



**BUDGET SCRUTINY PANEL**

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To: Councillors Hadji-Nikolaou (Chair), Bolton, Draycott, Hamilton, C. Harris, Parsons, Seaton and co-opted member Mr 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**

1. APOLOGIES
2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS
3. DECLARATIONS - THE PARTY WHIP
4. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions were submitted.

5. REVISED BUDGET 2020-21 (DRAFT)

A report 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.

**Report to follow.**

6. REVISED CAPITAL PLAN 2020-23 (DRAFT)

4 - 20

A report of the Head of Financial Services setting out a (draft) revised Capital Plan covering the period (financial years) 2020/21 -2022/23 for scrutiny by the Panel.

7. BUDGET SCRUTINY PANEL REPORT 2019-20

21 - 48

A report of the Head of Strategic Support detailing the recommendations of the Budget Scrutiny Panel 2019-20 for scrutiny by the Panel.

**FUTURE MEETING DATES**

Future meetings of the Panel are:

1st December 2020 at 3.00pm

5th January 2021 at 6.00pm



## CABINET – 15TH October 2020

### Report of the Head of Finance and Property Services

Lead Member: Cllr Tom Barkley

#### Part A

ITEM [xx] REVISED CAPITAL PLAN 2020-2023

#### Purpose of the Report

Following a detailed review in the light of the COVID-19 outbreak, this report requests Cabinet to consider and approve the revised Capital Plan for the period 2020 -2023 and its financing.

#### Recommendations

1. That the Revised Capital Plan for 2020 to 2023 for the General Fund and HRA schemes set out in Appendix 2 is approved and recommended to Council.
2. That Cabinet note the revisions made to the original Capital Plan for 2020 to 2023 and the amended Capital Plan for 2018 to 2021 in constructing the Revised Capital Plan for 2020 to 2023

#### Reasons

1. To enable approval of the Revised Capital Plan which will become the basis for capital spending by the Council for the period ending 31 March 2023.
2. To ensure that the revisions incorporated within the Revised Capital Plan are recognized.

#### Policy Justification and Previous Decisions

The Capital Plan is an integral element of all policies. The Capital Plan for 2020 - 2023 was originally adopted by Council on 13 February 2020. The Capital Outturn report including slippage (in respect of the Capital Plan 2018 – 2021) was approved by Cabinet 9 July 2020. This report shows the result of the merger of the two extant Capital Plans, subsequent revisions in the light of the COVID-19 outbreak, and requests that the Revised Plan is recommended for approval by Council.

#### Implementation Timetable including Future Decisions and Scrutiny

This report will be available for scrutiny by the Scrutiny Commission on 12 October 2020. If approved by Cabinet for recommendation to Council (amended as may be applicable), this report will require approval at Council on 9 November 2020.

## Report Implications

The following implications have been identified for this report.

### Financial Implications

The financial implications are covered in the body of this report. The principal changes of note are:

- Removal or deferral of pre-existing capital schemes enables £2.4m of the £4.8m total purchase price of the Environmental Services Fleet to be funded from reserves earmarked for capital expenditure rather than through borrowing; this result in a saving to the General Fund revenue budget of over £0.3m per annum over the life of the fleet after costs in interest and Minimum Revenue Provision charges
- Expanding the funding to be made available for commercial property acquisitions from £10m to £25m; this would be financed through prudential borrowing
- Creating a fund of £15m to take advantage of opportunities that may arise from the Town Deal, or other regeneration opportunities that may present themselves; this would also be financed through prudential borrowing
- Creating a fund of £15m to enable finance 'forward funding' of investment in the Enterprise Zone – again, to be financed through prudential borrowing

Further details on the above are set out in Part B of this report.

### Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management Actions Planned</i>
Insufficient funding	Remote (1)	Major (4)	Low (4)	The funding of the Capital Plan is regularly monitored and serious funding shortfalls would be brought to the attention of Cabinet with suggested solutions
Expenditure associated with commercial property, Town Deal projects, regeneration or forward funding of the Enterprise Zone	Unlikely (2)	Serious (3)	Moderate (6)	All such expenditure will require fulfillment of additional governance processes prior to approval

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management Actions Planned</i>
General risks associated with capital expenditure	Unlikely (2)	Serious (3)	Moderate (6)	The Capital Plan is controlled through regular monitoring via the Senior Leadership Team with periodic reports presented to Cabinet.

Key Decision: Yes

Background Papers: Cabinet 15 October 2020 - Capital Strategy 2020/21

Officers to Contact:

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## Part B

### Background

#### *Pre-existing Capital Plans and background to revisions proposed*

1. The Council's standard approach to capital planning is to prepare a three-year Capital Plan in alternate years. At 1 April 2020, there were therefore two extant Capital Plans; one (old) Plan covering the financial years 2018/19 – 2020/21 and the other (new) Plan, which was approved by Council on 24 February 2020 covering the years 2020/21 – 2022/23.
2. In line with previous practice, these plans were merged following the completion of annual Capital Outturn report (Cabinet 9 July 2020) for the old Plan in respect of 2019/20 financial year, and approval of the 'slippage' of capital schemes not completed within the scheduled period and carried forward into future financial years.
3. Amendments to the Capital Plan arise in the normal course of business due to slippage, variations in projected costs and changes in operational requirements which are reported to Cabinet (and Council if necessary) via the regular Capital Plan amendment reports. Such usual amendments are reflected within this report. Additionally however, in the light of the COVID-19 outbreak and its negative effect on both the wider economy and the Council's finances, a detailed review was undertaken to:
  - Identify schemes that could be removed (at least temporarily) or deferred in order to free up earmarked capital reserves to part-fund the Environmental Services fleet (currently in the process of replacement)
  - Ensure sufficient provision was made within the Capital Plan to enable investment in commercial property, regeneration schemes and the Enterprise Zone
4. Due to the fundamental nature of the above it is therefore considered appropriate for this Revised Capital Plan to be approved in its entirety, rather than as a set of amendments in the normal course of business.

#### *Funding of the Environmental Services fleet*

5. In extending the outsourced Environmental Services contract the Council had the opportunity to consider financing the cost (some £4.8m) of the replacement fleet, and thereby reduce the ongoing revenue costs of the contract. Following an appraisal exercise the decision was taken to exercise this option (see Cabinet 13 September 2018: 'Environmental Services Contract - Options for the delivery from June 2020'). This initial report included a specific financing method for the fleet acquisition which was subsequently considered too restrictive and superseded by a further Cabinet report of 13 February 2020 allowing flexibility in the financing method (see Minute 80 referring to the

‘Capital Strategy, Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy 2020/21’).

6. The original options appraisal concluded that it was financially advantageous for the Council to finance the new Environmental Services fleet notwithstanding the ongoing interest and Minimum Revenue Provision<sup>1</sup> (MRP) charges that would be associated with its acquisition; these charges were calculated on the assumption that the whole of the fleet would be financed via (‘prudential’) borrowing, which in total were around £0.7m, made up of £0.1m for interest and £0.6m for MRP.
7. Further savings are available if the fleet can (at least partially) be funded through use of reserves earmarked for capital expenditure. By reviewing pre-existing schemes a number have been identified for deferral or withdrawal (with the possibility of being added back should finances permit); this enables half of the fleet cost to be funded through reserves. It is also planned to use ‘internal’ borrowing<sup>2</sup> rather than acquiring an external loan for the balance of the financing and in total this will create (subject to approval of this revised Capital Plan) General Fund revenue savings of around £0.4m from the 2021/22 financial year and subsequent years over the eight year life span of the fleet.

#### *Commercial property investment*

8. The Capital Plan 2018 – 21 included a sum of £10m that was to enable the Council to develop a portfolio of commercial properties for investment, financed through prudential borrowing. This report proposes that this sum is increased to £25m, all notionally profiled within the current (2020/21) financial year.
9. It was envisaged (as set out in the proposed Capital Strategy 2020/21 presented at the Cabinet meeting of 13 February 2020 and in the superseding version due at Cabinet on 15 October 2020) that the Council would develop a commercial property portfolio in the order of £25m. Despite the COVID-19 outbreak, this strand of the strategy to mitigate the financial challenges facing the Council is still considered valid. Additionally, the government regulations on borrowing (in conjunction with the CIPFA Prudential Code) is likely to prevent borrowing for commercial purposes in future financial periods so it is considered appropriate to make funds available in the current financial year to take advantage of attractive opportunities that may arise.

#### *Investment in regeneration (including the Town Deal)*

10. Loughborough was one of the towns able to participate in the government’s Town Deal scheme, through which up to £25m (or more in exceptional

<sup>1</sup> This is an amount that must be set aside within the revenue budget to reflect the requirement to repay the amount funded through borrowing; in the case of the fleet this is calculated on a straight line basis over the projected 8-year life of the fleet.

<sup>2</sup> Using cash resources held but not expended on other liabilities.

circumstances) may be available to invest in approved schemes. Some schemes may require local authority investment to match against government money so in order to make sure that matched funding is available this report proposes that a £15m fund is earmarked within the revised Capital Plan.

11. This £15m fund will also be available should other regeneration investment opportunities arise. Whilst not evaluated on a wholly commercial basis, it is envisaged that opportunities brought forward for consideration (via specific Cabinet report) will offer a positive revenue impact for the Council.

#### *Forward funding investment for the Enterprise Zone*

12. The Council has now agreed the future distribution of business rates generated within the Charnwood Enterprise Zone (EZ) sites (set out in an exempt Cabinet report of 9 July 2020). Following this agreement between the Council and the Leicester and Leicestershire Enterprise Partnership (LLEP), forward funding of infrastructure and buildings, financed by future business rate income streams is now possible.
13. Any specific forward funding arrangements would be the subject of an individual Cabinet report, In principle however, the LLEP would make a grant for EZ site development to the site owners which the Council would fund through borrowing. The loan would be repaid by withholding business rates that would otherwise have been paid over to the LLEP. Depending on the level of risk within the forward funding scheme, the Council may make a small margin between interest payable on the underlying loan and repayment via business rate retentions.
14. Based on potential EZ investment proposals, an initial fund of £15m is proposed within this report for forward funding initiatives.
15. It may be noted that the above elements proposed within the Capital Plan are further outlined in the Capital Strategy 2020/21 which is also due for presentation at Cabinet on 15 October 2020 and subsequent approval at Council on 9 November 2020.

#### *Presentation within the Capital Plan*

16. Schemes within the revised Capital Plan are presented under three headings, as follows:
  - 'Live' schemes – where a scheme has been identified and specified
  - 'Committed' expenditure – areas where the Council intends to make an investment but where specific schemes have not been identified (often where investment relies on a level of opportunism)

- Third party schemes – typically schemes that rely on s106 funding from planning gain where funds are held by the Council but project managed by third parties such as Town or Parish Councils

17. It should be noted that funds for commercial property investment, regeneration and the Town Deal, and Forward funding for the Enterprise Zone are all classified as 'Committed'. Crucially, this means that if appropriate investment opportunities do not arise then funds will not be expended, and the borrowing associated with the creation of this funding will not take place.

*Summary of Capital Plan schemes and anticipated funding*

18. The revised capital plan report provides a breakdown of the new/amended schemes for 2020/21 budgets, and detailed budgets are set out in Appendix 1 for 2020/21 to 2022/23 .

19. The net effects of these changes on the 2020/21 Capital Plan are as follows:

<b>2020/21 Capital Plan</b>	<b>£'000</b>
Approved 2020/21 Capital Plan	23,067,800
Add: Net revised/amended schemes	42,662,600
<b>Amended 2020/21 Capital Plan</b>	<b>65,730,400</b>

<b>Capital Plan 2020/21 Funded by:</b>	<b>£'000</b>
<b>General Fund:</b>	
Grants, S106 Contributions and Revenue	2,675,700
Contributions from Capital Plan Reserve	630,400
Contributions from Capital Receipts	3,682,900
Internal Loan – Fleet Purchase	2,400,000
Fleet use of Capital Receipts	2,400,000
External Borrowing	45,000,000
<b>Total General Fund</b>	<b>56,789,000</b>
<b>HRA:</b>	
MRA or equivalent	8,207,200
Contributions from Capital Receipts	734,200
<b>Total HRA</b>	<b>8,941,400</b>
<b>Total Funding for 2020/21</b>	<b>65,730,400</b>

20. A full list of the decisions and amendments are listed in Appendix 1. The table below provides a summary of other significant additions and deletions from the Capital Plan, in addition to the items discussed in paragraphs above.

**Commented [JS1]:** There is probably more to reference / explain than incl in table – all in list > £100k prob need some comment

<b>New/Amended Schemes</b>	<b>£</b>
<b>Northgate – Single Use System</b>	<b>£120,000</b>
A single back office applications system for Planning, Environmental Health, Strategic and Private Sector Housing and Land Charges to replace three existing systems.	
<b>Queniborough Parish Council – play equipment – King George V Playing Field</b>	<b>£19,300</b>
Contribution towards the cost of play equipment, fully funded by S106 monies already received by the authority.	
<b>Decrease in Disabled Facilities Grant Budget (DFG)</b>	<b>(£109,800)</b>
To decrease the DFG grant by £109.8k, in line with DFG grant received in 2020/21,	

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	
Playing Pitch Strategy Action Plan - Reduction in budget to complete urgent works only at Hallam Fields	(40,000)
Parish Green Masterplan - Defer to next plan	(5,000)
Legal Case Management System - Scheme no longer required	(20,000)
CCTV - Reduction in budget	(32,500)
Charnwood Community Facilities Grants - Reduction in budget	(118,400)
Beehive Lane Car Park Improvements and refurbishment scheme - Scheme delayed	(100,000)
Planned Building Improvements - Reduction in Budget	(400,000)
Town Hall - Victorial Room - Air Handling - Scheme delayed	(50,000)
Town Hall - additional seating - Scheme delayed	(75,000)
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

Appendices

Appendix 1 – Details of revisions from preceding Capital Plans

Appendix 2 – Revised Capital Plan 2020 - 2023

DRAFT

<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 PLAN 2020/21

Appendix 2

Scheme Details	2020/21				2021/22		2022/23		External Funding		
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £
<b>SUMMARY OF CAPITAL PLAN</b>											
<u>Live Schemes</u>											
Community Wellbeing	1,256,000	6,543,700	3,725,462	2,818,238	851,000	601,000	406,000	582,200	138,900	50,000	31,200
Corporate Services	416,000	461,100	65,820	395,280	110,000	107,600	75,000	75,000	0	0	0
Commercial Development	500,000	100,000	230	99,770	500,000	100,000	500,000	100,000	0	0	0
Housing, Planning & Regeneration & Regulatory Services - General Fund	1,233,000	1,906,000	(568)	1,906,568	1,133,000	1,233,000	1,133,000	1,133,000	1,523,500	1,058,000	1,058,000
Housing, Planning & Regeneration & Regulatory Services - HRA	7,645,700	8,941,400	(509,504)	9,450,904	7,381,500	7,381,500	7,723,800	7,723,800	0	0	0
<i>Sub-total Live Schemes</i>	<b>11,050,700</b>	<b>17,952,200</b>	<b>3,281,440</b>	<b>14,670,760</b>	<b>9,975,500</b>	<b>9,423,100</b>	<b>9,837,800</b>	<b>9,614,000</b>	<b>1,662,400</b>	<b>1,108,000</b>	<b>1,089,200</b>
<u>Committed Schemes</u>											
Community Wellbeing	0	0	0	0	0	0	0	0	0	0	0
Corporate Services	0	15,000,000	0	15,000,000	0	0	0	0	0	0	0
Commercial Development	0	30,000,000	0	30,000,000	0	10,000,000	0	0	0	0	0
Housing, Planning & Regeneration & Regulatory Services - General Fund	1,390,000	2,463,700	61,229	2,402,471	1,000,000	1,000,000	500,000	500,000	0	0	0
Housing, Planning & Regeneration & Regulatory Services - HRA	0	0	0	0	0	0	0	0	0	0	0
<i>Sub-total Committed Schemes</i>	<b>1,390,000</b>	<b>47,463,700</b>	<b>61,229</b>	<b>47,402,471</b>	<b>1,000,000</b>	<b>11,000,000</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Third Party Schemes</u>											
Community Wellbeing	0	314,500	29,567	284,933	82,800	166,100	113,000	53,600	314,500	166,100	53,600
Corporate Services	0	0	0	0	0	0	0	0	0	0	0
Commercial Development	0	0	0	0	0	0	0	0	0	0	0
Housing, Planning & Regeneration & Regulatory Services - General Fund	0	0	0	0	0	0	0	0	698,800	0	0
Housing, Planning & Regeneration & Regulatory Services - HRA	0	0	0	0	0	0	0	0	0	0	0
<i>Sub-total Third Party Schemes</i>	<b>0</b>	<b>314,500</b>	<b>29,567</b>	<b>284,933</b>	<b>82,800</b>	<b>166,100</b>	<b>113,000</b>	<b>53,600</b>	<b>1,013,300</b>	<b>166,100</b>	<b>53,600</b>
GF Total	3,405,000	56,789,000	3,881,740	52,907,260	3,676,800	13,207,700	2,727,000	2,443,800	2,675,700	1,274,100	1,142,800
HRA Total	7,645,700	8,941,400	(509,504)	9,450,904	7,381,500	7,381,500	7,723,800	7,723,800	0	0	0
<b>Grand Total</b>	<b>12,440,700</b>	<b>65,730,400</b>	<b>3,372,236</b>	<b>62,358,164</b>	<b>11,058,300</b>	<b>20,589,200</b>	<b>10,450,800</b>	<b>10,167,600</b>	<b>2,675,700</b>	<b>1,274,100</b>	<b>1,142,800</b>

**CAPITAL PLAN 2020/21**

**Appendix 2**

Scheme Details	2020/21				2021/22		2022/23		External Funding		
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £
<b>Community Wellbeing</b>											
<b>Live Schemes</b>											
JT Z478	Shortcliffe Community Park	0	0	0	0	0	0	0	0	0	0
JR Z388	CCTV	35,000	94,600	4,635	89,965	45,000	35,000	45,000	35,000	0	0
JR Z348	Charnwood Community Facilities Grants	60,000	90,000	19,734	70,266	20,000	50,000	20,000	50,000	0	0
JR Z427	Members Grants - Members Choice	26,000	26,000	(3,980)	29,980	26,000	26,000	26,000	26,000	0	0
SW Z785	Old Rectory Museum Toilet	0	0	0	0	0	0	0	0	0	0
SW Z392	Public Realm and Art Improvements	0	0	0	0	0	0	0	0	0	0
SW Z421	Carillon Tower Restoration Project	0	0	0	0	0	0	0	0	0	0
SW Z426	Loughborough Market - Replacement Tug and Trailer	0	0	0	0	0	0	0	0	0	0
SW Z801	Lighting strategy to support the Masterplan lane strategy - feasibility study	10,000	10,000	0	10,000	0	0	0	0	0	0
KS Z746	Charnwood Museum Public Toilets Refurbishment	0	0	0	0	0	0	0	0	0	0
NB Z748	Loughborough Festive Lights and Street Dressing	0	14,800	0	14,800	0	0	0	10,000	0	0
NB Z749	Loughborough Market Improvements	0	0	0	0	0	0	0	0	0	0
SW Z757	Town Hall Roof Upgrade	0	19,400	0	19,400	0	0	0	0	0	0
SW Z797	Loughborough Town Hall - Lower Level Elevation Repairs & Feasibility Study	40,000	40,000	0	40,000	0	0	0	0	0	0
SW Z798	Town Hall - Victorian Room - Air Handling	50,000	0	0	0	50,000	0	0	0	0	0
SW Z799	Town Hall - additional seating	75,000	0	0	0	150,000	0	225,000	0	0	0
MB Z394	Provision of Neighbourhood Notice Boards	0	0	0	0	0	0	0	0	0	0
MB Z739	Green Spaces Programme	0	90,800	882	89,918	0	0	0	0	0	0
JT Z747	Dishley Pool Access Works	0	0	0	0	0	0	0	0	0	0
MB Z784	Loughborough Cemetery - New Burial Provision	650,000	899,700	10,800	888,900	0	0	0	0	0	0
SR Z750	Loughborough Old Cemetery Green Flag Site Development	0	0	0	0	0	0	0	0	0	0
SR Z752	Mountsorrel Castle Park Green Flag Site Development	0	0	0	0	0	0	0	0	0	0
MB Z753	The Outwoods Country Park - Septic tank system replacement	0	0	0	0	0	0	0	0	0	0
MB Z754	The Outwoods Country Park - Visitor Centre and Café	0	179,500	1,307	178,193	0	0	0	50,000	0	0
MB Z782	Outwoods Country Park	0	0	0	0	0	0	0	0	0	0
MB Z755	Shortcliffe Park Access Bridges	0	0	0	0	0	0	0	0	0	0
MB Z790	Environmental Services - Fleet Purchase	0	4,800,000	3,691,850	1,108,150	0	0	0	0	0	0
MB	Loughborough Playground Improvement Plan	0	0	0	0	50,000	50,000	50,000	50,000	0	0
MB	Queens Park - Improvements to Childrens Play Provision & Adult Recreation Provision	0	0	0	0	100,000	100,000	105,000	105,000	0	0
MB Z802	Allotment Improvements	35,000	10,000	0	10,000	0	0	0	0	0	0
MB Z803	Loughborough in Bloom - Biodiversity Improvements	20,000	0	0	0	0	0	0	0	0	0
MB Z804	Charnwood Water - Access Improvements	40,000	0	0	0	0	0	0	0	0	0
MB	Jubilee Walk, Shepshed - surfacing & enhancement	0	0	0	0	50,000	50,000	0	0	25,000	0
MB	Moat Road - Multi Use Games Area & Play Improvements	0	0	0	0	40,000	0	0	0	0	0
MB	Morley Quarry - access works	0	0	0	0	50,000	50,000	0	0	25,000	0

**CAPITAL PLAN 2020/21**

**Appendix 2**

Scheme Details	2020/21				2021/22		2022/23		External Funding		
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £
MB Z805 Queens Park Aviary Improvements	20,000	20,000	0	20,000	0	0	0	0	0	0	0
MB Z806 Playing Pitch Strategy Action Plan	60,000	20,000	0	20,000	100,000	40,000	140,000	40,000	0	0	0
MB Z484 Closed Churchyard Wall	25,000	25,000	0	25,000	25,000	25,000	0	0	0	0	0
MB Lodge Farm - Multi Use Games Area	0	0	0	0	80,000	80,000	0	0	0	0	0
MB Lodge Farm Public Open Space Enhancements	0	0	0	0	0	0	0	31,200	0	0	31,200
MB Z807 Parish Green Masterplan	5,000	0	0	0	70,000	0	0	0	0	0	0
MB Z808 Park Road Access Resurfacing	60,000	60,000	0	60,000	0	0	0	0	0	0	0
MB Z809 Delivery of Open Space Strategy	20,000	20,000	0	20,000	20,000	20,000	20,000	20,000	0	0	0
AG Z503 Charnwood Sites Access and Security	0	0	0	0	0	0	0	0	0	0	0
MB Z791 Shelthorpe Golf Course - Fencing	0	78,900	234	78,666	0	0	0	0	78,900	0	0
AG Z792 Community Tree Planting Programme	25,000	45,000	0	45,000	25,000	25,000	0	0	0	0	0
<b>Sub-total Live Schemes</b>	<b>1,256,000</b>	<b>6,543,700</b>	<b>3,725,462</b>	<b>2,818,238</b>	<b>851,000</b>	<b>601,000</b>	<b>406,000</b>	<b>582,200</b>	<b>138,900</b>	<b>50,000</b>	<b>31,200</b>
<b>Third Party Schemes</b>											
JT Z697 Bell Foundry Pocket Park - Phase 1 & 2	0	51,800	1,701	50,099	0	0	0	0	51,800	0	0
JT Z494 Public Art Provision - Loughborough & Shepshed	0	9,600	8,560	1,040	0	0	0	0	9,600	0	0
MB Allendale Road - Public Open Space Improvements	0	0	0	0	82,800	0	0	0	0	0	0
MB Farnham Road Public Open Space Improvements	0	0	0	0	0	0	113,000	0	0	0	0
MB Z699 Shelthorpe Public Open Space Enhancements	0	95,100	0	95,100	0	101,000	0	0	95,100	101,000	0
MB Holt Drive PA Enhancements	0	0	0	0	0	11,000	0	0	0	11,000	0
MB Radmoor Road Public Open Space Enhancements	0	0	0	0	0	0	0	53,600	0	0	53,600
MB Shepshed Public Open Space Enhancements	0	0	0	0	0	54,100	0	0	0	54,100	0
JR Z488 Thorpe Acre Residents Association - contribution towards Community Hub building	0	25,900	0	25,900	0	0	0	0	25,900	0	0
JR Z499 Syston Town Council - contribution towards Cemetery in Syston	0	0	0	0	0	0	0	0	0	0	0
JR Z292 Hallam Fields Community Hall	0	0	0	0	0	0	0	0	0	0	0
JR Z500 Birstall Cedars Academy all weather pitch	0	50,000	0	50,000	0	0	0	0	50,000	0	0
JR Z783 Thurmaston Parish Council - Silverdale and Elizabeth Park	0	0	0	0	0	0	0	0	0	0	0
JR Z789 Rothley Parish Council - additional recreation & play area facilities at Mountsorrel Lane	0	0	0	0	0	0	0	0	0	0	0
JR Z794 Queniborough Parish Council - new community/scout hall	0	0	0	0	0	0	0	0	0	0	0
JR Z795 Syston Town Council - redevelopment of sports pavilion at Memorial Park	0	40,500	0	40,500	0	0	0	0	40,500	0	0
JR Z846 Queniborough Parish Council - play equipment - King George V Playing Field	0	19,300	19,306	(6)	0	0	0	0	19,300	0	0
MB Z778 Syston Community Garden	0	22,300	0	22,300	0	0	0	0	22,300	0	0
<b>Sub-total Third Party Schemes</b>	<b>0</b>	<b>314,500</b>	<b>29,567</b>	<b>284,933</b>	<b>82,800</b>	<b>166,100</b>	<b>113,000</b>	<b>53,600</b>	<b>314,500</b>	<b>166,100</b>	<b>53,600</b>
<b>Community Wellbeing - Total</b>	<b>1,256,000</b>	<b>6,858,200</b>	<b>3,755,029</b>	<b>3,103,171</b>	<b>933,800</b>	<b>767,100</b>	<b>519,000</b>	<b>635,800</b>	<b>453,400</b>	<b>216,100</b>	<b>84,800</b>

**CAPITAL PLAN 2020/21**

**Appendix 2**

Scheme Details	2020/21				2021/22		2022/23		External Funding			
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £	
<b>Corporate Services</b>												
<u>Live Schemes</u>												
AK Z085	Replacement Hardware Programme - Block Sum	80,000	0	62,223	(62,223)	45,000	42,600	45,000	45,000	0	0	0
AK Z354	Infrastructure Development - Block Sum	30,000	30,000	2,535	27,465	30,000	30,000	30,000	30,000	0	0	0
AK Z780	Wireless connectivity including presentation facilities	0	0	0	0	0	0	0	0	0	0	0
KB Z423	Call Secure System - PCI Compliance	0	15,300	0	15,300	0	0	0	0	0	0	0
KB Z425	Corporate Booking System	0	0	0	0	0	0	0	0	0	0	0
KB Z812	Server Redesign	70,000	70,000	0	70,000	0	0	0	0	0	0	0
KB Z813	Cloud Implementation	194,000	194,000	0	194,000	0	0	0	0	0	0	0
KB Z814	Meeting Rooms - presentation screens	10,000	10,000	0	10,000	0	0	0	0	0	0	0
KB	Northgate - Single Use System	0	120,000	0	120,000	0	0	0	0	0	0	0
AW Z811	Legal Case Management System	20,000	0	0	0	0	0	0	0	0	0	0
LT Z810	Unit4 Agresso Upgrade	12,000	12,000	0	12,000	35,000	35,000	0	0	0	0	0
AK Z793	ITrent Upgrade & New Flexi Time System	0	9,800	1,062	8,738	0	0	0	0	0	0	0
<b>Sub-total Live Schemes</b>		<b>416,000</b>	<b>461,100</b>	<b>65,820</b>	<b>395,280</b>	<b>110,000</b>	<b>107,600</b>	<b>75,000</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Committed Schemes</u>												
SJ	Enterprise Zone	0	15,000,000	0	15,000,000	0	0	0	0	0	0	0
<b>Sub-total Committed Schemes</b>		<b>0</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Services - Total</b>		<b>416,000</b>	<b>15,461,100</b>	<b>65,820</b>	<b>15,395,280</b>	<b>110,000</b>	<b>107,600</b>	<b>75,000</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Commercial Development</u>												
<u>Live Schemes</u>												
IB Z310	Planned Building Improvements	500,000	100,000	0	100,000	500,000	100,000	500,000	100,000	0	0	0
DC Z415	Southfields Offices - Roofing	0	0	0	0	0	0	0	0	0	0	0
DC Z493	Fearon Hall	0	0	0	0	0	0	0	0	0	0	0
DC Z759	Woodgate Chambers - high level roof and windows improvements	0	0	180	(180)	0	0	0	0	0	0	0
DC Z777	Messenger Close, Lough - Options for future use	0	0	50	(50)	0	0	0	0	0	0	0
<b>Sub-total Live Schemes</b>		<b>500,000</b>	<b>100,000</b>	<b>230</b>	<b>99,770</b>	<b>500,000</b>	<b>100,000</b>	<b>500,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Committed Schemes</u>												
JH Z676	Commercial Property Investment Portfolio	0	25,000,000	0	25,000,000	0	0	0	0	0	0	0
JH	Town Deal and Regeneration	0	5,000,000	0	5,000,000	0	10,000,000	0	0	0	0	0
<b>Sub-total Committed Schemes</b>		<b>0</b>	<b>30,000,000</b>	<b>0</b>	<b>30,000,000</b>	<b>0</b>	<b>10,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commercial Development - Total</b>		<b>500,000</b>	<b>30,100,000</b>	<b>230</b>	<b>30,099,770</b>	<b>500,000</b>	<b>10,100,000</b>	<b>500,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**CAPITAL PLAN 2020/21**

**Appendix 2**

Scheme Details	2020/21				2021/22		2022/23		External Funding			
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £	
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - General Fund</b>												
<u>Live Schemes</u>												
AT Z744	Beehive Lane Car Park Improvements and refurbishment scheme	100,000	69,800	20,409	49,391	0	100,000	0	0	0	0	0
AT Z781	Beehive Lane Car Park fire & safety evacuation systems	0	12,000	11,793	207	0	0	0	0	0	0	0
AT Z786	Car Parks Resurfacing and Improvements	0	169,900	0	169,900	0	0	0	0	0	0	0
DC Z738	Carbon Management Schemes	0	55,800	0	55,800	0	0	0	0	0	0	0
RB Z468	Planning and Regeneration Essential Technology Refresh	0	0	0	0	0	0	0	0	0	0	0
AS Z424	Choice Based Lettings Software	0	0	(16,063)	16,063	0	0	0	0	0	0	0
RS Z210	Disabled Facilities Grants - Block Sum	1,058,000	1,523,500	(16,707)	1,540,207	1,058,000	1,058,000	1,058,000	1,058,000	1,523,500	1,058,000	1,058,000
RS Z346	Private Sector Housing Grants - Block Sum	75,000	75,000	0	75,000	75,000	75,000	75,000	75,000	0	0	0
<b>Sub-total Live Schemes</b>		<b>1,233,000</b>	<b>1,906,000</b>	<b>(568)</b>	<b>1,906,568</b>	<b>1,133,000</b>	<b>1,233,000</b>	<b>1,133,000</b>	<b>1,133,000</b>	<b>1,523,500</b>	<b>1,058,000</b>	<b>1,058,000</b>
<u>Committed Schemes</u>												
DH Z366	Loughborough University Science & Enterprise Park	0	350,000	0	350,000	0	0	0	0	0	0	0
DH Z367	Bleach Yard	0	5,900	0	5,900	0	0	0	0	0	0	0
DH Z787	Bedford Square Gateway	890,000	1,337,700	39,806	1,297,894	500,000	500,000	0	0	520,000	0	0
DH Z796	Carbon Neutral Action Fund - Block Sum	500,000	100,000	0	100,000	500,000	500,000	500,000	500,000	0	0	0
DH Z835	Shepshed Bull Ring	0	600,000	19,591	580,409	0	0	0	0	170,000	0	0
DH Z745	Leicestershire Superfast Broadband Phase 3	0	0	0	0	0	0	0	0	0	0	0
DH Z126	Loughborough Eastern Gateway	0	0	0	0	0	0	0	0	0	0	0
RB Z396	Public Realm - Shepshed Town Centre	0	18,400	0	18,400	0	0	0	0	0	0	0
RS Z141	Regional Housing Pot Grant	0	42,900	0	42,900	0	0	0	0	0	0	0
RS Z363	Fuel Poverty Scheme	0	8,800	1,832	6,968	0	0	0	0	8,800	0	0
<b>Sub-total Committed Schemes</b>		<b>1,390,000</b>	<b>2,463,700</b>	<b>61,229</b>	<b>2,402,471</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>500,000</b>	<b>698,800</b>	<b>0</b>	<b>0</b>
<b>ousing, Planning &amp; Regeneration &amp; Regulatory Services - General Fund - Total</b>		<b>2,623,000</b>	<b>4,369,700</b>	<b>60,661</b>	<b>4,309,039</b>	<b>2,133,000</b>	<b>2,233,000</b>	<b>1,633,000</b>	<b>1,633,000</b>	<b>2,222,300</b>	<b>1,058,000</b>	<b>1,058,000</b>

**CAPITAL PLAN 2020/21**

**Appendix 2**

Scheme Details	2020/21				2021/22		2022/23		External Funding			
	Original Plan £	Revised Budget £	Actual Spend 14/8/20 £	Balance £	Original Plan £	Current Budget £	Original Plan £	Current Budget £	2020/21 £	2021/22 £	2022/23 £	
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - HRA</b>												
<b>Live Schemes</b>												
PO Z761	Major Adaptations	450,000	450,000	(59,209)	509,209	450,000	450,000	450,000	450,000	0	0	0
PO Z301	Minor Adaptations	50,000	50,000	181	49,819	50,000	50,000	50,000	50,000	0	0	0
PO Z302	Stairlifts	60,000	60,000	0	60,000	80,000	80,000	80,000	80,000	0	0	0
PO Z762	Major Voids	280,000	280,000	(29,776)	309,776	280,000	280,000	280,000	280,000	0	0	0
<b>Compliance</b>												
PO Z434	Asbestos Removal	150,000	150,000	51,425	98,575	150,000	150,000	150,000	150,000	0	0	0
PO Z771	Communal Area Improvements	200,000	200,000	(6,371)	206,371	200,000	200,000	200,000	200,000	0	0	0
PO Z742	Communal Area Electrical Upgrades	200,000	200,000	(73,055)	273,055	200,000	200,000	200,000	200,000	0	0	0
PO Z772	Smoke/CO & Heat Detection	30,000	30,000	3,276	26,724	30,000	30,000	30,000	30,000	0	0	0
PO Z773	Fire Safety Works	300,000	300,000	(347,996)	647,996	100,000	100,000	100,000	100,000	0	0	0
<b>Stock Maximisation</b>												
PO Z375	Garages	50,000	50,000	0	50,000	25,000	25,000	25,000	25,000	0	0	0
<b>Decent Homes</b>												
PO Z763	Kitchens	400,500	539,900	(52,956)	592,856	580,500	580,500	598,500	598,500	0	0	0
PO Z764	Bathrooms	915,000	915,000	(51,546)	966,546	787,800	787,800	1,186,600	1,186,600	0	0	0
PO Z765	Electrical Upgrades	200,000	200,000	(8,400)	208,400	290,000	290,000	290,000	290,000	0	0	0
PO Z766	Window Replacement	35,000	35,000	0	35,000	195,000	195,000	40,000	40,000	0	0	0
PO Z767	Heating	439,300	439,300	106,952	332,348	331,200	331,200	411,700	411,700	0	0	0
PO Z743	Sheltered Housing Improvements	200,000	200,000	0	200,000	200,000	200,000	200,000	200,000	0	0	0
PO Z768	Door Replacement	1,000,000	745,500	(51,716)	797,216	300,000	300,000	300,000	300,000	0	0	0
PO Z769	Roofing Works & Insulation	650,000	650,000	(122,006)	772,006	650,000	650,000	650,000	650,000	0	0	0
PO Z770	Major Structural Works	250,000	250,000	(4,525)	254,525	250,000	250,000	250,000	250,000	0	0	0
<b>General Capital Works</b>												
PO Z776	Estate and External Works	205,000	205,000	(60,148)	265,148	205,000	205,000	205,000	205,000	0	0	0
PO Z857	Housing Capital Technical Costs	312,000	312,000	0	312,000	312,000	312,000	312,000	312,000	0	0	0
PO Z378	Door Entry Systems	200,000	200,000	(19,985)	219,985	200,000	200,000	200,000	200,000	0	0	0
AS Z760	Acquisition of Affordable Housing to meet housing need	1,053,900	2,447,200	219,132	2,228,068	1,500,000	1,500,000	1,500,000	1,500,000	0	0	0
AS Z788	Barkby Road, Queniborough - acquisition of 27 dwellings	0	17,500	0	17,500	0	0	0	0	0	0	0
PO Z775	Mobility Scooter Storage	15,000	15,000	0	15,000	15,000	15,000	15,000	15,000	0	0	0
PO Z470	Job Management System	0	0	(2,781)	2,781	0	0	0	0	0	0	0
<b>Sub-total Live Schemes</b>		<b>7,645,700</b>	<b>8,941,400</b>	<b>(509,504)</b>	<b>9,450,904</b>	<b>7,381,500</b>	<b>7,381,500</b>	<b>7,723,800</b>	<b>7,723,800</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - HRA - Total</b>		<b>7,645,700</b>	<b>8,941,400</b>	<b>(509,504)</b>	<b>9,450,904</b>	<b>7,381,500</b>	<b>7,381,500</b>	<b>7,723,800</b>	<b>7,723,800</b>	<b>0</b>	<b>0</b>	<b>0</b>

## BUDGET SCRUTINY PANEL – 29TH SEPTEMBER 2020

### Report of the Head of Strategic Support

#### ITEM 7 BUDGET SCRUTINY PANEL REPORT 2019-20

##### Purpose of Report

To consider the final Budget Scrutiny Panel Report of 2019-20 in line with the recommendation of the Corporate Services Scrutiny Committee on 4th March 2020 and as agreed by the Scrutiny Commission at its meeting held on 10th August 2020.

##### Recommendation

That the Panel reviews the recommendations of the Budget Scrutiny Panel (2019-20) as agreed by the Cabinet at its meeting on 13th February 2020.

##### Reason

To comply with the recommendation of the Scrutiny Commission. However, it should be noted that due to the COVID-19 pandemic the financial situation within the Council has changed considerably since the recommendations were drafted.

##### Background

At its meeting on 13th February 2020 the Cabinet considered the final report of the Budget Scrutiny Panel 2019-20 and made recommendations.

At its meeting on 4th March 2020 the Corporate Services Scrutiny Committee recommended that:

*It be recommended to the Scrutiny Commission that scrutiny of the Council's draft budget 2021/22 be undertaken on the same basis as for the 2020/21 budget, that being via a Budget Scrutiny Panel, and that that Panel also monitor the outcomes of this year's Panel report (min 34.5 2019/20 refers).*

At its meeting held on 10th August 2020 the Scrutiny Commission agreed with the recommendation of the Corporate Services Scrutiny Committee (min 40.5 2020/21 refers).

##### Resolutions of the Cabinet (min 78 refers)

#### **RESOLVED**

1. *that in respect of Panel Recommendation 1, Cabinet notes that officers will seek to facilitate a dialogue on the budget context and financial*

*direction of travel as early as is practical in relation to the 2021/22 budget setting process;*

2. *that in respect of Panel Recommendation 2, Cabinet notes that Members can expect to see periodic reports reflecting progress with the Council's transformation and commercialisation plans, and that Members can engage with proposals and general progress with transformation and commercialisation plans through the Council's existing governance structures (Cabinet, Council and Scrutiny);*
3. *that in respect of Panel Recommendation 3, Cabinet notes that Members can expect to see periodic reports reflecting progress with the Council's transformation and commercialisation plans, and that Members can engage with proposals and general progress with transformation and commercialisation plans through the Council's existing governance structures (Cabinet, Council and Scrutiny);*
4. *that in respect of Panel Recommendation 4, that communication styles, methods and language used should be an ongoing agenda item for the Budget Scrutiny Panel, allowing Members and Officers to work together and develop an effective communication programme in respect of the Council's budgets and plans;*
5. *that in respect of Panel Recommendation 5, Cabinet notes that process controls will be considered as part of the planned series of service reviews that will be developed under the Council's Transformation Programme and that, in addition, approval limits set out within the Council's Financial Regulations and Financial Procedures will be reviewed to ensure limits appropriately reflect current circumstances;*
6. *that in respect of Panel Recommendation 6, Cabinet notes the evaluation and approval processes set out in the response of the Strategic Director of Corporate Services to the Panel's recommendation (agenda page 15);*
7. *that in respect of Panel Recommendation 7, Cabinet notes that a Cabinet report will be prepared (envisaged for March/April 2020) that will provide further detail on the Council's commercialisation plans and address the specific matters raised by the Panel;*
8. *that in respect of Panel Recommendation 8, Cabinet notes the Panel's observations;*
9. *that in respect of Panel Recommendation 9, Cabinet notes the Panel's observations;*
10. *that in respect of Panel Recommendation 10, Cabinet notes that the processes covering reporting and monitoring of the Capital Plan will be reviewed in the forthcoming financial year.*

Reason

1-10. *To acknowledge the work undertaken by and the views of the Budget Scrutiny Panel and to ensure implementation of scrutiny recommendations where agreed by the Cabinet.*

Background Papers: None

Appendix: Cabinet report 'Budget Scrutiny Panel', 13th February 2020

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**CABINET – 13TH FEBRUARY 2020****Report of the Head of Strategic Support****Part A****ITEM            BUDGET SCRUTINY PANEL****Purpose of Report**

To consider the recommendations of the Budget Scrutiny Panel following its scrutiny of the Council's draft budget for 2020/21.

**Recommendation**

Set out below are the Panel recommendations to the Cabinet (1-10), followed by the officer response and recommendation in each case. The Cabinet is asked to consider each of these and decide which recommendations it wishes to agree, if any.

Recommendations 1-5 relate to future budgets and budget scrutiny, recommendations 6-9 relate to the draft General Fund and HRA Budget 2020/21 and recommendation 10 relates to the draft Capital Plan 2020/21 to 2022/23.

**Reason**

To acknowledge the work undertaken by and the views of the Budget Scrutiny Panel and to ensure implementation of scrutiny recommendations where agreed by the Cabinet.

**Panel Recommendation 1**

*In order to effectively scrutinise the budget going forward, a greater clarity of the "direction of travel" is required by the Budget Scrutiny Panel. Early dialogue with the Cabinet Lead Member and the Leader of the Council would provide the Panel with the context in which to consider the budget. Further, there may be scope for consideration of a longer budgetary timeframe than the Medium Term Financial Strategy provides for, in order to allow adequate time for the scale of change that may be required to meet the Council's ambitions and to ensure the Budget Scrutiny Panel is able to fully scrutinise each budget in terms of its role within the overall cycle.*

**Response of the Strategic Director of Corporate Services**

The desire for an early conversation on 'direction of travel' and the budget context is both understandable and reasonable. There will be challenges in facilitating earlier engagement, including the Leader, Cabinet Lead Member and Officers having sufficient information to make engagement worthwhile, and the practical difficulties around meeting availabilities in the summer months, but we will seek bring forward conversations as far as possible.

I would note for information that a particular challenge next year may be the timing of the outputs of the 'Fair Funding' review, without which information on our future financial position will be extremely limited.

I anticipate that once the outcome of the Fair Funding review is known the Council will receive a multi-year settlement which will enable a longer term view of the Council's future financial position to be developed.

### **Officer Recommendation 1**

That Cabinet notes that officers will seek to facilitate a dialogue on the budget context and financial direction of travel as early as is practical in relation to the 2021/22 budget setting process.

### **Panel Recommendation 2**

*Recognising the need for the new Chief Executive to have the opportunity to contribute to these important issues, the Budget Scrutiny Panel is keen that progress on the pulling together of the Transformation Group and the creation and delivery of a realistic, achievable and effective Transformation Plan is continued at pace. The potential savings required are essential in managing a process towards a balanced budget and a Council able to live within its means and provide the necessary services to the public.*

### **Response of the Strategic Director of Corporate Services**

I agree with the above comments of the Budget Scrutiny Panel.

### **Officer Recommendation 2**

That Cabinet notes that Members can expect to see periodic reports reflecting progress with the Council's transformation and commercialisation plans, and that Members can engage with proposals and general progress with transformation and commercialisation plans through the Council's existing governance structures (Cabinet, Council and Scrutiny).

### **Panel Recommendation 3**

*The parallel plans for improved revenue generation are also essential and the Budget Scrutiny Panel will keenly monitor activity and progress in this area.*

### **Response of the Strategic Director of Corporate Services**

I agree with the above comments of the Budget Scrutiny Panel.

### **Officer Recommendation 3**

Recommendation is as per Officer Recommendation 2 above.

#### **Panel Recommendation 4**

*That a significant communication effort be made with all Council stakeholders to ensure that everyone understands the importance and nature of the budget situation and that everyone's efforts are focused on clear and achievable goals. Much of the budget process and numbers are currently "out of focus" for many members and stakeholders, and this then does not allow for everyone to articulate and focus their efforts behind a clear and understandable set of aims and objectives. This clarity of language should be embedded in future budget consultation processes to ensure the public are able to easily access the headlines of the Council's budgets and plans.*

#### **Response of the Strategic Director of Corporate Services**

I agree that a significant communication effort is required to ensure that the importance and nature of the budget situation is understood by all stakeholders. I believe that this is a view shared by the Leader, Chief Executive and all other members and Officers directly involved in managing our budget processes.

#### **Officer Recommendation 4**

That communication styles, methods and language used should be an ongoing agenda item for the Budget Scrutiny Panel, allowing Members and Officers to work together and develop an effective communication programme in respect of the Council's budgets and plans.

#### **Panel Recommendation 5**

*Further to communication with staff, the Panel would welcome asking them to come up with suggestions for reduction in controls. The experience of a Panel member is that less important areas are often over controlled while the more strategic areas are often not well controlled at all.*

#### **Response of the Strategic Director of Corporate Services**

The sentiment around this comment is recognised. It is anticipated that process controls would be considered as part of the planned series of service reviews that will be developed under the Council's Transformation Programme.

#### **Officer Recommendation 5**

That Cabinet notes that process controls will be considered as part of the planned series of service reviews that will be developed under the Council's Transformation Programme and that, in addition, approval limits set out within the Council's Financial Regulations and Financial Procedures will be reviewed to ensure limits appropriately reflect current circumstances.

#### **Panel Recommendation 6**

*Regarding increasing revenue generation, there is a need to match investment amounts with returns and at the level the investment opportunity may require.*

*There is a feeling at present within the Budget Scrutiny Panel that “random” amounts of money are being committed/allocated for “general as yet unspecified revenue generation” rather than revenue generation ideas which might deliver the agreed and required return then being appropriately funded and the investment amount being allocated and agreed.*

#### Response of the Strategic Director of Corporate Services

It is fair to say that some initiatives outlined within the MTFS are not yet fully developed. However, it is, and will continue to be the case, that returns on investment are considered in line with business cases that support the initial investment, before funding is approved and allocated.

Going forward, this evaluation and approval process will lie with the Transformation and Commercialisation delivery boards for all significant investment.

#### **Officer Recommendation 6**

That the Cabinet notes the evaluation and approval processes above.

#### **Panel Recommendation 7**

*Regarding increasing revenue generation, there is the need to ensure that the appropriate skills and culture change are embedded within all Council stakeholders.*

#### Response of the Strategic Director of Corporate Services

I agree with the Panel's comments.

#### **Officer Recommendation 7**

That the Cabinet notes that a Cabinet report will be prepared (envisaged for March/April 2020) that will provide further detail on the Council's commercialisation plans and address the specific matters raised by the Panel.

#### **Panel Recommendation 8**

*Recognition that there are some major one-off incidents within the 2019/20 budget whose impact on the 2020/21 budget requires to be mitigated. These include the current slight overspend forecast on the General Fund, the one cost (at present) of the unforeseen, significant increase in Supported Living Allowance payments and the need to deliver on the budgeted savings already set out in the 2019/20 budget, which have not yet been achieved.*

#### Response of the Strategic Director of Corporate Services

The Panel's identification of issues outlined above is valid.

### **Officer Recommendation 8**

That Cabinet notes the Panel's observations.

### **Panel Recommendation 9**

*The HRA major budgetary issue would appear to be the assurance that adequate provisions are being made for the repayment of the long-term borrowing, against our housing stock. The Budget Scrutiny Panel remain comfortable at present that the HRA loan liabilities and repayment timeframes are being adequately planned for.*

### **Response of the Strategic Director of Corporate Services**

I agree with the Budget Scrutiny Panel's observations.

### **Officer Recommendation 9**

That Cabinet notes the Panel's observations.

### **Panel Recommendation 10**

*The draft Capital Plan would appear to be adequately covered in terms of the funding required in order to deliver it. What remains a constant issue is the annual underspend on this account, something which would appear to be likely again in the current year and leaves open the question for the 2020/21 Capital Plan. Continued effort is required, however, to ensure that all projects are viable, deliverable to the timeframes agreed when funding is allocated.*

### **Response of the Strategic Director of Corporate Services**

I broadly agree with the Panel's comments. Some of the underspend arises due to slippage in projects that are required to be included within the Capital Plan but not within the Council's gift; nonetheless I consider that there is generally room for improvement in the project management of the Council's capital projects.

### **Officer Recommendation 10**

That Cabinet notes that the processes covering reporting and monitoring of the Capital Plan will be reviewed in the forthcoming financial year.

### **Policy Justification and Previous Decisions**

The Scrutiny Management Board, at its meeting on 13th January 2020, agreed that the report of the Budget Scrutiny Panel be submitted for consideration by the Cabinet.

Scrutiny Committee Procedure 11.12(a) sets out the procedures by which a report of a Scrutiny Committee should be considered by the Cabinet.

In accordance with Scrutiny Committee Procedure 11.12(d), background information and officer advice has been provided within this report to enable the Cabinet to make any decisions without undue delay.

#### Implementation Timetable including Future Decisions and Scrutiny

A report setting out the draft General Fund and HRA Budget 2020/21 is included on the agenda for this meeting, for recommendation to Council at its meeting on 24th February 2020 for approval.

The Cabinet's response to the Panel's recommendations will be fed back to the Scrutiny Commission, indicating what (if any) action the Cabinet proposes to take. Where necessary, the Scrutiny Commission will review the implementation of any Cabinet decisions at an appropriate time, usually after 6 months.

#### Report Implications

Implications, if any, are as set in out in the above officer responses.

Key Decision: No

Background Papers: None

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## **Part B**

### Background

1. Following a decision of the Scrutiny Commission at its meeting on 3rd June 2019 and a decision of the Corporate Services Scrutiny Committee at its meeting on 25th June 2019, a Budget Scrutiny Panel undertook scrutiny of the Council's draft budget for 2020/21.
2. The Scrutiny Commission considered the Panel's report at its meeting on 13th January 2020 and resolved that the recommendations of the Panel be submitted for consideration by the Cabinet. The report agreed by the Scrutiny Commission is set out at Annex 1. This includes a foreword by the Chair of the Panel, Councillor Parsons.

### Annexes

- Annex 1      Report of the Budget Scrutiny Panel, January 2020

## REPORT OF THE BUDGET SCRUTINY PANEL – 2020/21 DRAFT BUDGET

### Foreword by Councillor Geoff Parsons, Chair of the Panel

*In the current volatile local authority funding climate, subject to political change and increasing service pressures, there can be no doubt that Charnwood Borough Council is moving into potentially “choppier waters”.*

*The Council has maintained front line services over recent years, which has been managed with acceptable use of reserves, prudently replenished and accumulated during a better funding period. Budget pressures have grown and this approach going forward will no longer provide adequate assurance for the Budget Scrutiny Panel that service provision can be maintained. Any aspiration to improve or expand services will require a more proactive approach to funding.*

*The current Medium Term Financial Strategy provides a reasonably secure funding envelope within which to plan and deliver the requisite changes required, however there is no room for complacency and a determined effort is required.*

*This budget, combined with the Medium Term Financial Strategy, highlights an increase in risk to the Council, one which it is well placed to manage, but which requires steady, determined activity in order to secure the future. The Budget Scrutiny Panel maintains an important function in challenging the Cabinet and its budgetary plans and ensuring that the voice of the public is heard with regard to the financial security of the services provided and the efficiency and effectiveness with which public money is spent.*

### 1. Background

Following a decision of the Scrutiny Commission at its meeting on 3rd June 2019 and a decision of the Corporate Services Scrutiny Committee at its meeting on 25th June 2019, a Budget Scrutiny Panel has undertaken scrutiny of the Council's draft budget for 2020/21.

### 2. Panel Membership

Councillors Parsons (Chair), Baines, Bolton and Miah.

### 3. Meetings and Matters Considered

#### 25th September 2019

At this meeting, the Panel considered:

- the draft Medium Term Financial Strategy 2020-23 (Cabinet report 19th September 2019);

- the approach taken by the Council to budget setting;
- following a request by the Chair that it be provided, information and advice to assist effective scrutiny of the draft budget 2020/21, including a more detailed analysis of the General Fund budget (2019/20) to better understand gross expenditure and budget challenges.

#### 4th December 2019

At this meeting, the Panel considered:

- the impact of the revised Medium Term Financial Strategy on the budget;
- the draft General Fund and HRA Budget 2020/21 (Cabinet report 16th December 2019);
- the draft Capital Plan 2020/21 to 2022/23 (Cabinet report 16th December 2019);

The detail of the discussion at the above meetings is set out in the minutes of those meetings, attached as an **appendix** to this report.

#### 8th January 2020

At this meeting, the Panel agreed its report.

#### **4. Officers and Cabinet Lead Members**

The Panel was assisted in its scrutiny of the Council's draft budget for 2020/21 by:

The Cabinet Lead Member for Finance and Property Services  
 The Strategic Director of Corporate Services  
 The Head of Finance and Property Services

#### **5. Recommendations - Future Budgets and Budget Scrutiny**

The Panel wishes to make the following recommendations in respect of future budgets and budget scrutiny:

- (i) *In order to effectively scrutinise the budget going forward, a greater clarity of the "direction of travel" is required by the Budget Scrutiny Panel. Early dialogue with the Cabinet Lead Member and the Leader of the Council would provide the Panel with the context in which to consider the budget. Further, there may be scope for consideration of a longer budgetary timeframe than the Medium Term Financial Strategy provides for, in order to allow adequate time for the scale of change that may be required to meet the Council's ambitions and to ensure the Budget Scrutiny Panel is able to fully scrutinise each budget in terms of its role within the overall cycle.*

- (ii) *Recognising the need for the new Chief Executive to have the opportunity to contribute to these important issues, the Budget Scrutiny Panel is keen that progress on the pulling together of the Transformation Group and the creation and delivery of a realistic, achievable and effective Transformation Plan is continued at pace. The potential savings required are essential in managing a process towards a balanced budget and a Council able to live within its means and provide the necessary services to the public.*
- (iii) *The parallel plans for improved revenue generation are also essential and the Budget Scrutiny Panel will keenly monitor activity and progress in this area.*
- (iv) *That a significant communication effort be made with all Council stakeholders to ensure that everyone understands the importance and nature of the budget situation and that everyone's efforts are focused on clear and achievable goals. Much of the budget process and numbers are currently "out of focus" for many members and stakeholders, and this then does not allow for everyone to articulate and focus their efforts behind a clear and understandable set of aims and objectives. This clarity of language should be embedded in future budget consultation processes to ensure the public are able to easily access the headlines of the Council's budgets and plans.*
- (v) *Further to communication with staff, the Panel would welcome asking them to come up with suggestions for reduction in controls. The experience of a Panel member is that less important areas are often over controlled while the more strategic areas are often not well controlled at all.*

## **6. Recommendations and Observations – Draft General Fund and HRA Budget 2020/21**

The Panel wishes to make the following recommendations and observations in respect of the draft General Fund and HRA Budget 2020/21:

- (i) *Regarding increasing revenue generation:*
  - *There is a need to match investment amounts with returns and at the level the investment opportunity may require. There is a feeling at present within the Budget Scrutiny Panel that "random" amounts of money are being committed/allocated for "general as yet unspecified revenue generation" rather than revenue generation ideas which might deliver the agreed and required return then being appropriately funded and the investment amount being allocated and agreed.*
  - *There is the need to ensure that the appropriate skills and culture change are embedded within all Council stakeholders.*

- (ii) *Recognition that there are some major one-off incidents within the 2019/20 budget whose impact on the 2020/21 budget requires to be mitigated. These include the current slight overspend forecast on the General Fund, the one cost (at present) of the unforeseen, significant increase in Supported Living Allowance payments and the need to deliver on the budgeted savings already set out in the 2019/20 budget, which have not yet been achieved.*
- (iii) *The HRA major budgetary issue would appear to be the assurance that adequate provisions are being made for the repayment of the long-term borrowing, against our housing stock. The Budget Scrutiny Panel remain comfortable at present that the HRA loan liabilities and repayment timeframes are being adequately planned for.*

## **7. Recommendations and Observations – Draft Capital Plan 2020/21 to 2022/23**

The Panel wishes to make the following recommendations and observations in respect of the draft Capital Plan 2020/21 to 2022/23:

*The draft Capital Plan would appear to be adequately covered in terms of the funding required in order to deliver it. What remains a constant issue is the annual underspend on this account, something which would appear to be likely again in the current year and leaves open the question for the 2020/21 Capital Plan. Continued effort is required, however, to ensure that all projects are viable, deliverable to the timeframes agreed when funding is allocated.*

## **8. Background Papers**

No further papers to those already identified in/appended to this report.

## **9. Appendix**

Minutes of the meetings of the Budget Scrutiny Panel held on 25th September and 4th December 2019.

January 2020

**BUDGET SCRUTINY PANEL  
25TH SEPTEMBER 2019**

PRESENT: The Chair (Councillor Parsons)

Councillors Baines, Bolton and Miah

Councillor Barkley (Deputy Leader of the Council  
and Cabinet Lead Member for Finance and  
Property Services)

Strategic Director of Corporate Services  
Head of Finance and Property Services  
Democratic Services Officer (LS)

APOLOGIES: None

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.

1. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

2. DECLARATIONS - THE PARTY WHIP

No declarations were made.

3. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

4. DRAFT MEDIUM TERM FINANCIAL STRATEGY 2020-23

Considered a report of the Strategic Director of Corporate Services setting out the draft Medium Term Financial Strategy (MTFS) 2020-23, to be considered by Cabinet on 19th September 2019, for scrutiny by the Panel (item 5 on the agenda filed with these minutes).

Assisting with consideration of the report: The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services, the Head of Finance and Property Services.

The Cabinet Lead Member briefly set out the key issues and risks for the MTFS 2020-23, highlighting in particular the value of having put aside reserves, the uncertainty of the environment in which the Council was operating and the need for

transformation/efficiency plans to deliver. He considered that the MTFs was as accurate as it could be based on the information currently available.

For context, the Chair referred to there currently being considerable activity taking place in the area of the Council's finances, including the new Capital Plan for 2020-23 due to be considered by Cabinet (and this Panel) in December 2019 and the Investment Strategy agreed by Cabinet in September 2019 that and the Treasury Management Strategy for 2019/20 (part of Capital Strategy) agreed by Council in February 2019, both of which were of crucial importance and included changes in approach. All illustrated a new environment in which to manage and move forward with the Council's finances, taking as a starting point the position stated by the Cabinet Lead Member that the Council wished to maintain front line services. The role of this Panel was to scrutinise the budget being proposed to achieve that.

*Councillor Baines arrived at 6.10pm.*

Summary, key points of discussion:

- (i) All suggestions to assist the Council with achieving the outcome needed were welcomed by the Cabinet Lead Member.
- (ii) Agenda page 9, reference to proposed use of £1.1m of reserves in 2020/21 assuming delivery of £0.5m of transformation and delivery savings. Confirmed that this was a separate matter to the proposed request for funding of £220,000 from the Reinvestment Reserve to facilitate the mobilisation of the Council's Transformation Programme that had recently been notified by a General Exception Notice. The latter was a new request, further explanation of the funding for which was provided.
- (iii) Reference to the challenge presented in finding required savings, together with the concern expressed by the Corporate Services Scrutiny Committee at its last meeting when considering the 2019/20 Period 4 revenue position that budgeted for managed savings were not yet being achieved. Very important to continue to monitor the position in that respect.
- (iv) The settlement from the Government for 2020/21 had not yet been confirmed. Brief discussion regarding the uplift anticipated, together with the likely direction towards adult social care and children's services.
- (v) Agenda page 17, reference to MTFs assuming maximum permitted annual increase in Council Tax of 2%. If the Council did not have reserves, that increase would not be sufficient to maintain front line services. Question as to whether consideration had been given to establishing the position of residents on a higher increase. In response, that had been considered, but would require a referendum, the cost of which would likely exceed any increase in income. The Cabinet Lead Member did not consider such an approach to be appropriate, rather the Council needed to work towards transformation to reduce costs and increase income over the period of the MTFs.
- (vi) Representation could be made to the Government department or local Members of Parliament that district council funding was not sufficient, either by the Council if it so wished, or by individual councillors. Representation on the issue was being made by the Local Government Association, also via the District Councils' Network. In respect of the latter, reference to discussion regarding a possible relaxation of the capping limit on district councils to 2% or

£12. Any £12 increase would be a decision for the Council but would be of considerable financial assistance. This was currently only being discussed and the assumption should be that this would not be an option.

- (vi) The Council had put aside reserves for the purpose of the resilience now needed.
- (vii) View that residents may not be averse to an increase in charges if that allowed good local services to be maintained.
- (viii) Agenda page 18, reference to expected increase in (Council) tax base of 1.9% year on year for the period of the MTFS and the number of properties that represented? In response, stated as between 1,500-1,700 a year. View that developments around the Borough seemed to involve more than that, noted that time lag to properties being completed and on the Council Tax Register.
- (ix) Agenda page 20, question regarding the level of risk associated with outstanding business rates appeals? In response, explanation was provided of the likely risk, knowledge held on the matter and the substantial provision held by the Council in that respect, the conclusion being that the provision for both the 2010 and 2017 valuation lists was at a sufficient and realistic level. The provision could be seen in the Council's Statement of Accounts and was available should it be required (as a provision rather than cash). Hoped that that represented an over-provision that would realise a windfall in the future.
- (x) Agenda page 20, confirmed that £450,000 from 75% Business Rate Retention pilot represented a one-off income in 2019/20 and was not included in the 2019/20 budget. It could not be used towards budgeted for managed savings, rather for spend to save initiatives and public realm works in line with the pilot bid.
- (xi) Agenda page 20, reference to Empty Property costs (business rates) for which reliefs could not be claimed back, estimated at £500,000 each year from 2020/21. That was a cost to the Council. While the Council was able to claim back some reliefs, that was not the case in respect of Empty Properties. The estimated cost was considered to be realistic and prudent, based on detailed consideration of the position with business rates and a recognition of an increase in empty properties. The position was being monitored regularly as an important area of risk, also revised for the final MTFS if needed.
- (xii) Agenda page 20, question regarding whether business rate income growth factor of 3% per annum was realistic given number of shops closing? In response, this was based on information from the Council's financial consultants looking at national trends. Many other, less visible businesses were trading successfully, for example logistics and warehousing, such that 3% was not unrealistic. The position would be monitored. A similar growth rate had been applied last year.
- (xiii) Agenda page 22, question as to why the housing growth forecast in the New Homes Bonus calculation and the housing growth projections by the Council's Planning Service differed? Noted that that question had been asked by the Cabinet when it had considered the draft MTFS and that a more detailed explanation therein might be useful. In summary, the key difference was a Government termed "deadweight" which assumed, in calculating the New Homes Bonus, a 0.4% growth anyway, which added approximately 300 homes.
- (xiv) Agenda page 27, concern regarding the Government proposal that councils provide a garden waste collection service free of charge, given the effect that would have on the income to the Council from its current service, which was

substantial. In response, the Cabinet Lead Member and officers present confirmed that they were aware of the issue/risk at this stage, but that the proposal was unlikely to be realised within the period of this draft MTFs. No action could be taken until further information was available on the proposal. The likelihood of compensation for councils that would lose income was briefly discussed.

- (xv) Agenda page 29, question as to whether work had started to identify the efficiencies required by the draft MTFs and the process for that, particularly the £0.5m required in 2020/21? In response, reference made to Table 25 in the MTFs (agenda page 34), that set out proposals for £300,000 of the £467,000 in 2020/21, some of which were firmer than others at this stage. Efficiencies required in years 2 and 3 of the MTFs presented more of a challenge and required a more rigorous identification approach. Reference to the focus on transformation by the Council's new Chief Executive, such that efficiencies to be made would be increasingly firmer. In terms of keeping councillors informed, significant service changes would require Cabinet approval and would be available for scrutiny. The Chair concluded discussion of this issue by stating that it was incumbent on the Panel to consider whether the savings promised were delivered as time progressed. To that end, he hoped that membership of the Panel would be a constant, also to enable the Panel's knowledge and understanding to increase.
- (xvi) The Head of Finance and Property Services provided a brief outline of how the draft MTFs would form the basis of the 2020/21 budget working papers and the role of Heads of Service in finding percentage reductions.
- (xvii) Agenda page 30, reference to the Investment Strategy agreed by Cabinet in September 2019 and the £10m stated therein to expand the Council's commercial property portfolio. It was explained that that represented a statement of intent to invest the amount and financing of that would be based on professional advice as to the best way to do so at the time (borrowing or internal funds or a mix of the two).
- (xviii) The Cabinet Lead Member referred to financial parameters and checks in place, including Minimum Revenue Provision and capital ratios which could not be exceeded, also the stringent due diligence that would be undertaken where significant investment was proposed. Brief discussion regarding risk appetite, being risk aware not risk averse.
- (xix) Agenda page 33, view that the Council should be looking to more shared service arrangements with other district councils to achieve back office cost savings. Net loss on Building Control trading activities could not be afforded, particularly non-statutory elements. Recent move to shared service arrangement for Internal Audit. Shared arrangements sometimes needed for resilience rather than saving.
- (xx) Agenda page 35, reference to stated shortfalls in Housing Rent Allowance budgets and the reason for that as stated in the MTFs. In response, this was a national trend, expected to further increase and was demand-led (the driving cost was Supported Living Allowance and the Borough had two major providers/centres), further details of which were outlined. The Council could only work to monitor the position. The final version of the MTFs would look to more accurately reflect what was expected in relation to this risk. This was a key area of concern.

- (xxi) Agenda page 36, Table 26, question as to why planning fee income risk was stated as zero? In response, based on limited information currently available and experience to date (the income was currently on target at Period 4, 2019/20, would review position for final MTFS.
- (xxii) Agenda page 38, reference to the interest and principal payable on loans for commercial investment being an ongoing 'revenue' charge to the Council. Minimum Revenue Provision would ensure that an appropriate charge was made in the accounts for such repayments, further information on which was briefly outlined, including how that provided for replacement assets.
- (xxiii) Agenda page 41, it would be useful if Table 28 could also provide the information referred to in the note to that table, as the balances brought forward were calculated based on that information, to better understand the history of the matter.
- (xxiv) Agenda page 42, the Chair referred to his observation, in relation to the draft MTFS and other Council financial documents referenced earlier in the meeting, that reserves had been put aside to meet a more challenging financial environment, but a more stringent/aggressive approach was now needed to secure future finances. He reiterated this Panel's role in helping to achieve that.
- (xxv) Agenda page 43, housing rents, question as to whether there was a further 1% reduction in rents required for 2020/21, or whether rents would stay the same or increase, as that would affect the Housing Revenue Account position? That was not known at this meeting.

In respect of (xxiii) above, the Head of Finance and Property Services agreed to include that information in the next version of the MTFS.

In respect of (xxv) above, the Head of Finance and Property Services agreed to send a response by email to members of the Panel.

**RESOLVED** that the draft MTFS 2020-23 and the Panel's scrutiny of the matter, summarised above, be noted.

#### Reason

To acknowledge the Panel's consideration of the draft MTFS 2020-23 as part of its budget scrutiny role.

### 5. APPROACH TO BUDGET SETTING

Discussed, the approach taken by the Council to budget setting.

Assisting with the discussion: The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services, the Head of Finance and Property Services.

Summary, key points of discussion:

- (i) The budget setting process was briefly outlined. The Council's objective had been to maintain front line services whilst achieving a balanced budget, through

- a mix of commercialisation and efficiency savings. The existing service provision was considered to be appropriate, but the financial challenge ahead may require that to change.
- (ii) Substantial savings had been achieved in recent years and further substantial savings would be needed over the next three years. Achieving those would become increasingly difficult and transformation and investments to produce income were also being looked to.
  - (iii) Reference to budget information being net (of income) rather than gross. The gross figures had been provided to the Panel and were useful in illustrating true costs and how much was being spent to produce the income.
  - (iv) Elements of the Council's costs could not be touched as part of the process, for example contract costs which were increased by the contract inflation amount each year. Such costs amounted to around £10m. There were approximately £6m of costs that could be targeted for savings.
  - (v) Question as to whether crowdsourcing within the Council has been undertaken to identify potential savings/income generation? In response, previous year's concept of Big Ideas within the Corporate Management Team and the outcomes of that were briefly outlined. Reference was made to the use of crowdsourcing by the Coalition Government that followed the 2010 General Election and the good ideas that had generated from many sources, including the public. A member of the Panel considered that input from members of the public could be useful.
  - (vi) Reference to the benefit of a properly resourced audit function in identifying efficiencies and cost savings in commercial organisations and whether the new internal audit shared service arrangement at the Council might contribute to that through its Value for Money work? In response, the Council's internal audit remained a small team and was primarily tasked with assurance.
  - (vii) Question regarding non-statutory services and how those were considered in the budget process? Also, how spending was considered and evaluated against other spending? That was undertaken by relevant Cabinet Lead Members, the aim being to maintain front line services. Reference to a good starting point being a list of statutory and non-statutory services and the income and costs relating to those. That exercise had been undertaken, further details of which were outlined. The information from that could be provided to Councillor Baines to assist his work as Chair of the informal scrutiny panel on generating commercial income, if he so wished.
  - (viii) The Chair referred to the approach of maintaining current services and whether budget scrutiny should ask for clearer information on the long-term direction of travel, as that affected the questions the Panel needed to ask, also to consider whether a different approach was necessary.
  - (ix) Reference to the challenge of recent years in maintaining front line services and balancing the budget and the considerable work needed on transformation moving forward. All suggestions to assist that were welcomed.
  - (x) Question as to why the shortfall now stated had not been identified earlier and services remodelled such that the shortfall did not exist at this stage and an MTFs could be presented in which expenditure and income were equal and savings did not need to be found? Reference also to the Council having been in the position of having a shortfall for several years. In response, the MTFs was updated on an annual basis with continual changes in circumstances being contended with. Last year's MTFs had indicated a surplus in year 3 based on

the information and circumstances at that time. Significant changes since that time meant that the Council now dealing with a different scenario and that was being recognised in the draft MTFS 2020-23. It was likely that the position would continue to change moving forward. The Council had managed to build up reserves despite the challenging environment in which it had been operating over recent years and that had improved its current position and provided it with a period of time to make the changes now needed.

- (xi) Processes by which suggestions for savings or income generation were considered and taken forward were briefly outlined, that depended on the source and/or nature of the idea.

**RESOLVED** that the Panel's consideration of the approach taken by the Council to budget setting, summarised above, be noted.

Reason

To acknowledge the Panel's consideration of this matter as part of its budget scrutiny role.

The Cabinet Lead Member for Finance and Property Services was thanked for attending the meeting and assisting the Panel with its scrutiny work.

6. EFFECTIVE BUDGET SCRUTINY

Discussed, information and advice from the Strategic Director of Corporate Services to assist effective scrutiny of the draft budget 2020/21, following a request by the Chair that this be provided to the Panel.

The following information was circulated at the meeting and explained in brief: The Comprehensive Income and Expenditure Statement and the Balance Sheet as at 31st March 2019 (as set out in the Council's Statement of Accounts 2018/19).

The Director also presented a more detailed analysis of the General Fund budget to assist the Panel with a more in-depth understanding of gross expenditure and budget challenges. He agreed to send that information by email to members of the Panel, together with a similar analysis of the Housing Revenue Account, for use moving forward.

**RESOLVED** that the information and advice from the Strategic Director of Corporate Services to assist effective scrutiny of the draft budget 2020/21 be welcomed and noted.

Reason

To acknowledge the Panel's consideration of the information and advice as part of its budget scrutiny role.

NOTES:

1. No reference may be made to these minutes at the Council meeting on 4th November 2019 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel.

**BUDGET SCRUTINY PANEL  
4TH DECEMBER 2019**

PRESENT: The Chair (Councillor Parsons)

Councillors Baines, Bolton and Miah

Barkley (Deputy Leader of the Council and  
Cabinet Lead Member for Finance and Property  
Services)

Strategic Director of Corporate Services  
Head of Finance and Property Services  
Democratic Services Officer (LS)

APOLOGIES: None

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.

7. MINUTES OF THE PREVIOUS MEETING

Reference Minute 4, paragraph (ix) (agenda page 6): Explanation was provided of the likely timing of the windfall that it was hoped would be realised as a result of the over-provision for business rates appeals.

Reference Minute 4, paragraph (xv) (agenda page 7): The Chair wished to highlight the issue raised, response given, and conclusion set out, for discussion later at this meeting.

Reference Minute 4, paragraph (xix) (agenda page 7): An update on the position with the shared service arrangement for Internal Audit was given.

Reference Minute 5, paragraph (viii) (agenda page 9): The Chair wished to highlight the issue raised, for consideration later at this meeting. Knowing the Council's long-term direction of travel was necessary for effective scrutiny.

The minutes of the meeting of the Panel held on 25th September 2019 were confirmed as a correct record and signed.

8. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

9. DECLARATIONS - THE PARTY WHIP

No declarations were made.

10. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

11. IMPACT OF REVISED MEDIUM TERM FINANCIAL STRATEGY ON BUDGET

Considered a report of the Strategic Director of Corporate Services setting out the impact of revisions to the Medium Term Financial Strategy (MTFS) 2020-2023 on the draft budget (item 6 on the agenda filed with these minutes).

Assisting with consideration of the report: The Strategic Director of Corporate Services, Head of Finance and Property Services.

Summary, key points of discussion:

- (i) Reference to the greater financial challenge being faced as a result of the loss of New Homes Bonus set out. Also, concern regarding the amount of mitigation being assumed in relation to that. In response, stated that assumption based on many councils being very exposed to the loss, such that Government was likely to mitigate that. The methods by which that might be done were briefly outlined. Revised MTFS reflected the position and risk.
- (ii) Current position in respect of Nonspecific Savings target in 2019/20 General Fund revenue budget was confirmed, at Period 7 approximately £78k of the £300k target had been identified. Also, that MTFS 2020-2023 assumed similar savings of £300k each year.
- (iii) Reference to significant overspend relating to Supported Living Allowance in 2019/20, not budgeted for in the year. Forecast overspend by year end of approximately £600k, pressure in the current year.
- (iv) General Fund currently budgeted year end to overspend slightly, unusual for the Council. Likely that Capital budget would be underspent at year end.
- (v) Additional to the circumstances set out in (ii), (iii) and (iv) above was the loss of New Homes Bonus set out in the report. Concluded that Council was under significant financial pressure moving forward and the Panel may wish to put forward its view of that.
- (vi) Concern that General Election may delay announcement of the settlement from the Government for 2020/21, expected just before Christmas.
- (vii) Key message at end of report, “plans being developed to address financial challenges via commercialisation and transformation initiatives”. Reference to Quarter 2 amber status of Business Plan objective DES3 – CMT, Transformation Programme and the intention that the new Chief Executive would take that forward as part of a new Corporate Plan. Importance of progressing/accelerating that programme highlighted given the financial challenge faced.

**RESOLVED** that the report setting out the impact of revisions to the Medium Term Financial Strategy 2020-2023 on the draft budget be noted.

Reason

To acknowledge the Panel's consideration of the matter as part of its budget scrutiny role.

12. DRAFT GENERAL FUND AND HRA BUDGET 2020/21

Considered a report of the Head of Finance and Property Services setting out the draft General Fund and Housing Revenue Account (HRA) Budget 2020/21, to be considered by Cabinet on 16th December 2019, for scrutiny by the Panel (item 7 on the agenda supplement filed with these minutes).

Having undertaken scrutiny of the matter, the Panel would need to identify any observations or recommendations that it wished be included in its draft report.

Assisting with consideration of the report: The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services, the Head of Finance and Property Services. A summary of the current position, the challenges faced, and the actions planned, particularly in relation to the General Fund, was given by the Cabinet Lead Member, assisted by the Strategic Director.

Summary, key points of discussion:

- (i) Currently no plans to reduce services or staff.
- (ii) Reference to recent review of recharges and firm approach in respect of any non-necessary service pressures.
- (iii) High priority being given to meeting the challenge, particular reference to commercialisation and transformation work.
- (iv) Reference to £975k deficit in draft Budget, balances on agenda supplement page 8 (Table 1 in the report) set out the working balance of £4.8m which took into account the shortfall for 2019/20 of £971k also.
- (v) Reference to importance of transformational changes in meeting the shortfall, historically those changes had not been realised. In response, the MTFs included a transformation/efficiency plan, that had been refined as part of the budget setting process such that all items included were considered to be deliverable (those that were not considered so had been removed). Reference also to the challenge of the £300k Nonspecific Savings target in the draft Budget and how that had been dealt with via line by line reduction in individual non-staff, non-contractual budgets. In conclusion, draft Budget figures reflected elements of transformation plan considered to be deliverable in 2020/21.
- (vi) Question regarding elements of commercialisation within the draft Budget? Agenda supplement page 14 (Appendix 1 in the report) showed the inclusion of £150k net income from new commercial property investment and £30k commercialisation income from review of fees and charges, considered to be achievable amounts, based on experience elsewhere and investment Council would make into capability in the area of commercial property investment.
- (vii) Question regarding level of reserves at end last financial year? Agenda supplement page 8 (Table 1 in the report), 2018/19 column showed end of year reserves of £10.7m, representing all the reserves, focus was working balance of £6.8m. Confirmed that expecting to use reserves of £1m in the current year. Although in line with the budget, the Council had been spending in excess of funding, illustrated by its use of reserves, question as to when it would decide

- not to do so by either cutting services or making efficiency savings at a faster rate? Not appropriate to continue to overspend, better to make tough choices now. In response, reference to high priority being given to both increasing income and making savings, realistically and clearly set out in the MTFS. Recognised that continued use of reserves was not sustainable. A prudent approach was being taken in a very uncertain environment and officers and Cabinet Lead Members would be working hard to deliver the draft Budget set out, there being no other option.
- (viii) All activity taking place in the area of the Council's finances and all policies and plans relating to that indicated that the Council was endeavouring to deal with the challenge faced. It was hoped that the speed of transformation required would reflect that and could be achieved.
  - (ix) Suggestion that undertaking a sensitivity analysis/considering the worse case scenario might provide a more prudent approach? Challenge being set by MTFS/draft Budget considered appropriate/realistic. Not possible to state exact contribution to required savings from transformation.
  - (x) Following concern regarding the need for commercialisation proposals to deliver, further information given on the expertise to be secured to ensure that, together with the challenges involved. Checks and scrutiny that any proposed investment would be subject to briefly outlined.
  - (xi) No general inflation provision for some of services, represented an additional pressure.
  - (xii) Agenda supplement page 10, paragraph 23, Reinvestment Reserve: Confirmed that transfer of £122k related to 2020/21.
  - (xiii) Agenda supplement page 10, paragraph 24, Capital Plan Reserve: Confirmed that £1,093k was current year's anticipated end of year balance.
  - (xiv) HRA, concern that proposed 2.7% rent increase would further increase arrears. May be the case, would monitor. Anticipated that most tenants would be in position to afford increase.
  - (xv) Information provided on the consultation arrangements for the draft Budget, those consulted, and the documents provided to assist that. All comments taken into account, ideas to assist the Council welcomed. Confirmed that officers and Cabinet Lead Members available to assist with queries from any consultee. Complexity of information recognised.
  - (xvi) Reference recommendation 2 in the report, that Loughborough Special Expenses Budget and Levy 2020/21 be endorsed for consultation. Confirmed that, due to General Election, next Loughborough Area Committee meeting had been moved from December to 6th January 2020, new meeting date should allow for the Committee to be consulted on the matter, members of the Committee had been consulted on the change of meeting date and implications of that.

**RESOLVED** that the report setting out the draft General Fund and HRA Budget 2020/21 be noted and Recommendations 1 and 2 to Cabinet therein be endorsed.

#### Reason

To acknowledge the Panel's consideration of the matter as part of its budget scrutiny role and to provide the opportunity for consultation on the budgets set out.

13. DRAFT CAPITAL PLAN 2020/21 TO 2022/23

Considered a report of the Head of Finance and Property Services setting out the draft Capital Plan 2020/21 to 2022/23, to be considered by Cabinet on 16th December 2019, for scrutiny by the Panel (item 8 on the agenda supplement filed with these minutes).

Having undertaken scrutiny of the matter, the Panel would need to identify any observations or recommendations that it wished be included in its draft report.

Assisting with consideration of the report: The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services, the Head of Finance and Property Services. Explanation was provided of the categorisation of schemes as Live, Committed or Third Party.

Summary, key points of discussion:

- (i) Agenda supplement page 24, scheme entitled Loughborough Playground Improvement Plan, concern regarding possible link between recycled crumb material and childhood cancers, important that this scheme to replace that material was given high priority. Further explanation provided on possible link, confirmed that works had been identified as a priority.
- (ii) Concern that no monies had been allocated for Charnwood Grants next year. In response, proposal to carry forward underspend, Head of Service confirmed comfortable with that position.
- (iii) Concern regarding the cost per seat of the seating scheme proposed for Loughborough Town Hall theatre, total investment of £225k. Scheme represented increase in number of seats/extension to auditorium, with anticipated increase in revenue for sell out events, payback of approximately £70k per annum. Early strand of commercialisation agenda.
- (iv) Reference to £0.5m per annum for Carbon Neutral Action Fund, importance of work acknowledged, but significant sum, clarity of spend going forward would be needed. Discussion regarding what work towards that would involve, how specific projects would be identified and implemented in due course. All options were being considered, including solar energy projects.
- (v) Bedford Square Gateway scheme provision of £890k in 2020/21, not known at this meeting whether scheme had been suitably progressed to enable that to be spent? Response could be provided following the meeting.

The Democratic Services Officer would ask the Head of Planning and Regeneration for a response to the issue raised in (v) above and email that to the Panel.

**RESOLVED** that, subject to the request for a response from the Head of Planning and Regeneration in respect of the issue raised in (v) above, the report setting out the draft Capital Plan 2020/21 to 2022/23 be noted and the recommendation to Cabinet therein be endorsed.

Reason

To acknowledge the Panel's consideration of the matter as part of its budget scrutiny role and to provide the opportunity for consultation on the Plan set out.

14. FURTHER MEETING OF THE PANEL

Noted that a further meeting of the Panel would be held on 8th January 2020, for the purpose of agreeing the Panel's report. The Panel's report was scheduled for consideration by Scrutiny Commission on 13th January 2020. The Commission would be requested to recommend the report to Cabinet at its meeting on 13th February 2020.

Given the short period of time between the Panel's meeting to agree its report and consideration of that report by Scrutiny Commission, the Democratic Services Officer wished to clarify the process by which the Panel would identify any specific recommendations or observations it wished to make in its report, such that the report considered by the Panel on 8th January 2020 had already been seen by all members, commented upon and any required amendments made, and any further amendments agreed at the Panel's meeting on 8th January 2020 would be minimal.

**RESOLVED** that the Democratic Services Officer sends to the Chair as soon as possible the minutes of the meetings of the Panel on 25th September and 4th December 2019, to assist identification of any recommendations or observations to be highlighted in the Panel's report, and then liaises with all members of the Panel on the content of that report prior to Christmas, such that any amendments required at the Panel's meeting on 8th January 2020 are minimal.

Reason

To ensure that the Panel's final report is available for consideration by Scrutiny Commission on 13th January 2020.

NOTES:

1. No reference may be made to these minutes at the Council meeting on 20th January 2020 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel.