



**BUDGET SCRUTINY PANEL**

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To: Councillors Hadji-Nikolaou (Chair), Bolton, Draycott, Hamilton, C. Harris, Parsons, Seaton and Angell (For attention)

All other members of the Council  
(For information)

You are requested to attend the meeting of the Budget Scrutiny Panel to be held in Virtual Meeting - Zoom on Tuesday, 29th September 2020 at 3.30 pm for the following business.

Chief Executive

Southfields  
Loughborough

21st September 2020

**AGENDA SUPPLEMENT**

5. REVISED BUDGET 2020-21 (DRAFT)

3 - 19

A presentation of the Head of Financial Services setting out the (draft) revised budget for 2020-21, including the Medium Term Financial Strategy 2020-23 for scrutiny by the Panel.



# **FINANCE UPDATE**

## **September 2020**

### **BUDGET SCRUTINY PANEL**

### **29 September 2020**

# Forthcoming finance reports



1. Revised 2020 / 21 budget
2. Updated MTFS – 2020-2023
3. Revised Capital Plan – 2020-2023
4. Capital Strategy 2020/21

The above are scheduled for Cabinet 15 October, Council 9 November

# Revised budget 2020/21



Actual 2019/20 £000	General Fund Budget Summary	Original Budget 2020/21 £000	Revised Budget 2020/21 £000	Variance Original Vs Revised 2020/21 £000
<b>19,176</b>	<b>Net Service Expenditure</b>	<b>19,038</b>	<b>22,643</b>	<b>(3,605)</b>
213	Revenue Contributions to Capital	0	0	0
227	Interest Paid	240	240	0
(562)	Less: Interest on Balances	(500)	(300)	(200)
<b>19,054</b>	<b>Total Borough Expenditure</b>	<b>18,778</b>	<b>22,583</b>	<b>(3,805)</b>
74	Contribution (from)/to Reinvestment Reserve	(36)	(195)	159
<b>(2,200)</b>	<b>Contribution(from)/to Working Balance</b>	<b>(1,069)</b>	<b>(1,822)</b>	<b>753</b>
(173)	Contribution (from)/to Collection Fund	143	143	(0)
(213)	Contribution(from)/ to Capital Plan Reserve	0	500	(500)
395	Contribution (from)/to Other Reserves	(45)	(63)	18
<b>16,937</b>	<b>Precept Requirement</b>	<b>17,771</b>	<b>21,146</b>	<b>(3,375)</b>
5,290	NNDR	4,947	4,947	0
6,893	Council Tax Receipts	7,288	7,288	0
1,213	Loughborough Special Levy	1,271	1,271	0
3,731	New Homes Bonus	4,122	4,122	0
0	DCLG Covid Income Loss Claim	0	1,191	(1,191)
0	DCLG Covid Emergency Grant	0	2,184	(2,184)
(17)	General Government Grants	0	0	0
(173)	Collection Fund Surplus/(Deficit)	143	143	0
<b>16,937</b>	<b>Precept Income</b>	<b>17,771</b>	<b>21,146</b>	<b>(3,375)</b>
<b>£000</b>	<b>REVENUE BALANCES</b>	<b>£000</b>	<b>£000</b>	
<b>Actual 2019/20</b>		<b>Original 2020/21</b>	<b>Revised 2020/21</b>	
6,871	<b>Working Balance at 1 April</b>	5,900	4,498	
(2,373)	Transfer from/(to) General Fund	(926)	<b>(1,822)</b>	
0	Transfer from Growth Support Fund	0	101	
0	Transfer from/(to) Reinvestment Reserve	(170)	0	
0	Contribution to the LLEP Enterprise Zone	0	(1,100)	
<b>4,498</b>	<b>Balance at 31 March</b>	<b>4,804</b>	<b>1,677</b>	

# Variance- Original vs Revised Budget #1



- Reduction in budgeted sales, fees and charges, including:
  - Town Hall income streams £1.2m
  - Planning fees £0.6m
  - Markets £0.3m
  - Leisure contract income £0.2m
  - Various other - garden waste, land charges, etc £1.0m
  - Total budgeted reductions in sales, fees and charges **£3.3m**
- Reduction in budgeted interest and commercial income: **£0.3m**
- In-year cost savings include:
  - Offset reduction Town Hall costs (£0.5m)
  - Salary savings - managed vacancies (£0.7m)
  - Minimum Revenue Provision saving (£0.5m)
  - Total mitigating savings identified **(£1.7m)**

# Variance- Original vs Revised Budget #2



- Additional costs directly attributable to COVID-19 now in budget:
  - Subsidy for leisure centres £0.5m
  - Homelessness £0.2m
  - Community support and similar £0.6m
  - Total projected COVID-19 costs **£1.3m**
- Other cost pressures totaling £0.6m including:
  - Supported living (housing benefit) £0.4m
  - Additional insurance costs £0.1m
  - Total other cost pressures **£0.6m**
- **Total net additional expenditure budgeted** **3.8m**

# Budget – additional comments



- Government funding for COVID-19 losses
  - received £2.2m, additional estimated £1.2m, TOTAL £3.4m
- In-year cost saving initiatives principally relate to additional managed vacancy savings and costs avoided in relation to artists fees for Town Hall shows
- No changes to the underlying Council service configuration reflected in the original 2021/21 Budget arising from the Revised Budget.
- After allowing for technical changes the Revised General Fund Budget shows an additional use of the Working Balance of £0.7m compared to the original budget
  - Total use of this reserve of £1.7m (versus £1.1m in the original budget)



# Budget – Housing Revenue Account



- The Revised HRA Budget shows a use of reserves of some £0.8m, compared to an essentially break-even position originally budgeted

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- Principal variances versus the revised budget are largely attributed to COVID-19 as follows:
  - Empty properties not be re-let during lockdown £0.4m
  - Additional council tax liability due to voids £0.1m
  - Additional bad debt charges (less enforcement possible) £0.2m

# MTFS 2020 – 2023 summary



<b>MTFS Projections 2020 - 2023</b>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Net Service Expenditure	22,643	18,916	18,916
Interest Payable	240	240	240
Interest Receivable	(300)	(300)	(300)
	22,583	18,856	18,856
Service pressures identified			
Contractual	0	485	671
Projected salary cost increase	0	0	428
COVID-19	0	1,013	398
Other - structural	0	593	542
Mitigating savings	0	(1,255)	(1,355)
<b>Total Net Expenditure</b>	<b>22,583</b>	<b>19,691</b>	<b>19,539</b>
Funding	20,761	17,570	17,843
<b>Projected use of working balance</b>	<b>(1,822)</b>	<b>(2,121)</b>	<b>(1,696)</b>

# MTFS - Service pressures



Service pressures identified	2021-22	2022-23	Pressure type
	£000	£000	
Revenues & Benefits - Capita	47	47	Contractual
Environmental Services - Serco	419	580	Contractual
Open spaces - Idverde	20	44	Contractual
General salary cost increase	0	428	Contractual
Leisure Centres	123	106	COVID-19
Markets income	147	0	COVID-19
Town Hall	391	0	COVID-19
Car parking	142	142	COVID-19
Homelessness provision	211	151	COVID-19
Supported living - Housing Benefit losses	200	200	Other
Planning	332	332	Other
Building control	50	0	Other
Community Grants	11	10	Other
<b>TOTAL</b>	<b>2,090</b>	<b>2,038</b>	

# MTFS - Mitigating savings



Mitigating savings	2021-22	2022-23	
	£000	£000	<i>Comment</i>
Commercial Property investment	400	400	Original T&E plan ++
Commercialisation – fees & charges	40	50	Original T&E plan
Commercialisation – Trade Waste	10	20	Original T&E plan
Major contract efficiencies	25	55	Original T&E plan
Transformation – Accommodation	0	50	Original T&E plan
Transformation – ICT enabled	30	30	Original T&E plan
MRP saving - Environmental Services	350	350	Additional initiative
Other identified corporate savings	200	200	Additional initiative
Review vacant posts (MVS)	200	200	Additional initiative
<b>TOTALS</b>	<b>1,255</b>	<b>1,355</b>	

# Funding assumptions



- Information very limited – broad assumption that Government funding similar in 2021/22 and 2022/23 to current (2020/21)
- Council tax, Loughborough Special - 2% YoY increase
- Business rates – inflation increase, but ‘safety net’ position
- New Homes Bonus – assumes that it limps on...
  - BUT – could quite plausibly see £2m shortfall if not - **RISK**

# MTFS - Working balance analysis



<b>Movement on Working Balance</b>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Working balance brought forward	4,498	1,677	1,168
Use of balances (as above)	(1,822)	(2,121)	(1,696)
Other transfer of reserves	101	0	0
<i>One-off collection fund adjustments:</i>			
Transfer of EZ business rates to LLEP	(1,100)		0
Adjustment for business rate appeals		1,561	
<b>Working balance carried forward</b>	<b>1,677</b>	<b>1,118</b>	<b>(578)</b>

# Revised Capital Plan 2020 - 2023



- Derived from merger of Original Capital Plan 2020 – 2023 and last year of amended Capital Plan 2018 – 2021
- Several schemes deferred / cancelled - enables half of the Environmental Services fleet costs to be funded from reserves
- Key other additions (funded through Prudential Borrowing):
  - Commercial property – increase from £10m to £25m
  - Town Deal / Regeneration – add £15m
  - EZ forward funding – add £15m

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# Revised Capital Plan – list of amendments



<b>REVISED CAPITAL PLAN 2020-2023</b>			<b>Appendix 1</b>
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<u>Cabinet 13th February 2020 - Minute 81</u>	23,067,800	11,058,300	10,450,800
<u>Cabinet 9th July 2020 - Minute 15</u> Carry forwards from 2019/20	9,292,600	(2,400)	
<u>Delegated Decision (DD043 2020) - 16th March 2020</u> Queniborough Parish Council - play equipment - King George V Playing Field	19,300		
Disabled Facilities Grants - Block Sum - reduced BCF funding received	(109,800)		
<u>Delegated Decision (DD099 2020) - 8th July 2020</u> Allendale Road - Public Open Space Improvements		(82,800)	
Farnham Road Public Open Space Improvements			(113,000)
Shelthorpe Public Open Space Enhancements	95,100	101,000	
Lodge Farm Public Open Space Enhancements			31,200
Holt Drive PA Enhancements		11,000	
Radmoor Road Public Open Space Enhancements			53,600
Shepshed Public Open Space Enhancements		54,100	
Bell Foundry Pocket Park - Phase 1 & 2	43,400		
<u>Senior Leadership Team - 23rd July 2020</u> Shortcliffe Community Park - Scheme complete	(15,300)		
Provision of Neighbourhood Notice Boards - Scheme complete	(1,400)		
Dishley Pool Access Works - Scheme complete	(14,100)		
Loughborough Cemetery - increase in New Burial Provision	300,000		
Loughborough Old Cemetery Green Flag Site Development - Defer to next plan	(40,000)		
Mountsorrel Castle Park Green Flag Site Development - Defer to next plan	(40,000)		
The Outwoods Country Park - Septic tank system replacement - Scheme complete	(3,600)		
Shortcliffe Park Access Bridges - Scheme complete	(15,200)		
Allotment Improvements - Reduction in budget to complete urgent works only	(25,000)		
Loughborough in Bloom - Biodiversity Improvements - Defer to next plan	(20,000)		
Charnwood Water - Access Improvements - Defer to next plan	(40,000)		
Moat Road - Multi Use Games Area & Play Improvements - Defer to next plan		(40,000)	
Playing Pitch Strategy Action Plan - Reduction in budget to complete urgent works only at Hallam Fields	(40,000)	(60,000)	(100,000)
Parish Green Masterplan - Defer to next plan	(5,000)	(70,000)	
Legal Case Management System - Scheme no longer required	(20,000)		
CCTV - Reduction in budget	(32,500)	(10,000)	(10,000)
Charnwood Community Facilities Grants - Reduction in budget	(118,400)	30,000	30,000
Beehive Lane Car Park Improvements and refurbishment scheme - Scheme delayed	(100,000)	100,000	
Planned Building Improvements - Reduction in Budget	(400,000)	(400,000)	(400,000)
Town Hall - Victorial Room - Air Handling - Scheme delayed	(50,000)	50,000	
Town Hall - additional seating - Scheme delayed	(75,000)	(150,000)	225,000
Leicestershire Superfast Broadband Phase 3 - Scheme no longer required	(100,000)		
Carbon Neutral Action Fund - Block Sum - Reduction in Budget	(400,000)		
Private Sector Housing Grants - Block Sum - Reduction in Budget	(60,000)		
HRA Door Replacement - Reduction in Budget	(500,000)		
HRA Barkby Road, Queniborough - acquisition of remaining dwellings	17,500		
New Addition Northgate - Single Use System	120,000		
<u>Capital Strategy - 2020/21 (proposed - Council 9 November 2020)</u> Increase in commercial property investment portfolio (from £10m to £25m)	15,000,000		
Town Deal and Regeneration Fund	5,000,000	10,000,000	
Enterprise Zone - Forward funding	15,000,000		
<b>Update Report - Total</b>	<b>65,730,400</b>	<b>20,589,200</b>	<b>10,167,600</b>
<b>Total of 3 Year Revised Capital Plan (2020/21 to 2022/23)</b>			<b>96,487,200</b>

# Capital Strategy – key features



- Updated Treasury Management Strategy – additional flexibility with a view to improving returns
- Updated capital finance requirement – (additional borrowing)
  - Commercial property – increase from £10m to £25m
  - Town Deal / Regeneration – add £15m
  - EZ forward funding – add £15m
- Clarification MRP policy



Charnwood

