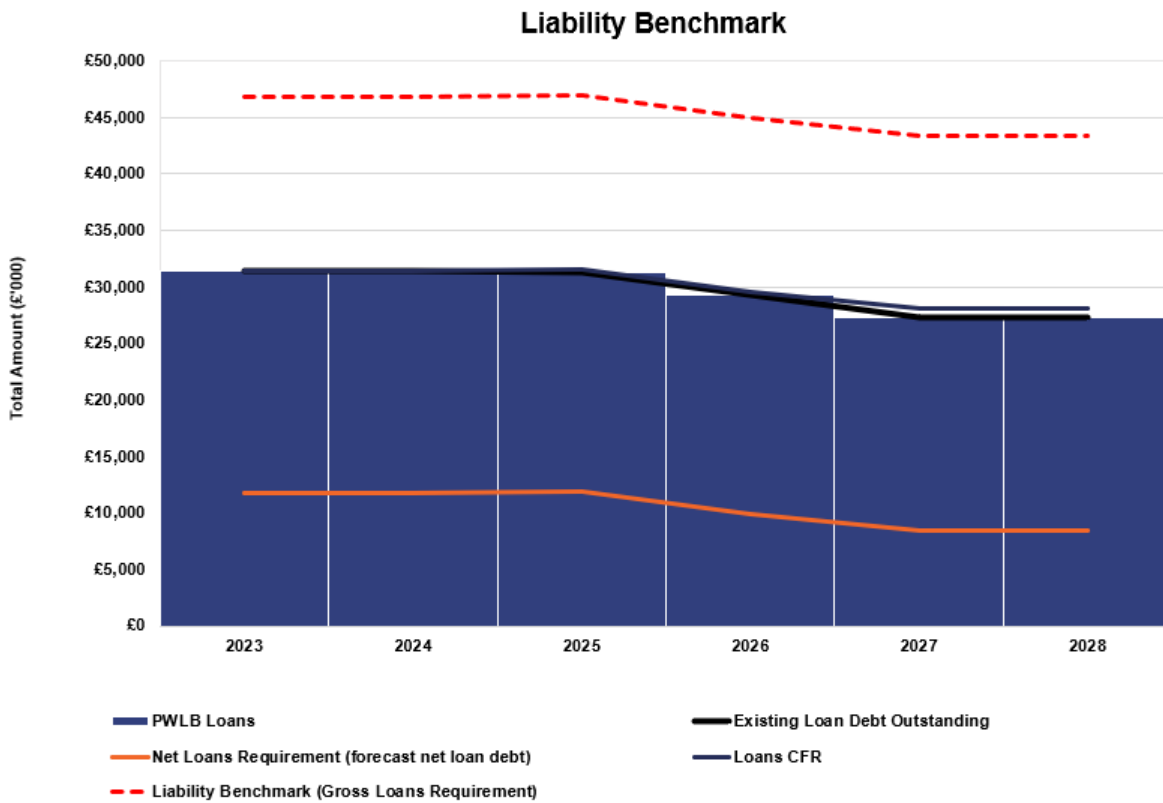
The table above covers the first half of 2023/24.



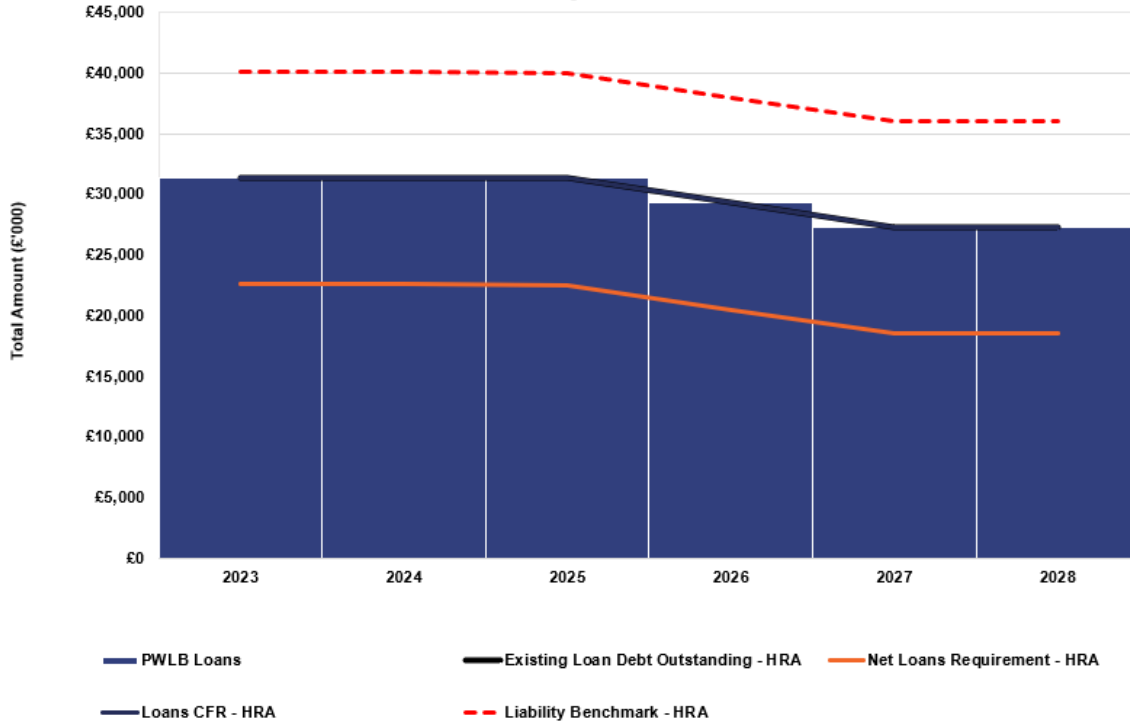
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.25	5.19	5.19	5.20	5.12	4.78	4.06
High Date	03/08/2023	29/09/2023	04/09/2023	27/09/2023	29/09/2023	29/09/2023	29/09/2023
Low	4.25	4.18	4.18	4.02	3.81	3.32	2.27
Low Date	03/04/2023	04/04/2023	11/04/2023	03/04/2023	03/04/2023	03/04/2023	03/04/2023
Average	4.81	4.74	4.71	4.64	4.44	4.10	3.16
Spread	1.00	1.01	1.01	1.17	1.31	1.46	1.79

The table above covers the first half of 2023/24.

APPENDIX 1: the CFR, Liability Benchmark and Borrowing



Liability Benchmark - HRA



APPENDIX 2: Investment Portfolio

Investments held as of 30th September 2023 compared to our counterparty list:

Melton Borough Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Insight	400,000	5.24%		MMF	AAAm	
MMF Invesco	3,000,000	5.33%		MMF	AAAm	
Qatar National Bank	1,000,000	4.75%	04/10/2022	03/10/2023	A	0.000%
Standard Chartered Bank (ESG)	1,000,000	5.14%	04/10/2022	03/10/2023	A+	0.000%
National Bank of Kuwait (International) PLC	3,000,000	5.87%	17/07/2023	17/01/2024	A	0.013%
Standard Chartered Bank (ESG)	1,000,000	6.21%	01/08/2023	01/02/2024	A+	0.015%
Qatar National Bank	1,000,000	6.57%	12/06/2023	12/03/2024	A	0.020%
Lloyds Bank Plc (RFB)	2,000,000	5.14%	20/03/2023	19/03/2024	A+	0.021%
Qatar National Bank	1,500,000	6.04%	28/06/2023	28/03/2024	A	0.022%
National Bank of Kuwait (International) PLC	1,000,000	5.12%	03/04/2023	02/04/2024	A	0.023%
Qatar National Bank	1,000,000	5.27%	03/04/2023	02/04/2024	A	0.023%
Qatar National Bank	3,000,000	5.92%	12/04/2023	11/04/2024	A	0.024%
Lloyds Bank Plc (RFB)	1,500,000	5.66%	31/05/2023	30/05/2024	A+	0.030%
Qatar National Bank	1,000,000	6.29%	27/06/2023	26/06/2024	A	0.033%
Standard Chartered Bank (ESG)	1,000,000	6.15%	01/08/2023	31/07/2024	A+	0.038%
Borrower - Funds	Principal (£)	Interest Rate	Start Date	Maturity Date		
CCLA Local Authorities Property Fund	2,000,000					
Total Investments	£24,400,000					
Total Investments - excluding Funds	£22,400,000	5.66%				0.020%
Total Investments - Funds Only	£2,000,000					

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.



Cabinet

15 November 2023

Acquisition of Affordable Homes to spend Right to Buy Receipts

Report Author:	Tahir Majid , Housing Development Manager 01604 502407 tmajid@melton.gov.uk
Chief Officer Responsible:	Michelle Howard , Director for Housing and Communities (Deputy Chief Executive) 01604 502322 mhoward@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Cllr Pip Allnatt - Leader of the Council and Portfolio Holder for Housing and Landlord Services

Corporate Priority:	Providing high quality council homes and landlord services
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	Not Applicable
Exempt Information:	No
Key Decision:	Yes a) Incurring Expenditure of £50,000 or more
Subject to call-in:	Yes

1 Summary

- 1.1 The Government allows local authorities to use receipts from the sale of council homes to fund the delivery of new council homes subject to conditions. These include deadlines for the spending of Right to Buy (RTB) receipts.
- 1.2 If receipts are not spent on time, they have to be returned to the Government with a financial penalty.

- 1.3 The Council will deliver new council homes according to the Affordable Housing Development Plan 2022-26. This includes the option of purchasing new homes from developers.
- 1.4 Approval for the acquisition of homes using RTB receipts is currently achieved through individual Cabinet reports for each scheme. However, this process takes time and if there are delays in delivery, there is a risk of RTB receipts not being spent within yearly deadlines.

2 Recommendations

That Cabinet:

- 2.1 **Notes the need to spend Right to Buy receipts for the 2023/24 spending requirement to enable the acquisition of affordable homes.**
- 2.2 **Delegates authority to the Director of Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services to purchase homes in accordance with the budget for spending Right to Buy receipts to meet the 2023-24 spending requirement.**

3 Reason for Recommendations

- 3.1 Delivering new council homes with RTB receipts will help to meet the corporate priority of providing high quality council homes and landlord services.
- 3.2 The Government imposes deadlines for spending RTB receipts. A certain amount of funds has to be spent each financial year in order to avoid receipts being sent back to the Treasury with an interest penalty.
- 3.3 Cabinet approval was obtained in December 2022 to purchase 8 new houses from a developer in Old Dalby. Expenditure on this scheme would have ensured that the RTB spend target for this financial year was achieved. Unfortunately, there have been delays due to the developer having issues with planning permission and construction. This means 6 of these homes will not be ready until the end of December 2023. There is a concern that if there are further delays in delivery, alternative purchases and associated Cabinet approvals will need to be made. As the Cabinet approval process takes time, there is a risk that the deadline for spend by the end of March 2024 may not be achieved.
- 3.4 Delegating authority to spend RTB receipts to the Director of Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services will save time and ensure that receipts are spent within deadlines.
- 3.5 The homes will be acquired according to the Housing Development Plan 2022-26 which was approved by Cabinet in July 2022. All new homes will be purchased in consultation with the Portfolio Holder for Housing and Landlord Services, and in accordance with the budget for spending RTB receipts.

4 Background

- 4.1 The Government allows local authorities to use receipts from the sale of council homes to fund the delivery of new affordable homes subject to conditions. These include deadlines for the spending of Right to Buy receipts. If receipts are not spent on time, they will have to be returned to the Government with a financial penalty.
- 4.2 The Council will deliver new homes according to the Affordable Housing Development Plan 2022-26. This sets out the criteria for the way new homes will be added to the Council's housing stock. This includes purchasing new build homes from developers, acquiring older properties and developing our own housing schemes on Council owned sites.
- 4.3 We could consider buying older homes including former council houses. However, these would not be as energy efficient or maintenance free as new build homes. If we were to acquire former council housing it would mean purchasing them at full market price after having sold them at a discount.
- 4.4 The Government is encouraging Council's to build new homes. This would mean we could design our own homes to our own requirements and specification. However, constructing our own homes would take time to deliver as we would need to hire architects and tender for contractors. The Council doesn't currently have the skillset or economies of scale that an established developer would have on their sites. As RTB receipts have to be spent within yearly deadlines, it is considered that purchasing ready built homes would be the best option.
- 4.5 Approval for purchasing homes using RTB receipts is currently achieved with individual Cabinet reports on a scheme by scheme basis. As this is a time consuming process, there is a risk of RTB receipts not being spent within yearly deadlines.
- 4.6 For the spend of right to buy receipts in 2024/25, a Cabinet report will be presented to provide oversight on the volume of units for the year and proposed geographical locations, whilst also seeking delegated authority to spend in accordance with the budget for right to buy receipts.
- 4.7 Monitoring of progress is carried out through the council performance and budget management arrangements, and any risks to achieving the spending deadlines must be brought to the attention of the Portfolio Holder at the earliest opportunity.

5 Main Considerations

- 5.1 The Government allows Councils up to 5 years to spend RTB receipts to acquire additional housing. As the RTB receipts are pooled, there is a certain amount that has to be spent by the end of each financial year.
- 5.2 If the RTB receipts are not spent on time, they have to be returned to the Treasury with penalties according to the relevant Bank of England interest rate plus 4%.
- 5.3 The table below shows the Council's total RTB spending requirement for the years 2023-24 to 2026-27.

Year	RTB receipts for spending on new affordable homes	Reserves required to spend with RTB receipts	Total
2023-24	247,600	371,400	619,000
2024-25	498,800	748,200	1,247,000
2025-26	53,200	79,800	133,000
2026-27	90,400	135,600	226,000
Total	890,000	1,335,000	2,225,000

- 5.4 The yearly spend target is shown in the last column. This includes RTB receipts and matching reserves required for the acquisitions. The Council can use its one-for-one receipts from Right to Buy sales in order to fund the delivery of new affordable homes, however, this can only make up 40% of the cost with the remaining 60% to be made up from Council reserves.
- 5.5 The Affordable Housing Development Plan allows for both the acquisition and development of new council housing using RTB receipts. As it would take time and expense for the Council to construct its own new housing, it is considered that purchasing ready built homes would be the best option.
- 5.6 For this financial year, the Council needs to spend £619,000 by 31st March 2024, in order to avoid penalties.
- 5.7 The Council has Cabinet approval to acquire 8 houses from Rippon Homes Ltd who are developing a site in Old Dalby. This acquisition would have ensured the RTB spend requirement of £619,000 would be comfortably achieved by the end of this financial year.
- 5.8 Unfortunately, due to issues with planning approval and difficulties in obtaining building supplies, the construction of the houses has been delayed. So far, only two homes have been completed.
- 5.9 The builder has assured the Council that the remaining six houses will be constructed by the end of December 2023. If these do not complete as promised, there is a risk that the Council will miss the required spend target for this financial year.
- 5.10 In order to mitigate the risk of unspent funds, the opportunity to acquire houses from other developer's is being considered.
- 5.11 There are a number of new housing developments in Melton and homes suitable for acquisition were assessed in terms of price and availability.
- 5.12 Jelson Homes Ltd have a 2 bed house at their Scholars Walk scheme in Melton which is available for £205,000. They also have a new 3 bed house available at a development in Asfordby for £225,000.

- 5.13 If the Council acquires these in addition to the two that are complete in Old Dalby, the total spend for this year will be £750,000. This will ensure that the minimum required spend of £619,000 is achieved.
- 5.14 However, Cabinet approval is required for further acquisitions. The process of going to Cabinet every time for acquisitions is time consuming and risks spend deadlines not being met. Time could be saved if prior approval to spend RTB receipts was obtained in advance of the deadlines. This could be done if Cabinet approval is obtained to delegate authority to the Director of Housing and Communities to purchase new council homes.
- 5.15 All homes will be purchased in accordance with the budget for spending RTB receipts and in consultation with the Portfolio Holder for Housing and Landlord Services.
- 5.16 Delegating authority will enable faster decisions to be made. This will allow greater flexibility when dealing with potential delays to delivery. It will also enable the Council to benefit from discounts that some developers may offer in return for quick sales.

6 Options Considered

6.1 Continue to obtain Cabinet approval for individual scheme acquisitions.

- 6.2 There are targets for RTB spend which have to be met by the end of each financial year. The current process of finding suitable acquisitions and publishing proposals in the Forward Plan for a month before presenting to Cabinet (which only takes place on certain dates) is time consuming.
- 6.3 Sometimes there may be delays in delivering new homes from schemes that already have Cabinet approval. Seeking alternatives in limited time means having to go to Cabinet again and risking RTB receipts not being spent according to deadlines.

7 Consultation

- 7.1 Consultation has taken place with officers in Housing Options, Asset Management, Finance and Legal teams.

8 Next Steps – Implementation and Communication

- 8.1 If the recommendations of this report are agreed by Cabinet, steps will be taken to purchase council homes with the approval of the Director of Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services, and in accordance with the RTB budget.

9 Financial Implications

- 9.1 No borrowing will be required to fund purchases of council homes using RTB receipts.
- 9.2 The acquisition of houses will be funded with a combination of RTB receipts and HRA reserves.
- 9.3 The HRA Business Plan 2022-52 allows for the expenditure of £2,225,000 to deliver council housing using RTB receipts for the years 2023-24 to 2026-27.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Under section 8 of the Housing Act 1985 (as amended) ('the Act') the Council has a duty to consider housing conditions in its borough and the needs of the borough with respect to the provision of providing further housing accommodation. These duties can be coupled with

the general power of competence under section 1 of the Localism Act 2011 which gives councils the power to do anything an individual can do subject to any statutory constraints.

- 10.2 Under section 9 of the Act the Council has power to provide housing accommodation by building or acquiring such accommodation and must keep the needs of the borough in relation to such housing under review
- 10.3 Each property identified for purchase will be subject to a due diligence process in terms of relevant searches, ownership and title matters prior to acquisition.
- 10.4 This decision provides delegated authority to the Director of Housing and Communities in consultation with the Portfolio Holder for Housing and Landlord Services to purchase homes within the 2023-24 financial years. For the spend of right to buy receipts in 2024/25, a Cabinet report will be presented to provide oversight on the volume of units for the year and proposed geographical locations, whilst also seeking delegated authority to spend in accordance with the budget for right to buy receipts.
- 10.5 Monitoring of progress is carried out through the council performance and budget management arrangements, and any risks to achieving the spending deadlines must be brought to the attention of the Portfolio Holder at the earliest opportunity.

Legal Implications reviewed by: Senior Solicitor

11 Equality and Safeguarding Implications

- 11.1 The acquisition of affordable homes will make a significant contribution to the provision of additional high-quality affordable housing in the borough, providing homes for those facing homelessness and on lower incomes.
- 11.2 The proposals in this report do not raise any negative impacts for equalities and demonstrate that the Council has paid due regard to equalities as required by section 147 of the Equality Act 2010.

12 Data Protection Implications (Mandatory)

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no Data Protection implications arising from this report.

13 Community Safety Implications

- 13.1 None arising directly from this report.

14 Environmental and Climate Change Implications

- 14.1 This consideration will form part of the decisions taken to acquire homes. Officers will seek to ensure that homes are as energy efficient as possible and meet the standards set out in the Council's Housing Asset Management Plan.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Failure to meet RTB receipt spend deadlines	Low	Critical	Medium Risk
2	Standard of homes below requirements	Low	Critical	Medium Risk
3	Insufficient demand for new homes	Low	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low			1,2,3	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	There will be early progression of purchase opportunities. Alternatives will be considered if there are delays in order to ensure RTB receipts are spent on time.
2	Homes will be independently surveyed prior to purchase to ensure acceptable condition and value for money.
3	Housing Options will be consulted to ensure that there is sufficient demand for the type and location of homes to be acquired.

16 Background Papers

16.1 [Affordable Housing Development Plan 2022-26](#)

17 Appendices

17.1 None

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