



BUDGET SCRUTINY PANEL

This meeting will be recorded and the sound recording subsequently made available via the Council's website: charnwood.gov.uk/pages/committees

Please also note that under the Openness of Local Government Bodies Regulations 2014 that other people may film, record, tweet or blog from this meeting. The use of any images or sound recordings is not under the Council's control.

To: Councillors Draycott, Gerrard, Miah (Chair), Parsons and Seaton (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 Committee Room 2 - Council Offices on Wednesday, 12th December 2018 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

4th December 2018

AGENDA

1. APOLOGIES
2. MINUTES OF THE PREVIOUS MEETING 4 - 8

The Panel is asked to confirm as a correct record the minutes of the meeting held on 2nd October 2018.

3. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS
4. DECLARATIONS - THE PARTY WHIP

5. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions were submitted.

6. DRAFT GENERAL FUND AND HRA BUDGETS 2019/20

9 - 29

To consider the Draft General Fund and Housing Revenue Account (HRA) Budgets 2019/20 report that is due to be considered by the Cabinet on 13th December 2018 and which is attached.

In preparing for this meeting, members of the Panel identified that the following issues should be considered at the meeting and the attendance of the listed Cabinet Lead Members and officers has been requested:

Issue	Relevant Cabinet Lead Member and Officers
Use of reserves	Councillor Barkley Strategic Director of Corporate Services
Impact of reductions in County Council services on Borough Council's budget	Councillor Barkley Strategic Director of Corporate Services
HRA budget including conclusion of the decent homes contract	Councillor Harper-Davies Councillor Mercer Strategic Director of Housing, Planning & Regeneration and Regulatory Services Head of Landlord Services
Garden waste bin charges	Councillor Harper-Davies Head of Cleansing and Open Spaces

7. FURTHER MEETINGS OF THE PANEL 2018/19

Further meetings of the Panel in 2018/19 have been scheduled as follows:

- Tuesday 8th January 2019 at 6.00pm – to consider the Panel's draft report.

8. EXEMPT INFORMATION

To enable the Panel to exclude members of the public and consider any exempt information where the public interest in maintaining the exemption outweighs the public interest in disclosing the information, if required.

SCRUTINY QUESTIONS

What topics to choose?

- What difference will scrutiny make?
- Is this an area of concern – public/performance/risk register?
- Is this a corporate priority?
- Could scrutiny lead to improvements?
- What are the alternatives to pre-decision scrutiny?

Pre-decision scrutiny

- What is Cabinet being asked to agree?
- Why?
- How does this relate to the overall objective? Which is ...?
- What risks have been identified and how are they being addressed?
- What are the financial implications?

- What other options have been considered?
- Who has been consulted and what were the results?
- Will the decision Cabinet is being asked to take affect other policies, practices etc.?

Basic Questions

- Why are you/we doing this?
- Why are you/we doing it in this way?
- How do you/we know you are making a difference?
- How are priorities and targets set?
- How do you/we compare?
- What examples of good practice exist elsewhere?

BUDGET SCRUTINY PANEL 2ND OCTOBER 2018

PRESENT: The Chair (Councillor Miah)
Councillors Draycott, Gerrard, Parsons and
Seaton

Strategic Director of Corporate Services
Democratic Services Officer (MH)

APOLOGIES: Councillor Barkley (Lead Member for Finance and
Property Services)

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

8. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 26th July 2018 were confirmed and signed.

9. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

The following disclosures of interests were made:

- (i) by Councillors Miah and Seaton – personal interests as members of Leicestershire County Council.

10. DECLARATIONS - THE PARTY WHIP

No declarations of the existence of the Party Whip were made.

11. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

12. DRAFT MEDIUM TERM FINANCIAL STRATEGY 2019-2022

A report of the Head of Finance and Property Services setting out the draft Medium Term Financial Strategy 2019 to 2022, which had been agreed by the Cabinet on 13th September 2018, was submitted (item 6 on the agenda filed with these minutes).

Members of the Panel expressed their extreme disappointment that the Cabinet Lead Member for Finance and Property Services had given his apologies for the meeting. At its previous meeting the Panel had identified specific issues that it wished to question the Lead Member on. The recent scrutiny review had highlighted the importance of Lead Members being present at meetings to answer scrutiny questions and it was noted that the Lead Member had also not attended the Panel's first

meeting. The Panel did not know the reason for the Lead Member's absence and there might be good reasons for it; however the minutes should reflect the Panel's views regarding the matter.

Having discussed the options for proceeding with its scrutiny of the draft Medium Term Financial Strategy the Panel decided to proceed with the meeting but to identify issues during the course of its scrutiny of the Strategy that it wished the Lead Member to respond to.

The Strategic Director of Corporate Services assisted with consideration of the item and provided the following responses to issues raised:

- (i) Net service expenditure was projected to increase over the three years covered by the Strategy. A significant part of that increase was due to the ending of the first extension period of the environmental services contract and the requirement to replace the refuse fleet alongside the second extension period. It would be more cost effective for the Council to purchase the new fleet than for the contractor to do so because the Council could borrow money more cheaply than the contractor.
- (ii) It had been known when preparing previous Strategies that a new contract or contract extension would be required and that would result in an increase in costs. However the size of the increase had not been expected and that had resulted in a higher projected net service expenditure than in previous Strategies.
- (iii) The Strategy also now included an assumption that there would be annual pay rises of 2% rather than 1%, which had been assumed in previous Strategies. These were examples of the Strategy being developed each year as more information became available.
- (iv) The Council was looking at the possibility of offering some services on a more commercial basis. In particular the Council was looking to provide a trade waste collection service. The projections in the Strategy were based on the need to fund set-up costs in 2019/20, the service beginning and breaking even in 2020/21 and generating a small profit in 2021/22. It was expected that the service would produce greater returns in subsequent years.
- (v) The projections relating to the interest the Council would receive were based on a number of factors. Previous projections had assumed a quicker increase in interest rates and the new projections had been updated accordingly. Assumptions regarding the Council's property fund investments had been based on the past performance of those funds and what returns were considered to be achievable in the future. In addition the Transformation and Efficiency Plan within the Strategy identified that further proactive treasury management could result in greater income generation.
- (vi) The increases in the fees for the garden waste collection service were presented in a similar way to that described above with the income generated as a result of the current fees and the additional income from higher fees shown separately. This approach was a presentational choice and was used to show the steps that the Council was taking to address the financial challenges it had to face.

- (vii) The Council did take steps to monitor the occupation of properties, in part so that Council Tax could start to be charged. If necessary Council Tax could be charged retrospectively from the date of occupation. Houses that had planning permission but were not built were a more significant issue for the Council's finances.
- (viii) The Strategy included an assumption that there would be no increase in the Loughborough Special Rate. The setting of the Loughborough Special Rate was a separate decision for full Council. The Strategy included the assumption that the Council would increase Council Tax at the maximum amount of £5 in each of the financial years it covered. The Council could decide to increase the Loughborough Special Rate and reduce the increase in Council Tax by a corresponding amount to keep within the limit set by the Government.
- (ix) There was considerable volatility in the Collection Fund, particularly relating to changes in Government policy on non-domestic rates relief and rating appeals. There was a backlog in appeals being determined by the Valuation Office and more recent revaluations would generate further appeals. The Strategy included a reasonable estimate of the financial impact of appeals. It was assumed that the volatility would decrease from 2020/21 onwards following the move to the localisation of non-domestic rates and the potential rebasing of rates.
- (x) The projections for New Homes Bonus and Council Tax receipts both included assumptions regarding the number of houses being built in the Borough. The two amounts were not perfectly correlated because of factors such as the localisation of Council Tax support and the time frame over which New Homes Bonus payments were made.
- (xi) The loans taken out by the Council as part of the restructuring of the financing of local authority housing had fixed interest rates.

The following comments were made by members of the Panel:

- (i) The volatility of the projections for the Council's treasury management activities was greater than would be expected.
- (ii) The fluctuations in the Collection Fund were significant with respect to the size of the Council's budget and that was a risk the Council needed to be aware of.
- (iii) The Strategy should be clearer in explaining that the assumptions regarding the Loughborough Special Rate did not preclude the consideration of increases to the Rate by full Council.
- (iv) When considering investing in commercial assets, the Council could place an emphasis on investing locally, for example in Loughborough town centre or in business units. It was recognised that any investments would need to make a return.
- (v) Increasing fees for the garden waste service could not genuinely be considered to be an efficiency saving. Increasing those fees had generated significant comment and was an issue that members of the Panel would have questioned the Lead Member about.
- (vi) The Council should seek ways in which it could be more self-sufficient in terms of its financing. That would require the Council to be more outward looking and was different to raising fees for existing Council services. For

example, an opportunity had been missed with regard to charging premises that wished to retain bring sites rather than removing them.

- (vii) During the debate at the budget-setting Council meeting in February 2018 reference was made to the Budget Scrutiny Panel not making comments on the draft budgets. The scrutiny process was different to the views that Labour councillors may have on the administration's budget proposals.
- (viii) If the Lead Member had been present information would have been sought regarding the current position in respect of the former Limehurst depot site.
- (ix) It would be helpful if information regarding the previous year's Strategy could be provided to members of the Panel.
- (x) Different views were expressed regarding whether the impact of the United Kingdom's withdrawal from the European Union should be referred to in the Strategy.

RESOLVED

1. that the Panel's extreme disappointment at the absence of the Lead Member for Finance and Property Services be noted;
2. that the Panel's comments regarding the draft Medium Term Financial Strategy be noted and forwarded to the Lead Member for Finance and Property Services to consider before the Strategy was finalised;
3. that the Cabinet Lead Member for Finance and Property Services be asked to respond to the issues raised by the Panel at this meeting and at its previous meeting prior to the Cabinet meeting on 15th November 2018 at which the final version of the Strategy would be considered;
4. that further information be provided to members of the Panel regarding the reasons for the differences between the projections for New Homes Bonus and Council Tax receipts for 2019/20 in the draft Medium Term Financial Strategy and the previous approved Strategy;
5. that further information be provided to members of the Panel regarding the breakdown of the £325,000 interest payable by the Council in 2017/18;
6. that further information be provided to members of the Panel regarding the timetable for reviewing the Housing Revenue Account Business Plan.

Reasons

1. To formally record the Panel's views on the matter.
2. To record the results of the Panel's scrutiny of the draft Strategy and to enable its comments to inform the preparation of the final version of the Strategy.
3. To enable the Panel to receive a response to its scrutiny of the Strategy and issues relating to it.
4. To provide the Panel with clarification regarding the matter.

5. To provide clarification of the amounts that had been paid in addition to the known amount relating to a long-term loan.
6. To provide the Panel with clarification regarding the matter.

13. FURTHER PANEL MEETING DATES 2018/19

At its previous meeting the Panel had agreed to bring forward its scrutiny of the draft General Fund and HRA budgets to its December meeting and make that a formal meeting.

RESOLVED that in preparation for the Panel's next meeting, scheduled for 12th December 2018, officers circulate details of the draft General Fund and HRA budgets to members of the Panel when the Cabinet report is published on 30th November 2018.

Reason

To enable members of the Panel to identify areas of focus and witnesses to invite for the Panel's next meeting.

NOTES:

These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel, which is scheduled for 12th December 2018.

CABINET – 13TH DECEMBER 2018

Report of the Head of Finance and Property Services Lead Member: Councillor Tom Barkley

Part A

ITEM DRAFT 2019/20 GENERAL FUND AND HRA BUDGETS

Purpose of the Report

To advise members of the projected base budget position for 2019/20 on the basis of the estimated grant settlement for 2019/20.

To review the savings and growth proposals put forward for the year 2019/20, and to begin a period of consultation.

Recommendations

1. That the Cabinet endorses for consultation the General Fund and HRA Revenue Budgets for 2019/20 as set out in Tables 1 and 4 in the the report.
2. That the Cabinet endorses for consultation the Loughborough Special Expense Budget and Levy for 2019/20 as set out in Appendix 2.

Reason

- 1.& 2. To provide the opportunity for consultation on the 2019/20 budgets as well as potential pressures and savings.

Policy Justification

The Council's Budgets are fundamental to the delivery of all services.

Implementation Timetable including Future Decisions and Scrutiny

Cabinet is asked to endorse the Budget proposals contained in and appended to this report as a basis for consultation. These proposals will be subject to consultation over the period from 21st December 2018 to 20th January 2019. Both the Overview Scrutiny Group and the Budget Scrutiny Panel will have the opportunity to scrutinise this report before it is presented to Cabinet.

The Overview Scrutiny Group will also have the opportunity to scrutinise the final report to Cabinet on 14th February 2019. In addition, consultation will be with:

Trade Unions;

Local Businesses and Commercial Ratepayers;

Formal consultation with key partners, including members of Charnwood Together, and Towns and Parishes.

It is planned that the proposals on the General Fund and HRA Budgets and Council Tax will return to Cabinet on 14th February 2019 for recommendation to Council on 25th February 2019.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no direct financial implications from approving this report for consultation. However, if the final report is approved then there will be financial implications for the Council and these are set out in Part B of this report.

Risk Management

There are no specific risks associated with the decision Cabinet is being asked to make. However, Part B of the report identifies risks associated with the eventual adoption of the new Budgets.

Equality and Diversity

There are no specific Equalities and Diversity issues affecting the recommendation in this report, though any such issues affecting particular service pressures and savings will have been considered when those proposals were submitted.

Key Decision: No

Background Papers: None

Officer to Contact: Tina Stankley
01509 634810
tina.stankley@charnwood.gov.uk

Part B

Background

1. As has been the case over recent years, this draft budget is being prepared without knowing the contents of the financial settlement from the government for 2019/20. The announcement is due to be communicated on 6 December 2018.
2. The Revenue Support Grant (RSG) from central government has been reducing year on year since 2014/15 and the amount received in 2019/20 will be the final RSG payment to the Council. This will have an impact on the town and parish councils. Since 2013/14, when the RSG included an explicit amount to transfer to the town and parish councils to lessen the impact of introducing the Council Tax Support Scheme, the Council has continued to passport an amount to the town and parish councils in the same proportion as originally transferred in that year. However, given the cessation of RSG there will be no funds to transfer after 2019/20.
3. The Council's Medium Term Financial Strategy (MTFS) indicated that there will be a shortfall of £1.097m in the General Fund for 2019/20. This is based on illustrative grant and National Non-Domestic Rate (NNDR) figures issued by the government in February 2018 and the assumptions that the Council's transformation and efficiency savings of £0.48m are delivered. The MTFS assumed that the shortfall would be covered by the use of reserves and the reallocation of budgets from areas which have underspent in previous financial years. There are many uncertainties going forward due to expected changes in government policy (for example the allocation of business rates and the New Homes Bonus payments); the outcome of the Fairer Funding Review; Brexit scheduled for March 2019 and the global economic environment which affects interest rates, inflation and demand for services.
4. The proposed Draft Budget requires the use of £1.025m of General Fund Working Balances for 2019/20, a decrease of £72k compared to the MTFS. This change is a combination pressures offset by savings. The increases to the budget are proposed service pressures of £290k, along with a reduction in the level of savings anticipated of £70k, which are offset with a target saving of £300k, by a reduction to the base budget of £67k and an increase in investment income of £65k. Of the proposed service pressures, £227k is for one-off items in 2019/20 and there are ongoing pressures of £63k. It is proposed to fund this in-year shortfall of £1.025m from the General Fund Working Balance reserve. In addition to this there are service pressures relating to the planning service of £63k and it is proposed that this will be funded from the earmarked planning reserves.
5. The key assumptions that underpin this budget are set out in the paragraphs below.
6. Given the reduction in RSG and New Homes Bonus payments, the uncertainty over future funding, service pressures and the fact that

Charnwood Borough Council still has one of the lowest council tax rates of all districts in the country, the budget assumes a council tax increase of £5 per Band D equivalent property. This is in line with the increase allowable by Central Government and will not be subject to a referendum.

7. The New Homes Bonus ('NHB') will continue in 2019/20, albeit at a reduced level as this is now only payable for four years and has a 'deadweight' growth assumption of 0.4% upon which no NHB is payable.
8. United Kingdom base rates increased in August 2018 to 0.75% following six months of moderate but robust economic growth. There are some concerns over inflationary pressure particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August (due to increases in some volatile components that are in the CPI basket), but it fell back to 2.4% in September and is expected to fall back to the 2% inflation target over the next two years
9. The longer term view is that the base rate will remain low for the foreseeable future and would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019. This will continue to suppress the level of investment income that the Council can generate. The budget for interest receivable in 2019/20 of £390k reflects an assumption of increased returns based upon a combination of the impact that the higher base rate is having on the interest rates, the longer term nature of some of the Council's investments which are generating better than market average returns and also the interest yields being generated by the investment in two property funds that the Council now has.
10. The HRA draft budget has been prepared on the assumption that rental income will be reduced by 1%. This 1% rent reduction each year was introduced in April 2016 following the announcement by the Chancellor in his 2015 summer budget that HRA rent increases were to be reduced by 1% per annum for four years. The financial year 2019/20 will be the final year when the reduction will apply. After this rent increases will be allowed to increase by CPI +1%. Other assumptions and changes are discussed in the HRA section of this report.
11. For the General Fund the main issues are that 2019/20 will be the last year that the Council will receive any RSG, the possible changes in the basis of the New Homes Bonus Payments, the uncertainty over future funding as a result of potentially not introducing a 100% business rate retention scheme, and the fairer funding review.
12. The Government had originally intended to introduce 100% business rate retention before the end of the previous parliament. However the fall of the Local Government Finance Bill, when Parliament was dissolved in the run up to the General Election 2017, and the decision not to introduce a new

Local Government Finance Bill has meant that the 100% retention scheme could not be introduced nor will it be introduced in the foreseeable future.

13. However the Government will continue with its reform of the business rates system and have invited local authorities to pilot 75% business rates retention in 2019 to 2020. Charnwood have applied to be part of this pilot scheme along with the other authorities in Leicester and Leicestershire who are in the current pooling arrangement across the county. It is expected that successful applications will be announced before or alongside the publication of the provisional Local Government Finance Settlement in December. As the results of this application and the full details of the scheme will not be known in time for the draft budget no account has been taken of the application. It is envisaged that participation in this scheme will be financially beneficial to the Council, or at least will not result in any detriment. All authorities currently operating the 50% retention scheme will move to a 75% retention scheme in 2020/21 when the 75% retention scheme is introduced in England.

Overview

14. During 2018/19 the Council has continued to look for ways of improving services and securing value for money with the services it delivers. It continues to actively seek out partnership opportunities that will lead to improvements in service delivery and value for money. The Council will aim to retain the services it delivers even as resources continue to reduce, primarily by looking at the way services are delivered.
15. The draft budget for 2019/20 contains £352k of service pressures, of which £289k are one-off's (i.e. will be for 2019/20 only) and £63k are ongoing.(i.e. will continue after the end of 2019/20). The pressures are offset by one-off savings of £306k and ongoing efficiencies of £404k, giving a net saving in 2019/20 of £358k. For 2019/20 and future years there are recurring net efficiencies of £341k. If this draft budget for 2019/20 is approved, and achieved, it will result in revenue balances remaining above the minimum target levels at the end of March 2020.

Approach to the 2019/20 Budgets

16. The principles underpinning the Council's approach to constructing the budget are summarised above. The method by which the Council has addressed specific budgetary issues is detailed in the paragraphs below.
17. A base budget has been established which reflects the current year budget for 2018/19 adjusted for inflation, where relevant, and for known service changes. Any one-off items that were included in the 2018/19 budget have been removed. Heads of Service have then prepared business cases (for any pressures greater than £10k in value) to support requests for budget pressures and savings that they were aware of for the forthcoming year. These pressures and savings have been identified as either a one-off, i.e. will only impact in 2019/20, or ongoing which will continue for the foreseeable future.

18. Heads of Service have then presented their pressures, savings and business cases to the Senior Management Team (SMT), who has then looked at each one in turn and in their totality. The SMT agreed on the pressures that were 'unavoidable' e.g. expenditure required as a result of complying with legislation and identified any pressures within a Directorate that could be covered by savings within that Directorate budget. These pressures and savings have been built into the budget.
19. The SMT also considered if the use of the Service Pressure Budget Reserve might be appropriate for some pressures.
20. Cabinet members have then reviewed and discussed the remaining budget pressures and savings, including those where it may be appropriate to fund from Service Pressure Budget Reserve, with a view to arriving at a prudent and acceptable use of reserves to balance the budget. The Strategic Director of Corporate Services provided officer support during this process. All of the pressures and savings approved at this stage have been built into the budget. The details of all the included pressures and savings are set out by Service Area in Appendix 1.
21. The base position of the Council's General Fund spending proposals for 2019/20, incorporating the recommended pressures and savings and use of the Service Pressure Reserve, as shown in detail in Appendix 1, is set out in Table 1 overleaf. The base position is compared with the original budget for 2018/19 and shows the major changes between the two years.
22. The remainder of this report covers:
 - Details of proposals for savings and pressures, the use of Service Pressure Reserve and member approved budgets in Appendix 1.
 - Information in respect of the Loughborough Special Expense Budget and Levy is detailed in Appendix 2.
 - A review of the Council's reserves. It is the duty of the Council under the Local Government Act 2003 to ensure that a balanced budget is set after due consideration of the duties and plans which are proposed for the coming year and that adequate financial reserves are held.
 - A section on the HRA.
 - A brief section on risks.

Table 1 – General Fund spending proposals for 2019/20

Budget Summary 2019-20				
Actual 2017/18 £000	General Fund	Original Budget 2018/19 £000	Draft Budget 2019/20 £000	Variance £000
16,942	General Fund Service Expenditure	18,029	18,525	496
0	One Off Directorate Savings Target in year	0	(300)	(300)
0	Net Ongoing Service (Savings) & Pressures	(178)	(341)	(163)
0	Net One Off Service (Savings) & Pressures	370	283	(87)
16,942	Net Service Expenditure	18,221	18,167	(54)
1,007	Revenue Contributions to Capital	0	0	0
47	Council Tax Support Grants to Parishes/Towns	29	0	(29)
325	Interest Paid	240	240	0
(285)	Less: Interest on Balances	(300)	(390)	(90)
18,036	Total Borough Expenditure	18,190	18,017	(173)
(182)	Contribution (from) Reinvestment Reserve	0	0	0
(167)	Contribution(from)/to Working Balance to Fund Services	(1,164)	(825)	339
(431)	Contribution (from) Working Balance to Fund Collection Fund	(234)	(200)	34
(882)	Contribution to Capital Plan Reserve	0	0	0
307	Contribution (from)/to Other Reserves	(8)	(63)	(55)
(16)	Contribution (from)/to Growth Support Fund	0	0	0
16,665	Precept Requirement	16,784	16,929	145
1,265	Revenue Support Grant	745	165	(580)
4,507	NNDR	4,957	5,125	168
6,118	Council Tax Receipts	6,502	6,917	415
1,184	Loughborough Special Levy	1,194	1,215	21
4,004	New Homes Bonus	3,620	3,707	87
18	General Government Grants	0	0	0
(431)	Collection Fund Surplus/(Deficit)	(234)	(200)	34
16,665	Precept Income	16,784	16,929	145
£p	Council Tax for Band D	£p	£p	
112.09	Base Borough Council Tax	117.09	122.09	
74.97	Loughborough Special Levy	74.97	74.97	

£000 2017/18	REVENUE BALANCES	£000 2018/19	£000 2019/20
	Working Balance		
7,655	Balance at 1 April	7,474	4,990
(598)	Transfer from/(to) General Fund	(1,398)	(1,025)
0	Transfer from/(to) Reinvestment Reserve	(43)	0
7,057	Balance at 31 March	6,033	3,965
	Reinvestment Reserve		
776	Balance at 1 April	457	608
(181)	Transfers from/(to) General Fund	43	0
595	Balance at 31 March	500	608
	Capital Plan Reserve		
3,526	Balance at 1 April	1,790	1,629
43	Transfer from/(to) General Fund	0	0
(925)	Funding of Capital Expenditure	(563)	(557)
2,644	Balance at 31 March	1,227	1,072
	Growth Support Fund		
130	Balance at 1 April	96	0
(16)	Transferred from General Fund	0	0
0	Funding of Capital Expenditure	(96)	0
114	Balance at 31 March	0	0
	Other Revenue Reserves		
506	Balance at 1 April	791	805
307	Transferred from/(to) General Fund	(8)	(63)
813	Balance at 31 March	783	742
11,223	TOTAL BALANCES	8,543	6,387

23. The level of uncertainty in the above figures should not be underestimated as the NNDR and New Homes Bonus, in total amounting to £8,832k, are estimates at the moment as final figures have not yet been released by the Government
24. It is proposed to increase Council Tax by the permitted £5 per band D property for the third year in a row. The Loughborough Special Levy will be frozen so the overall increase remains at £5. This increase is required to meet the shortfall resulting from the reductions in Revenue Support Grant and New Homes Bonus funding and is necessary if reductions in service levels re to be avoided. Charnwood still has a relatively low level of Council Tax.
25. The General Fund Net Service Expenditure Draft Budget 2019/20 is £54k lower than the Original Budget for 2018/19. The variance is due to increased salary costs and the Environmental Service contract costs, offset by an increase in net savings.
26. Since 2013/14 when the Council Tax Support Scheme was introduced the Council has transferred an element of the RSG that it has received each year to parishes and towns to lessen the impact of the scheme. It should be noted that other than in 2013/14 when the RSG included an explicit amount for this there has been no requirement since for Charnwood to passport any grant. However the Council continued to do so, but the amount paid over each year has been reducing in line with the reduction in overall RSG. As 2019/20 will be the final year when the Council will receive RSG this will also be the final year when it will be able to transfer funding to the parishes and towns to cover the impact of the Council Tax Support Scheme.
27. The forecast for investment income in 2019/20 is £90k higher than the amount originally forecast for 2018/19. This additional income can be attributed to increased investment interest rates now available (off the back of the Bank of England base rate increase to 0.75% in August 2018), along with having made some longer term loans to other Local Authorities at a higher interest rates and finally with having two property funds that are performing well.
28. The budget has been set as a balanced one with a shortfall contribution from the working Balance of £1.025m. This would leave the working Balance at £3.965m at the end of March 2020 which is above the minimum target of £2m for this reserve. It should be noted that at the time of writing this report it is anticipated that the budgeted use of reserves for 2018/19 will not be required at the year end. The current forecast is that at the year-end there will be a transfer to the Working Balance in the region of £550k. However this is dependent on the outturn position for some service areas where there are currently large underspends. However reserves are still expected to be at a healthy level at the beginning of 2019/20.
29. The base position includes provision for inflation at rates deemed appropriate to the major contracts, supplies and income streams. There is no general inflation provision and services are expected to manage within existing budgets. An average 2% provision for salary increases is in the budget and this is in line with the recent pay settlements.

30. On-costs' for salaries, such as employer's pension and National Insurance contributions, are calculated on an individual basis.

Loughborough Special Levy

31. Appendix 2 shows the current estimated position of the Loughborough Special Expense budget and Levy for 2019/20, including relevant pressures and savings. There is no proposed increase to the Loughborough Special Levy and the Council Tax Support Grant is set at zero, a reduction of £27k in line with the other parishes and towns.
32. Detailed explanations of principal differences between the 2018/19 and 2019/20 budgets are provided in Appendix 2.

Reserves and Balances

33. There is a requirement to ensure that the level of balances is appropriate for the Council's commitments and current level of expenditure. The following basis is used to determine the reserves and working balance.

34. **Working Balance**

The recommended minimum Working Balance is £2m, and this represents between 6 and 7 weeks net expenditure by the Council and is in line with good practice. As a result of the uncertainty of future funding it is felt that holding a Working Balance of £3m or above would be prudent until further details are known. The draft budget balance on this fund at the end of March 2020 is anticipated to be £3.965m, which is above this limit.

35. **Reinvestment Reserve**

This is used for three purposes, these being:

- For items that produce a payback to the Council;
- To fund costs that lead to appreciable service improvements;
- To fund one-off costs.

This reserve has a minimum target level of £500k and is predicted to be at £608k at 31 March 2020.

36. **Capital Plan Reserve**

This revenue reserve is used to finance General Fund capital expenditure and there are no restrictions on the types of capital schemes that this can be used for. In addition, there is no minimum balance for this reserve. This reserve is predicted to be at £1.072m at 31 March 2020.

37. **Earmarked Revenue Reserves**

There are eight Earmarked Reserves and these will be utilised in line with the purpose of the reserve fund or for general purposes.

38. From 2019/20 onwards contributions to and from the earmarked "Service Pressure Reserve" will be processed differently. As soon as a budget saving is identified within Directorate budgets it will be swept into the reserve by the

finance team. Then when a service pressure is identified budget holders can make a request (with a supporting business case) to the s151 officer and/or SMT for funds to be released to cover the service pressure. The s151 officer and/or SMT will consider each request and, having consulted with Members where appropriate, either approve or reject it. If approved the service budget will be increased, but if rejected then the pressure will have to be managed within existing Directorate budgets.

Table 2 - Revenue Reserves (assuming the draft budget in Table 1 is adopted).

Reserve Balances	Estimated Balance at 1 April 2019	Used or Transferred to Other Reserves in 2019/20	Balance at 31 March 2020
	£'000	£'000	£'000
Working Balance	4,990	(1,025)	3,965
Reinvestment Reserve	608	0	608
Capital Plan Reserve	1,629	(557)	1,072
Growth Support Fund	0	0	0
Earmarked Reserves	805	(63)	742
Total Revenue Reserves	8,032	(1,645)	6,387

Housing Revenue Account

39. The overall budget position for 2019/20 is a surplus of £440k. This is £141k higher than the 2018/19 original budgeted surplus of £299k. This is largely due to 2019/20 being a 53 week year and therefore the budget includes an extra week of rental income. Also the budget for interest payable has been reduced as internal loans from the General Fund have come to an end and consequently there is no interest to pay on these going forward.

40. There are ongoing service pressures of £244.5k for 2019/20. There two substantial ongoing pressures of £171k and £63k. The first pressure of £171k is for the condition testing of electrical installations in council houses. This is a planned rolling programme of testing whereby it will be carried out when testing becomes due. The Council must undertake this work as a landlord, so that tenants can be assured that council houses are safe. This is a requirement of the Landlord and Tenant Act 1985. The second pressure of £63k is to undertake maintenance on external wall insulation (EWI) works, that covers cleaning and painting of the EWI system and the replacement of silicone sealant. The EWI works that were carried out several years ago are now at the age where maintenance is now required. It is proposed to implement a rolling programme of maintenance for EWI works. This should reduce the risk of water ingress damaging the Council's housing stock, reduce the risk of non-compliance with the right to repair legislation and minimise the number of potential disrepair claims from tenants. A summary of all the pressures are given in Table 3 below.

Table 3 – Summary of 2019/20 HRA budget pressures

	One-Off	Ongoing	Total
	2019/20	2019/20	2019/20
	£'000	£'000	£'000
Head of Landlord Services			
Electrical Testing 5 year programme		171	171
EWI maintenance works		63	63
HRA tenants lifeline income		5	5
Sheltered courts laundry budget		6	6
Subtotal for Head of Landlord Services	0	245	245
Total for the Housing Revenue Account	0	245	245

41. In line with government guidance the Council has applied a 1% reduction to the 2018/19 rents to give the 2019/20 rent level. So the 2019/20 draft budget therefore includes a 1% reduction on the 2018/19 weekly rent amount for all properties. However this will be the final year of four when this policy applies. Following this the council will be able to increase rents again up to a maximum of CPI +1%.
42. The 2019/20 budget is based on a 53 week year. This is because rents are due every Monday and there are 53 Mondays in the year. This last occurred in 2013/14 when charging the additional week's rent was approved by Cabinet. (See Minute 103 for the Cabinet meeting held on 14 February 2013). This allows the Council to recuperate rental and service charge losses from the previous six years and is consistent with best practice. Taking account of void loss, the additional rent week for 2019/20 will generate approximately £425k of additional income.
43. However this does lead to a risk of increasing the level of rent arrears. This is due to housing tenants on Universal Credit not having the additional week's rent factored into the calculation when DWP converts a weekly rent into a monthly for the purpose of the award. For Universal Credit awards the DWP calculates the monthly Housing Cost element on a 52 week basis. This wasn't a risk in 2013/14 as Universal Credit hadn't been introduced at that time.
44. The 2019/20 budget for the provision for bad debts has been kept at the 2018/19 level of £383k. This is a contribution to the bad debt reserve. The provision for arrears at 1 April 2018 was £961k made up of rent arrears of £866k and court costs of £95k. As explained in the paragraph above there is the risk of an increase in arrears due to having a 53 week year which isn't factored into the monthly Universal Credit awards. Also a larger roll-out of Universal Credit for rent rebates is anticipated in 2019/20 which could also lead to an increased level of rent arrears.

HRA Balances

45. The Chief Financial Officer's recommended minimum level of working balances for the HRA is £110 per property. There are 5,528 properties anticipated at 31st March 2019 (anticipating 40 RTB sales) and working balances have been adjusted to reflect the recommended minimum of £608k.

46. The service pressures for 2019/20 can be absorbed within the year's draft budgeted income so there is no requirement at this stage to fund these through using the HRA working balances or the Housing Financing Fund.
47. The planned capital programme has increased from the 2018/19 original budget of £7.257m to £7.554m. The final 2019/20 HRA Capital Programme will be presented to Cabinet in March 2019 and may include additional capital expenditure relating to sheltered units. If this is included it will reduce the contribution to the HRA Financing Fund, and increase revenue funding of capital expenditure.
48. The HRA Financing Fund was set up in order to set aside monies to cover future HRA expenditure. This includes the repayment of external debt principal of the £79m incurred when the self-financing regime came about in 2012. This costs the HRA approximately £2.7m in interest payments each year. The first of these loans is due for settlement during 2024/25. The anticipated balance of the HRA Financing Fund at 31 March 2020 is £8.2m. This assumes an additional surplus in the 2018/19 outturn of £500k. Any further underspends will increase this reserve further.

Table 4 – Draft HRA 2019/20 Budget

2017/18 Actual	Housing Revenue Account	2018/19 Final Budget	2019/20 Draft Budget
£000		£000	£000
	Expenditure		
4,602	Supervision and Management	4,914	5,086
6,204	Repairs and Maintenance	6,557	6,461
116	Rents, Rates and Other Charges	138	139
0	Rent Rebates	1	0
330	Provision for Bad Debts and Other Charges	383	383
(6,628)	Depreciation	2,955	3,057
0	Net Revaluation increase of non-current assets	0	0
16	Debt Management Expenses	12	10
4,640	Expenditure Sub-total	14,960	15,136
	Income		
(21,038)	Dwelling Rent Income	(20,673)	(20,812)
(372)	Shops, Land and Garages Rent	(384)	(381)
(56)	Warden Service Charges	(57)	(56)
(315)	Central Heating and Communal Charges	(309)	(327)
(158)	Leasehold Flat and Shop Service Charges	(117)	(158)
(30)	Hostel Service Charges	(27)	(24)
(10)	Council Tax Recharged	(11)	(11)
(21,979)	Income Sub-Total	(21,578)	(21,769)
(17,339)	Net (income)/Cost of service	(6,618)	(6,633)
(80)	Transfer from General Fund – Grounds Maintenance	(83)	(83)
2,777	Interest Payable	2,742	2,706
(51)	Investment Income and Mortgage Interest	(56)	(89)
(14,693)	Net Operating Expenditure/(Income)	2,603	2,534
2,581	Revenue Contribution to Capital	3,716	3,659
(1)	Accumulated Absence Adjustment	0	0
(495)	Pension Adjustment	0	0
9,597	Reversal of Gain on Revaluation	0	0
63	Adjusted to charges based on impairment of General Fund Asset	0	0
11,745	Appropriations	3,716	3,659
(2,948)	(Surplus)/Deficit for the year	(299)	(440)
HRA Balances:			
(621)	HRA Balance at beginning of year	(616)	(612)
(2,948)	(Surplus)/Deficit for the year	(299)	(440)
2,952	Transfer to/from Reserves	303	444
(617)	HRA Balance at end of year	(612)	(608)
(4,030)	HRA Financing Fund at beginning of year	(6,982)	(7,726)
(2,952)	Transfer to/from Reserves	(303)	(444)
0	Adjustments to 2018/19 budget	(441)	0
(6,982)	HRA Financing Fund at end of year	(7,726)	(8,170)
(2,633)	Major Repairs Reserve at end of year	(2,324)	(2,324)
(10,232)	Overall HRA balances at end of the year	(10,662)	(11,102)

Risks

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
One off expenditure that is dependent, to a greater or lesser extent, on specific external funding is susceptible to that funding either not being forthcoming or being reduced.	Unlikely	Moderate	Expenditure will either be curtailed or scaled back and/or or alternative funding sought.
Government grants and other centrally set amounts are materially different to those assumed.	Possible	Major	Final budgets will not be approved until the settlement is known.

Appendices

Appendix 1 – General Fund and HRA Service Pressures and Savings 2019/20

Appendix 2 – Loughborough Special Expense Budget and Levy 2019/20

2019/20 Service Pressures & Savings Summary		One Off		Ongoing	
		£'000	£'000	£'000	£'000
	Notes	Pressures	Savings	Pressures	Savings
One Off Directorate Savings Targets in year	1		(300)		
Housing, Planning, Regeneration & Regulatory Directorate					
Housing Renewal Regrade (downwards) of Administrator Post		0	0	0	(4)
Homelessness MHCLG New Burdens grant saving		0	(6)	0	0
Subtotal for Head of Strategic & Private Sector Housing		0	(6)	0	(4)
Private Lifeline income	2	0	0	0	(24)
Subtotal for Head of Landlord Services		0	0	0	(24)
Planning Applications pre-planning advice increased income		0	0	0	(7)
Building Control various reductions to budget e.g. training, travel, printing & books		0	0	0	(8)
Conservation & Landscape reduction in travelling expenses		0	0	0	(1)
Local Plans reduction in printing costs		0	0	0	(3)
Local Plans contribution to Strategic Growth Plan (SGP) in Leicestershire one-off contribution towards the production (£165K over 3 years)	3	55	0	0	0
Subtotal for Head of Planning & Regeneration		55	0	0	(19)
LCC Reimbursement Street Wardens Civil Parking Enforcement income		0	0	0	(10)
Subtotal for Head of Regulatory Services		0	0	0	(10)
Total for Housing, Planning, Regeneration & Regulatory Directorate		55	(6)	0	(57)
Neighbourhoods & Community Wellbeing Directorate					
		Pressures	Savings	Pressures	Savings
Review of Bulky Waste charging policy (to be implemented from October 2019)	4				(30)
Garden Waste Bin additional income based on 2018/19 take-up & fee levels	5	0	0	0	(242)
Subtotal for Head of Waste, Engineering & Open Spaces					
Tourism Support contribution to promote borough through annual Service Level Agreement with Leicestershire Promotions	6	28	0	0	0
Opening Biggin Street Toilets on Friday		0	0	5	0
Subtotal for Head of Leisure & Cultural		28	0	5	0
Community Grants Lottery additional income		0	0	0	(3)
Loughborough Grant Contributions funded through Loughborough Special Expenses	7	0	0	20	0
Members Grant Scheme to support Local Community and Voluntary Sector, a further £26k is also included within the Capital Programme	8	26	0	0	0
Subtotal for Head of Neighbourhood Services		26	0	20	(3)
Total for Neighbourhoods & Community Wellbeing Directorate		54	0	25	(275)
Corporate Services Directorate					
		Pressures	Savings	Pressures	Savings
External Audit Fees - new auditors	9	0	0	0	(10)
Accountancy Valuation Fees - 5 yearly valuation cost	10	20	0	0	0
Messenger Close - additional rental income for new compounds	11	0	0	0	(44)
Subtotal for Head of Finance and Property Services		20	0	0	(54)
Telephony Payment PCI Compliance for GDPR & DPA , Software annual maintenance costs split £17.3K Harborough DC/£21.1k Charnwood BC	12	0	0	38	0
Subtotal for Head of Customer Experience		0	0	38	0
Contribution to Combined Authority no longer required	13	0	0	0	(17)
May 2019 Borough Elections:net overall estimated cost	14	160	0	0	0
Insurance Premiums/Excess		0	0	0	(1)
Subtotal for Head of Strategic Support		160	0	0	(18)
Total for Corporate Services Directorate		180	0	38	(72)
Overall General Fund (Savings) and Pressures		289	(6)	63	(404)
Net Service (Savings) & Pressures		One-off	283	Ongoing	(341)

Additional commentary on selected service pressures and savings

1. *One-off Directorate Savings targets – £300k saving; one-off*

The Council has a record of significant underspends in recent years, as tabulated below:

Outturn versus budget – net service expenditure

Numbers £000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Under / (overspend)	1,312	2,997	664	(2)	800	346

As can be seen, recent underspends are substantial; even in 2015/16 underlying underspending versus controllable budgets was in excess of £400k, only offset by technical adjustments.

In the current (2018/19) financial year, the underspend against controllable costs to period 7 is £553k.

Given this record it is proposed that a £100k non-specific savings target will be allocated to each Directorate of the Council giving total target savings of £300k. This would be monitored and enforced via more 'aggressive' financial management processes. These will include in-year monitoring of savings realised and should these prove unacceptable in the context of the year-end target further management actions will be implemented.

2. *Private Lifeline income - £24k saving (income generation) - ongoing*

Based on current demand for the Lifeline service it is considered that additional income will be generated as compared to the base budget.

3. *Contribution to the Strategic Growth Plan - £55k pressure – one-off*

The jointly prepared strategic growth plan (SGP) will set a statutory strategic planning framework for local plans in Leicester and Leicestershire to follow. It is considered that cross-local authority working is the only practical solution to the delivery of the SGP.

A cost sharing arrangement has been agreed with partner authorities for the production of the SGP with the Charnwood share estimated at £165k over three years, or £55k per annum on average.

Due to the nature of this expenditure it is planned to source funding from the earmarked planning reserves.

4. *Review of bulky waste charging policy - £30k saving (income generation)- ongoing*

The current arrangements for charging for bulky waste are complex and likely to result in some income due not being collected. Additionally, this complexity does not lend itself to an efficient on-line customer process. It is therefore envisaged that both the policies and underlying business processes should be reviewed with a view to implementation of revised arrangements in mid-2019/20.

Based on current usage (around 20,000 annual collections) and charging policies it is estimated that an additional £30k should be realisable in 2019/20.

5. *Garden Waste Bin income - £242k saving - (income generation) ongoing*

Based on current demand for the Garden Waste Bin service it is considered that additional income will be generated as compared to the base budget.

This additional income reflects demand, and no increase in charges for the 2019/20 year is planned.

6. *Tourism support - £28k pressure – one-off*

This amount will provide additional project management support for key tourist events including 'Loogabaroooga' and the Edible Forest.

7. *Loughborough Grant contributions - £20k pressure – ongoing*

This grant scheme has been funded on a one-off basis for a number of years, This proposal would allow the scheme to be included within the base budget on an ongoing basis.

8. *Members grant scheme - £26k pressure – one-off*

This pressure will enable the continuation of the Member grant scheme for an additional year. Experience has shown that around half of grants are of a capital nature. Funding this year will therefore be split between capital and revenue sources (£26k from each) giving a total 'pot' of £52k as in previous years.

9. *External audit fees - £10k saving – ongoing*

This saving has been achieved through the tendering of external audit services. A new supplier won the tendering exercise and has been appointed. This is an ongoing saving.

10. *Valuation fees - £20k pressure – one-off*

This is an unavoidable pressure as the Council is required to have a valuation of its General Fund Assets at least once every five years in order to comply with

the Chartered Institute of Public Finance and Accountancy guidance which it must follow.

11. *Messenger Close – additional rental income for new compounds - £44k saving – ongoing*

Property Services have successfully secured tenants for all the new compounds at Messenger Close.

12. *Annual maintenance cost of software the enables PCI compliance - £38k pressure – ongoing*

This is an unavoidable cost as the authority must comply with the Payment Card Industry (PCI) compliance legislation. This is necessary for making secure payment by debit/credit card over the phone. The additional cost of this can be shared with Harborough District Council (£17.3k). This pressure is based on the first quote received for the software required. Other quotes are being sought to ensure that both authorities obtain the best value for money. So it is anticipated that the costs will be less than £38k.

13. *Contribution to Combined Authority no longer required - £17k saving – ongoing*

This saving is due to the removal of the budget that had been included for the Council's contribution to costs for developing a Combined Authority. As this is no longer going forward, the costs will not be incurred.

14. *May 2019 Borough Elections net overall estimated cost - £160k pressure – one-off*

Council elections are held once every four years to appoint democratically elected councillors.

Appendix 2

LOUGHBOROUGH SPECIAL EXPENSES						
2018/19		2019/20			2018/19 to 2019/20 difference	
Loughborough Special	Service	Total	District / Capital Charges	Loughborough Special Expenses		Note
£		£	£	£	£	
68,600	Loughborough CCTV	314,400	246,600	67,800	-800	1
79,600	Community Grants - General / Fearon Hall / Gorse Covert	81,800	0	81,800	2,200	2
45,100	Marios Tinetti Centre / Altogether Place / Community Hubs	44,900	0	44,900	-200	3
9,100	Charnwood Water Toilets	9,600	0	9,600	500	4
33,500	Voluntary & Community Sector Dev Officer post (75% LSX)	34,500	0	34,500	1,000	5
5,700	Biggin Street Toilet - Friday Opening	4,400	0	4,400	-1,300	6
119,000	Contribution towards Loughborough Open Spaces Grounds Maintenance	120,000	0	120,000	1,000	7
-5,900	November Fair	-5,100	0	-5,100	800	8
	<u>Parks:</u>					
428,200	Loughborough - including Loughborough in Bloom	491,600	86,900	404,700	-23,500	9
69,000	Gorse Covert and Booth Wood	68,200	0	68,200	-800	10
	<u>Sports Grounds:</u>					
114,100	Derby Road	125,700	13,000	112,700	-1,400	11
46,700	Lodge Farm	43,700	0	43,700	-3,000	12
63,100	Nanpantan	129,500	56,600	72,900	9,800	13
21,200	Park Road	25,000	4,800	20,200	-1,000	14
23,500	Shelthorpe Golf Course	21,500	100	21,400	-2,100	15
19,000	Loughborough Cemetery	45,100	0	45,100	26,100	16
56,800	Allotments - Loughborough	52,000	0	52,000	-4,800	17
12,700	Carillon Tower	37,600	22,000	15,600	2,900	18
49,300	Festive Decorations and Illuminations	69,800	18,600	51,200	1,900	19
92,400	Town Centre Management	112,400	9,900	102,500	10,100	20
1,350,700		1,826,600	458,500	1,368,100	17,400	
-130,014	Adjustments from Year 2016/17					
0	Adjustments from Year 2017/18	-88,417	55,825	-144,242		
1,220,686	AMENDED SUB TOTAL	1,738,183	514,325	1,223,858		
-26,601	Council Tax Support Grant			-5,892		
1,194,085	AMENDED TOTAL			1,217,966		
Divided by				Divided by		
15,927.50	Council Tax Base			16,246.05		
<u>74.97</u>	Special Council Tax			<u>74.97</u>		

Loughborough Special Expense Notes	
1	Employee costs have increased by £6,700, this is due to a 2% pay award and additional pension/NI contributions. Support Service recharges have reduced by £9,000 overall, this is mainly due to reduced Insurance Premium and Phone recharges. 23% of these costs are charged to the Loughborough Special Rate.
2	The 2019/20 budget includes a £20K ongoing service pressure for Loughborough Community Grants. The £2,200 increase is due to Fearon Hall, Gorse Covert & the Loughborough Grant budgets being increased by 1% plus inflation, as approved by Cabinet on the 18th January 2018 (min 79) for both 2018/19 & 2019/20.
3	no comment required
4	The Metered Water budget has increased by £400, making it more in line with previous year actuals and anticipated future usage.
5	Increased costs are due to a 2% pay award and additional pension/NI contributions for the Voluntary and Community Sector Development post M298, 75% of which is funded by Loughborough Special Expenses.
6	An ongoing service pressure for £4,400 has been included in the 2019/20 budgets for the continuation of this service. The employee costs include the 2019/20 pay award and additional pension/NI contributions, part offset by estimated income for this extra day. The overall reduced costs year on year are due to a more effective way of providing the service.
7	This minimal increase is due to inflation. Future years funding via the Loughborough Special Rate is to be reviewed each subsequent year, as approved by Cabinet 16/02/17 (min 88).
8	The Traffic Management and Site Preparation and Clearance budgets have increased by £500 due to inflation. Site Rental income has been increased by 2% inflation £1,700, however this is offset by £1,600 reduced contributions from services who submitted their temporary traffic regulation orders under the fairs global order, this is due to changes in the way Leicestershire Highways operate, event organisers are no longer expected to post official notices. Support Service Recharges have increased £500, this is mainly due to more time being spent in this area by the Markets and Fairs Team
9	The budget for Tree Maintenance work has reduced by £2,000, this is part of the £40K ongoing service pressure approved as part of the 2016/17 budget process (Cabinet 18/02/16 min 106), tree maintenance work elsewhere has been increased accordingly due to work being carried out as needed previous years. Both the Environmental Services and Management of Open Spaces budgets have increased by inflation £1,300 & £1,400 respectively. The Band Concert budget has reduced by £500, making it more in line with previous years actuals. Support Service recharges have reduced £23,600 overall, this is mainly due to less time being spent in this area by the Cleansing, Management of Open Spaces and Policy & Green Spaces Development Teams and the Head of Waste, Engineering and Green Spaces. More time will be spent on other areas funded by both the Loughborough Special Expenses such as Nanpantan Sports Ground and the Cemetery, investigating options for the future provision of the service and non Loughborough Special areas like the continued site development at the Outwoods.
10	The budget for Tree Maintenance work has increased by £500, this is part of the £40K ongoing service pressure previously explained for Parks Loughborough. The Management of Open Spaces budget has increased by inflation £500. Support Service Recharges have reduced by £1,800, this is mainly due to less time being spent in this area by the Cleansing Team.
11	Employee costs have increased by £1,300, this is due to the agreed pay award and additional pension/NI contributions. The budget for Tree Maintenance work has reduced by £800, this is part of the £40K ongoing service pressure previously explained for Parks Loughborough. The Electricity budget has reduced by £1,100, making it more in-line with anticipated future usage. Both the Environmental Services and Management of Open Spaces budgets have increased by inflation, £700 in total. Support Service recharges have reduced £1,800 overall, this is mainly due to slightly less time being spent in this area by the Management of Open Spaces team.
12	The Electricity budget has been reduced by £3K to £1,200, making it more inline with anticipated future usage, which is expected to be on average £100 per month.
13	The Building Repair and Maintenance budget has increased by £1,600, making it more in-line with previous year spend and anticipated ongoing costs. The budget for Tree Maintenance work has reduced by £800, this is part of the £40K ongoing service pressure previously explained for Parks Loughborough. The Electricity budget has increased by £1,200, making it more in-line with anticipated future usage and increased charges. Rental income has increased by £900 as per the lease agreements. Support Service Recharges have increased £8,700, this is mainly due to more time being spent in this area by the Cleansing Team on site preparation.

14	The Metered Water budget has reduced by £500, making it more in line with anticipated future usage. Support Service Recharges have reduced by £600 overall, this is mainly due to slightly less time being spent in this area by the Policy and Green Spaces Development Team.
15	Both the Environmental Services and Management of Open Spaces Contracts have increased by inflation, £500 in total. Offset by increased Golf income £700, this is part of the Management of Open Spaces contract whereby CBC receive a guaranteed income amount, pre-set by Idverde and increased by inflation each year. Support Service Recharges have reduced by £1,800 this is mainly due to a lower Insurance Premium Recharge, this recharge is partly based on the cost of claims over the previous 3 years and there have been none for the Golf Course since 2015/16.
16	An inflation increase of £1,600 has been included for the cemetery service provided by North West Leicester District Council. The budget for Tree Maintenance work has reduced by £1,500, this is part of the £40K ongoing service pressure previously explained for Parks Loughborough. The Metered Water budget has also reduce by £800, making it more in-line with previous year actuals and anticipated future usage. A £5,500 budget has been included for Consultant Fees, to enable the required survey work to be carried out on the cemetery extension land at Nanpantan, as approved by Cabinet 18th October 2018 min 45. The Management of Open Space budget has increased by inflation £400. Support Service recharges have increased by £21,000 this is mainly due to more time being spent in this areas by both the Cleansing and Policy and Green Spaces Development teams and the Head of Waste, Engineering and Green Spaces on developing the future provision of the service.
17	The budget for Tree Maintenance work has reduced by £600, this is part of the £40K ongoing service pressure previously explained for Parks Loughborough. The Metered Water budget has also reduced by £1K. These are offset by reduced rental income of £1,600, making it more in line with previous year actuals and ongoing achievable expectations. Support Service Recharges have reduced by £4,900 this is mainly due to less time being spent in this area by the Cleansing Team.
18	The Electricity budget has increased £600 making it more in-line with anticipated future usage. Support Service Recharges have increased £5,100 this is mainly due to more time being spent in this area by the Head of Leisure and Culture. 50% of the total cost of the Carillon is charged to the Loughborough Special Rate
19	The Equipment Purchase, Repair & Maintenance budget has been reduced by £10K, which has been transferred to a new Town Centre Dressing budget to more accurately describe how this budget is spent, this will be reviewed during the next few years. Support Service Recharges have increased £1,900 this is mainly due to more time being spent in this area by the Head of Leisure and Culture, as project manager for the new festive lights and street dressing.
20	The Income expected from Street Trading Consents has increased by £4,500, the £1,500 additional income predicted for 2018/19 has already been exceeded, this further increase makes next years budget more in-line with expected ongoing achievable income. Loughborough BID are also expected to contribute approximately £3,000 to support specific events. Support Service Recharges have increased £17,500, this is mainly due to more time being spent in this area by the Head of Leisure & Culture and the Markets and Fairs team in the delivery of the market review which includes town centre dressing and major events.