



BUDGET SCRUTINY PANEL

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To: Councillors Hamilton, Miah (Chair), Parsons, Parton and Seaton (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Budget Scrutiny Panel to be held in Virtual Meeting - Zoom on Wednesday, 8th December 2021 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

30th November 2021

AGENDA

1. APOLOGIES
 2. MINUTES OF THE PREVIOUS MEETING 4 - 9
- The Panel is asked to confirm as a correct record the minutes of the meeting held on 6th October 2021.
3. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS
 4. DECLARATIONS - THE PARTY WHIP

5. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17
 No questions were submitted.
6. REVENUE MONITORING POSITION (GENERAL FUND AND HRA) PERIOD 7 10 - 19
 A report of the Head of Financial Services setting out the revenue position for the General Fund and HRA at the end of period 7.
7. DRAFT 2022/23 GENERAL FUND AND HRA BUDGETS 20 - 38
 A report of the Head of Finance advising members of the projected base budget position for 2022/23 including the savings and growth proposals put forward for the year and provide the basis for the budget consultation.
8. DRAFT CAPITAL PLAN 2022/23 TO 2024/25 39 - 53
 A report of the Head of Financial Services considering the Draft Capital Plan 2022/23 to 2024/25 as well as possible sources of funding and to begin a period of consultation.
9. VIEWS ON THE SETTLEMENT 54 - 58
 A presentation of the Strategic Director; Environmental and Corporate Services providing information and comments on the settlement.
10. POSSIBLE BUDGET SCRUTINY PANEL RECOMMENDATIONS
 To consider any recommendations the Panel may wish to propose for inclusion in the draft report to be considered at its next meeting;
 or to agree a process by which recommendations will be proposed for inclusion in the draft report before the next meeting.

BUDGET SCRUTINY PANEL 6TH OCTOBER 2021

PRESENT: The Chair (Councillor Miah)
Councillors Bolton, Hamilton, Parsons, Parton and
Seaton

Strategic Director
Head of Financial Services
Democratic Services Officer (NC)
Democratic Services Officer (EB)

Councillor Barkley - Cabinet Lead Member for
Finance and Property Services

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.

24. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

25. DECLARATIONS - THE PARTY WHIP

No declarations were made.

26. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

27. PERIOD 4 MONITORING REPORT

The Head of Financial Services presented a report covering General Fund and HRA to the end of July 2021, Period 4. (Item 5 on the agenda filed with these minutes).

Assisting with the consideration of the presentation: The Cabinet Lead Member for Finance and Property Services and the Strategic Director.

Summary, key points of discussion:

- In Period 4, the actual spend was £6.73million which meant a £7k underspend against the profiled budget of £6.737million. The General Fund managed vacancy saving annual target was £527.7k. There had been a small shortfall of 32k in savings recovered.

- Financial pressures were highlighted including Planning related pressured that had been discussed with the Senior Leadership Team (SLT) and a projected shortfall of 107k in car park fee income. To mitigate some income losses were put in a claim to the DCLG for Quarter 1 of £275k, however, it was clarified that claims could only be made for Quarter 1 as part of the government initiative. It was added that staff working from home had saved the Council some expenditure and that there had been some income from the Vaccination Centre. The Council were looking to reserve funds for shortfalls in the future.
- The Housing Revenue Account (HRA) had an underspend of £81k. Some void rents were currently falling behind profile and voids were in a shortfall position and garages were not hitting targets.
- A 30-year HRA business plan was being considered and would be coming forward in the autumn.
- In relation to concerns about the fluctuations in costs that made up the £7k shortfall, it was noted that budgets were set as closely as possible. The Covid-19 pandemic had affected income streams such as Car Park fees, however, some decisions had been made to try and encourage people back to town centres which would have an effect on the budget. Local transport costs had been incurred since the budget had been set. It was further added that there had been unexpected costs such as the £100k overspend forecast for Planning and this may not have been seen at the beginning of the year. Currently the budget setting for the 2022/23 financial year was underspent, but issues were being highlighted going forward. It was added that resilience was fairly robust.
- The car allowance saving scheme had a potential shortfall of £200k as an estimate. This figure had been developed over time and proposals would be going to a Trade Union meeting which would potentially save approximately £100k per annum. In terms of implementation it was hoped that the proposals would go to Personnel Committee before the end of 2021 and a three-month implementation period would follow with proposals coming into effect from 1st April 2022. It was clarified that no savings were expected this year but subsequently there would be around £100k of savings per annum thereafter.
- It was clarified that 'Commitments' were orders placed on the system and captured Period 4 contract expenditure not yet paid. A breakdown of spending and commitments would be put in reports going forward.
- A virement policy existed and Heads of Service could follow virement policy rules. Budgets were closely examined for the new financial year with patterns of overspends and underspends. The largest amounts had been flagged up.
- The one-off £50k Brexit grant had been allocated to the Council prior to the Brexit deal being finalised. There was no particular plan for this money at this stage and the money was not ringfenced.
- Many of the postings to accounting ledgers happened automatically each month. These figures were examined and then issues such as commitments were calculated, views were then sought from Heads of Service and the SLT. Certain factors and decisions such as car parking were not budgeted for at this stage, however, a detailed exercise would take place for Period 7. A view needed to be taken on car parking income and to what extent it would return to pre-Covid levels.
- It was clarified that the issues discussed were more of a finance function than a legal function and as such the involvement of the legal team was minimal. It was further clarified that performance issues on housing, particularly voids,

- were a matter for Landlord Services and the relevant Director and Head of Services were working on it.
- In terms of financial pressures for the rest of the financial year, there were £658k in potential pressures, with £275k from the DCLG this figure was reduced to £383k and with the estimated Essential Car User allowance of £100k this figure was further reduced to £183k. With the estimate overspend of £100k on Planning this was brought down to £83k. This was seen as a realistic projection up until March 2022 and members of the Panel would be kept informed.
 - Rent arrears had decreased since July 2020 and former tenant arrears had also decreased. However, there were concerns going forward that tenants may struggle to pay rent as Universal Credit was being reduced by £20 per week and the furlough scheme was coming to an end. It was noted that this didn't affect those on Housing benefit. So far Council Tax arrears had not been affected, however, factors may affect them in future. Going forward the situation would become more refined.
 - Concern was raised about sums of money in Planning where there was an overspend or no income. It was clarified that officers were asked for information as part of budget monitoring and a £100k overspend on Local Plan transport costs had been reported as part of this and this money had been committed, however the figure was not yet in the ledgers. In terms of the end-of-year forecast, Leicestershire County Council had required money for additional highways monitoring.
 - In terms of clarity over how much money had been spent and how much was committed, there was a £7k underspend up to Period 4, however, £100k of costs had been added on to that projection. The £100k was the figure that Heads of Services had brought to SLT and was committed to be spent.
 - It was clarified that the comparisons on rent arrears between 2020/21 and 2021/22 were taken at a point in time at the end of Period 4 and as such were a year-on-year comparison for Period 4.
 - It was clarified that performance issues on voids were being scrutinised by the Finance and Performance Scrutiny Committee and were also examined by the Housing Management Advisory Board, although the latter was not a decision-making meeting.
 - It was requested that headings be updated on the Period 7 to show how the £100k for Planning had been used.

The Cabinet Lead Member for Finance and Property Services stressed that the figures were intended to make the Panel aware of what could come forward in the financial year. The table showed what was included in the budget to date whether spent or not. The report had tried to show a summary of what had contributed to the underspend. He further clarified that if the £100k committed to Planning had not been included, then the underspend would have been shown at £100k more when it was known that this money would be spent.

RESOLVED

1. that the Report be noted.

2. that the subsequent Period 7 Monitoring Report would be clarified with a breakdown of commitments and expenditure.
3. that the subsequent Period 7 Monitoring Report would be clarified to show the distinction for income due and income received in the HRA.
4. that the subsequent Period 7 Monitoring Report have updated headings to show how the £100k for Planning had been used.

Reason

1. To acknowledge the Panel's consideration of the matter.
2. To clarify to the Panel what was committed to be spent and what had actually been spent.
3. To clarify to the Panel the income actually received by the HRA.
4. To provide the Panel with information about how committed money was being spent.

28. MTFS TRACKER - REVIEW OF MTFS POSITION

The Strategic Director submitted a report tracking the data on the Medium Term Financial Strategy. (Item 6 on the agenda filed with these minutes).

Assisting with the consideration of the presentation: The Cabinet Lead Member for Finance and Property Services and the Head of Finance Services.

Summary, key points of discussion:

- Historically, the Medium-Term Financial Strategy (MTFS) had been updated in the autumn with a view to informing budget setting, however, due to uncertainties surrounding the settlement it had been thought best to update the MTFS in March in common with most other authorities. As a result, the meeting looked at an updated version of the previous MTFS
- The figures from March had been used in terms of projections, following which the figures were examined in terms of performance against savings targets. Key differences had been found, particularly with regard to the essential car user figures.
- In terms of savings and progress against the budget the Council were £214k down, in terms of pressures the Council were £307k down.
- It was predicted that the Local Plan would have an adverse impact in terms of the Transport Plan amongst other costs.
- £1million worth of savings were being targeted in options developed terms of Options to Change. Accommodation had been particularly placemarked for savings.
- In the current financial year, more government funding in terms of Council Tax support had been received, and this income had been reflected on the report presented.
- There had been a revised use of reserve projections and savings were needed to be inputted to bridge the gap.
- The outturn had been examined and the outcome had been more favourable than projected. The MTFS had been based on an interim budget which had been negative due to the impacts of Covid-19. However, some lines of income

had held up better than predicted and Covid-support from the government had left the Council £2million better-off. Additionally, the Business Rate retention had meant that the Council could settle and finalise the position on the Enterprise Zone.

- Whilst expenditure outlook had been negative, use of reserves had been positive and savings and additional income were being sought to close the gap. Figures would change based on what was agreed.
- In terms of risks, the New Homes Bonus Scheme was finishing, and as such was on 'legacy payment'. £3million had been received from it in this financial year, however, only £998k was due next financial year and nothing the year after that. Whilst it was thought unlikely than no further government funding would be received to help bridge the gap, such a scenario was not impossible and as such needed to be planned for. If more needed to be saved as time progressed, the situation would become more difficult, as such a funding risk existed. A further risk was the Environment Bill, risks from it included the possibility of the Council having to pay for garden waste collections, food waste collections and changes to recycling. Currently the Council generated £4.3million from garden waste collections, if they were required to do them for free this income would be lost. It was not yet known if the bill would pass and what amendments would be made if it did. The Local Government Association (LGA) was lobbying ministers about the impact it would have on local government. It was thought that government funding may be given to help cover the costs of the effects of the bill on Local Authorities, but it may not cover all costs. Another risk was subsidy loss in supported living run by charities.
- Three scenarios were being examined and planned for in terms of use of reserves: 1, Assuming positive factors only. 2, Assuming all factors in the report. 3, Assuming negative factors only. If assuming negative factors only, £6.5million in reserves would need to be used in the 2023/24 financial year. It was stressed that the worst outcome was unlikely but not impossible.
- Based on receiving government funding and the Environment Bill being benign, the approach was to identify £1million+ worth of savings and to review once it was known what the settlement was so that the Council could remain comfortable on budget.
- In the worst case scenario, the Council would still be sustainable, but only able to provide basic services.

The Cabinet Lead Member for Finance and Property Services clarified that all possible scenarios were being shown, but it was not yet known what government funding would be available until December. A series of options were being worked on so that action to reduce expenditure by the amounts necessary could be taken. There was a need to avoid being in deficit and management action would be taken to avoid it.

In response to a question from Councillor Parsons, The Cabinet Lead Member for Finance and Property Services added that a list of priorities for cuts matching the risk scenarios would be drawn up in time for the settlement in December.

RESOLVED

1. that the Report be noted.

2. That a Report be presented at the meeting of the Budget Scrutiny Panel on 8th December 2021 providing the Panel with information on the settlement.

Reason

1. To acknowledge the Panel's consideration of the matter.
2. So that the Panel could be provided with the context to make informed recommendations based on the settlement.

29. APPROACH TO BUDGET SETTING FOR 2022/23 (VERBAL UPDATE)

The Strategic Director presented a verbal report outlining the approaches to setting the budget for the 2022/23 financial year. (Item 7 on the agenda filed with these minutes).

Assisting with the consideration of the presentation: The Cabinet Lead Member for Finance and Property Services and the Head of Finance Services.

Summary, key points of discussion:

- Officers had prepared a list of proposals for savings. If the list did not prove sufficient in terms of total savings there were other lists under development.
- The Council currently tried to preserve services in the way they operated.
- The list would not be decided upon until the settlement was known.
- The consideration of actions was a work in progress and would take most of the next five months.

RESOLVED that the Report be noted.

Reason

To acknowledge the Panel's consideration of the matter.

NOTES:

1. No reference may be made to these minutes at the next meeting of the Full Council 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.

Finance & Performance Scrutiny Committee
30th November 2021

General Fund & HRA Revenue
Revenue Monitoring Position for October 2021

Report of the Head of Financial Services

This report covers the General Fund and HRA to the end of October 2021, Period 7. The variances reported are the differences between the profiled budgets and the actual spend including commitments and are provided by Heads of Service which are detailed in Appendix 1.

General Fund Summary Position Period 7, – Appendix 1

The full year General Fund budget is £19,182k. The actual expenditure at period 7 £10,866k adjusted for commitments of £59k, leaves an adjusted actual spend of £10,807k against the profiled budget of £10,907k is an **underspend of £100k**. Details of each Head of Service variances at period 7 are included in Appendix 1.

Managed Vacancy Savings

General Fund managed vacancy saving annual target is £505k, (£295K MVS Profiled Budget Vs Actual MVS £381k at period 7 is ahead of target £86k), in addition the salary pay award is not factored into the budget, the current settlement estimate is 1.75% which would be an estimated additional cost of £200k.

Year End Forecast

The yearend forecast at Period 7 report is a **£260k overspend**, A detailed breakdown of the year end forecasts are included in Appendix 1. The £260k overspend is in addition to the use of Reserve budget figure for 2021/22 of £847k. £150k costs for Buildings Feasibility has now been reported to Cabinet 16th September Min 31, and is to be funded from the Capital Plan Reserve.

The principal projected variances at the yearend are:

- | | | |
|--|---------|----------|
| • Car park income | ADVERSE | (£215) k |
| • Planning – principally one-off re the local plan | ADVERSE | (£80) k |
| • Salaries / Essential Car User review | ADVERSE | (£314) k |

Offset by:

- | | |
|---|-------|
| • Additional COVID compensation income from government FAV'RBLE | £276k |
|---|-------|

Ongoing monitoring will continue and options for in-year corrective actions will be assessed.

Loughborough Special Appendix 2

Loughborough Special Expenses full year Budget is £1,335,600. The period 7 Budget is £358,824 compared to actual expenditure at period 7 of £326,864. This represents a current underspend of £31,960 versus profile. The variance report details are included in Appendix 2 of this report. The yearend forecast underspend is £12,200 - this would be carried forward to offset future Loughborough Special budgeted costs.

General Fund Period 7 Monitoring Report

Appendix 1

Service	Period 7 October 2021 Variance Under / (Overspend) £'000	Head of Service Comments	Year End Forecast Variance Underspend / (Overspend) £'000
Strategic Director; Community, Planning & Housing	1	No Comment	0
	1	Total Variance Under/(Overspend)	0
Head of Strategic & Private Sector Housing	5	Legal costs for Homelessness, no commitments have been made against this budget to date. This Legal budget is £10k in total.	0
	6	Other Legal costs for Private Sector Housing, no commitments have been made against this budget to date. This legal budget is £7k in total.	0
	11	Total Variance Under/(Overspend)	0
Head of Landlord Services	29	Higher than estimated volumes of Private Alarm systems processed for the period, will be on target by the year end.	0
	29	Total Variance Under/(Overspend)	0
Head of Planning & Regeneration	(17)	Sustainable Development - overspend £8.3k Consultant Fees & £9.4k overspend on promotional activities. Virements to be found from across the service.	0
	0	Local Plan Transport Modelling costs likely cost are in the estimated at £100k and not within the existing consultancy budget, SLT have been briefed on these additional costs.	(100)
	(81)	Development Control - Agency overspend £41.9k, Books & Periodicals miscode £10.4k, which has been rectified. Consultant Fees overspend £28.4k to cover specialist work and software charges underspend of £5.2k	(40)
	27	Planning Application Fees up by £20k and pre-application advise up by £4.6k.	40
	(40)	Northwest Building Control Fee Earning – budget profiling issue re Q1/Q2	20
	10	various small underspends	0
	(101)	Total Variance Under/(Overspend)	(80)
Head of Neighbourhood Services	21	Crime prevention budget is underspend at P7 – considered profiling issue. There will be a £6.5k yearend saving as the Thorpe Acre Hub is no longer progressing	7
	5	Underspends on leisure fees and activity programme as well as a shortfall on activity income fees, to be spent by year end.	0
	5	various small under/overspends including underspends on staff car allowances across this service, to be spent by year end.	0
	31	Total Variance Under/(Overspend)	7
Head of Regulatory Services	10	Licensing £6K underspend on salaries which will be spent on overtime as the licensing team are in catch up mode due to COVID. Underspend on DBS fees (£4K). Overall the licensing budget is expected to come on budget at year end.	0
	(4)	£4K shortfall on income for Environmental Protection (EPA) subsistence, this service is demand led. Overall the EPA budget is expected to come on budget at Year end.	0
	6	Income ahead of budget (£3K) on animal licensing, Underspent (£2K) on Stray dogs and Bye law, this is demand led. £1K various underspends. Overall these budgets are expected to come on budget at Year end.	0

Service	Period 7 October 2021 Variance Under/ (Overspend) £'000	Head of Service Comments	Year End Forecast Variance Underspend/(O verspend) £'000
	50	Food Hygiene £50K underspent on salaries. This is currently being spent on backfill activity, which was not done during COVID, approved by SLT. £1K under on income on Food Hygiene training as this is no longer being done. £1K various underspends.	0
	(3)	Pest Control £2K under on salaries due to vacancies and £4K NNDR charge which was not budgeted for. £1K overspends on various small areas. Overall the Pest Control budget is likely to come on budget at Year End.	0
	(131)	Beehive Lane Car Park shortfall in income by £60K (net) due to COVID recovery, free 1hr parking and parking permits for town centre - There are related underspends to offset the Income shortfalls. Browns Lane Car Park shortfall in income by 10K (net) due to Leisure Centre not fully open, starting to recover from July 2021 onwards. There are related underspends to offset these Income shortfalls. Southfields Car Park shortfall in income by £5K (net) due to free CBC staff and Capita staff parking. Granby Street shortfall in income by £19K (net) due to part COVID recovery. Southfields extension shortfall in income by £37K due to this car park being closed. The yearend forecast overspend is in addition to a one-off Service Pressure of £141.4k included in the Income budgets	(215)
	34	Street Management £28K under on salaries, this underspent will be looked at Period 8 once overtime payments have been made, £6K underspends on various areas due to Covid.	0
	(38)	Total Variance Under/(Overspend)	(215)
Strategic Director; Environmental & Corporate Services	1	No Comment	0
	1	Total Variance Under/(Overspend)	0
Chief Executives Team	2	Total Variance Under/(Overspend)	0
Head of Financial Services	(140)	£200K Car Allowance savings will not be realised. Managed vacancy savings budget P7 £295k vs Actual MVS £381k this is ahead of target by £86k. Pay ward is not yet settled estimated at 1.75% will be an approx. £200k cost.	(314)
	(12)	Increasing bank charges as a result of significant amount of payments received over the internet	(25)
	0	DCLG Covid Income Loss claim April- June not budgeted for	276
	7	Added Years actual lower than reserved figure	15
	10	Consultant Fees and Valuation Fees	5
	1	various small under/overspends	
	(134)	Total Variance Under/(Overspend)	(43)
Head of Customer Experience	7	£3K underspend on Equipment, Clothing and Printing due to vacant posts, £3K underspend on Customer Service postages as early delivery payments are now not being made, this will be a Yearend saving. £1K various small underspends.	3
	0	Supported Living Full Year's Budget is £665k, Period 7 Costs are £391k which is slightly more than the profiled budget of £387k, the yearend projection is £669k therefore a £4k overspend.	(4)
	7	Total Variance Under/(Overspend)	(1)

Service	Period 7 October 2021 Variance Under/ (Overspend) £'000	Head of Service Comments	Year End Forecast Variance Underspend/(O verspend) £'000
Head of Strategic Support	3	Civic activities reduced due to COVID. Overall this budget will be on budget at Year end.	0
	(3)	Overspend on Consultant fees for Health & Safety consultant. This will be an overspend at year end.	(3)
	(13)	Elections will be overspent due to three by-elections in this financial year and it is not included in the budget.	(20)
	(18)	Shortfall of income on Land Charges, this is demand led.	(18)
	5	Underspend on Members allowance due to vacant posts which are expected to be filled in the near future.	5
	(1)	various small under/overspends	
	(27)	Total Variance Under/(Overspend)	(36)
Head of Waste, Engineering & Open Spaces	(35)	£35K one off payment to Idverde for exit costs to allow ongoing reduced contract variation costs of £70K. There will also be a one off £23K payment to cover additional HGV driver costs	(58)
	26	£21K developer contribution for Open Spaces received towards additional costs has not been spent at P7, it is expected that this will be spent by year end.	0
	10	Various wildlife sites underspends, including Management of Open Spaces Contract variations £6K & maintenance of trees £2K.	0
	(6)	Overspend on general grounds maintenance at the Outwood's is part offset by increased income receipts from the sale of firewood at P7, this is expected to be £20K above the expected income budget by year end	20
	0	Additional income from the Crematorium agreement with Dignity Funerals is expected to be in excess of £5K at year end, a request for more up to date information will be requested & a further prediction will be made at P9.	5
	48	LCC trade waste disposal costs are underspent £6K – considered profiling. Payments to Serco for trade waste collection are overspent £17K, this is offset by increased trade waste income at P7 of £22K. Costs for trade waste will be overspent £30K by year end only part offset by additional income £22K, a net shortfall of £8K, a fee increase next year is planned. Bulky waste income is up £40K at P7, this is expected to be £60k by year end.	52
	81	The Environmental Services contract is overspent £11K at P7, this will be £14K overspent at year end due to more additional properties. Underspends on Zero waste strategy £3K & gate fee £3K will be spent in full by year end. Garden Waste Bin income is up £86K at P7, however there are outstanding cancellations c£30K, the yearend prediction is break even, this will depend on additional take up & cancellations. The expected Serco KPI's for yearend based on performance to date & 2020/21 figure is expected to be approx. £30K payment to CBC.	16
	18	Various small under/overspends, including underspends at various sites on building repair & maintenance £7K, Britain in bloom £5K, street furniture £3K & additional allotment income £2K, this is to be balanced by year end.	0
	142	Total Variance Under/(Overspend)	35
Service	Period 7 October 2021 Variance Under/	Head of Service Comments	Year End Forecast Variance Underspend/(O

	(Overspend) £'000		verspend) £'000
Organisational Development	7	Improvement & Organisational Development survey budget (£8K) not yet spent, expected to be spent by Year end. £1K small overspends.	0
	11	Over on income for Insurance fees and charges. Overall this budget is expected to come on budget at year end.	0
	18	Total Variance Under/(Overspend)	0
Head of Leisure & Culture	15	The Markets equipment budget is underspent £6K at P7 but will be spent by year end / Income is £10K up due to one off Covid budget reduction on Income in 2021/22.	0
	15	£12.3K community toilet scheme has not yet been paid, there has been a delay receiving the invoices, this will be resolved & paid in the next couple of months – believed timing issue only	0
	97	Town Hall casual salary budgets are underspent £42k at P7, recruitment is underway & the full casual budgets will be needed in order to achieve the required income budgets. Various expenditure underspends at P7 equipment, stock, utilities, publicity & marketing & artist fees total of £137k expected to be spent by year end. These predictions will depend on the success of the venue & customer confidence following covid19 restrictions being removed. Income shortfalls on the bars, box office, £73k & overspends on boiler repair & fixed plant £9K at P7. The income targets should be met by year end.	0
	14	Various underspends including payment to centre stage for Community Arts & a number of grant payments have not been made at P7 due to reduced activity following covid19, however full spend is expected by year end	0
	4	various small under/overspends	0
	145	Total Variance Under/(Overspend)	0
Strategic Director; Commercial Development, Assets and Leisure	57	NHS Vaccination Centre income £23.1k per month	150
	(43)	Consultants fees £16.5k for Condition survey work at Lough LC. Ongoing repairs at Gorse Covert. Clean up costs for Lower Moor Lane post trespass	(30)
	(4)	Various repairs required at Woodgate Chamber fees and charges will not be achieved due to current lease provisions	(9)
	4	Rent increase applicable on commercial property at Aberdeen	12
	0	Repairs and maintenance on units (EICR for all units).	(16)
	0	Reduced income from franking and utility charges at the Ark Business Unit	(10)
	(10)	Vacant units reducing income at The Oak Business Centre. Increased repairs and maintenance (one-offs on roof)	(20)
	9	Various small under/overspends	(4)
	13	Total Variance Under/(Overspend)	73
Total General Fund under/(overspend)	100		(260)

LOUGHBOROUGH SPECIAL EXPENSES 2021/22							
	Full Year Original Budget 2021/22	Period 7 Figures 2021/22			Potential Variance at Outturn 2021/22		
Service	Loughborough Special Rate Per Budget Book	P7 Profiled Original Budget	P7 Actuals	Variance (Over) / Under	Saving	Expected Outturn	Period 7 monitoring comments
	£	£	£	£	£	£	
Loughborough CCTV	78,900	37,852	36,959	893	3,500	75,400	Year end underspend expected on Employee costs
Community Grants / Fearon Hall / Gorse Covert	66,800	24,977	26,282	(1,305)	0	66,800	No Change to Budget expected at this stage.
Marios Tinetti Centre / Altogether Place / Community Hubs	45,800	27,336	9,809	17,527	6,500	39,300	Underspend at P7 is due to a delay receiving invoices. There will be a £6.5k year end saving as the Thorpe Acre Hub is no longer progressing
Chamwood Water Toilets	6,300	3,132	880	2,252	2,200	4,100	An NNDR refund has been received for the 2020/21 payment, this is following a change in the law where public toilets are now exempt provided they are
Voluntary & Community Sector Dev Officer Post (75%LSX)	35,700	20,825	21,050	(225)	0	35,700	No Change to Budget expected at this stage
Biggins Street Toilet - Friday Opening	0	0	0	0	0	0	Zero cost in 2021/22 due to the public convenience service review to amalgamate the Biggin Street toilets with the town centre toilets wef 2021/22.
Contribution towards Loughborough Open Spaces	122,400	61,200	61,208	(8)	0	122,400	No Change to Budget expected at this stage
November Fair	(2,700)	(87,801)	(83,559)	(4,242)	0	(2,700)	No Change to Budget expected at this stage
Parks:							
Loughborough	353,200	104,996	101,682	3,314	0	353,200	No Change to Budget expected at this stage
Gorse Covert and Booths Wood	70,300	28,436	27,686	749	0	70,300	No Change to Budget expected at this stage
Sports Grounds:							
Derby Road	115,600	60,696	55,103	5,594	0	115,600	No Change to Budget expected at this stage
Lodge Farm	43,100	17,982	16,086	1,897	0	43,100	No Change to Budget expected at this stage
Nanpantan	75,400	16,297	13,986	2,311	0	75,400	No Change to Budget expected at this stage
Park Road	19,100	2,688	2,064	625	0	19,100	No Change to Budget expected at this stage
Shelthorpe Golf Course	23,800	24,633	24,507	126	0	23,800	No Change to Budget expected at this stage
Loughborough Cemetery	47,700	(18,714)	(13,335)	(5,379)	0	47,700	No Change to Budget expected at this stage
Allotments - Loughborough	49,200	9,695	5,451	4,244	0	49,200	No Change to Budget expected at this stage
Carillon Tower	16,600	2,548	138	2,411	0	16,600	No Change to Budget expected at this stage
Festive Decorations and Illuminations	55,800	212	5,201	(4,989)	0	55,800	No Change to Budget expected at this stage
Town Centre Management	112,600	21,833	15,667	6,166	0	112,600	No Change to Budget expected at this stage
	1,335,600	358,823	326,864	31,960	12,200	1,323,400	

Housing Revenue Account Appendix 3 & 4

There is a current overall overspend of £53k (0.7%) at the end of October 2021, with underspends of £285k (8%) related to Employee related Costs, an underspend of £9k (0.3%) Controllable Costs. Non-rent income is lower by £61k (35%) than budget and rent/service charge lower by £286k (2.13%). These include timing differences of (£58k) and purchase order commitments totaling £603k.

Summary	Actual & Commitments/Timing Differences	Original Budget	Under/ (Overspend)
	£000	£000	£000
Employee	3,271	3,556	285
Other controllable	2,874	2,883	9
Income (non-rent)	(113)	(174)	(61)
Rent & Service Charge	(13,130)	(13,416)	(286)
Total	(7,098)	(7,151)	(53)

Managed Vacancy Savings Salaries the MVS saving for 2021/22 is £182k. At the end of period 7 £285k has been saved, which is the full annual target. However, there are demands on various services including Housing Needs and Housing Strategy where some underspends above the MVS target are still required during 2021/22.

Housing Revenue Account Variance Report as at 31 October 2021 Appendix 3

Service	Period 7 Under/ (Overspend)/ underspend to October 2021 £'000	Head of Service Comments
Head of Landlord Services	21	Tenant Participation/Communication – includes £21k demand led community projects.
	224	Salary underspends include £68k Responsive Repairs, £21k Void Repairs, £15k Compliance, £15k Tenancy Services, £17k Tenant Participation, £41k Planned Maintenance, £10k Warden Services, £32k Business Support and £5k Housing Income section.
	(79)	Overspend on quantity surveyor services for major capital contract administration
	(26)	Overspend on maintenance of trees
	(33)	Overspend on vehicle leasing and insurance excess
	(8)	Energy Grant contribution
	(22)	Income from Court costs recovered
	114	Major Works underspend
	(33)	Overspend on vehicle leasing
	(18)	Other minor overspends
	140	Total Variance Under/(Overspend)

	(286)	Void loss is 4.8% compared with budgeted 2.7%
	(146)	Total Variance Under/(Overspend)
Head of Strategic & Private Sector Housing	93	Includes underspends of £63k on salaries in Housing Needs, £41k in Housing Strategy.
	93	Total Variance Under/(Overspend)
Total HRA (Overspend)	(53)	

Voids percentages

These refer to the level of empty properties in the HRA causing rent and service charge losses. The void percentage for housing rents is 4.8% compared with the budget of 2.7% which is a loss of income of £286k higher than the budgeted figure to the end of October 2021. Further information is detailed in Appendix 4.

Rent arrears

At the end of September 2021 current tenant rent arrears had decreased by £111k since the same point in 2020. Former tenant arrears had reduced by £39.5k over the same period.

On 1 October 2021 restrictions on possession action for rent arrears were lifted and have now returned to pre-pandemic rules. There is currently a large backlog of possession cases awaiting hearing dates in the county court.

The numbers of tenants receiving universal credit (UC) continues to rise slowly. At the end of September 2021 1,543 tenants were receiving universal credit compared to 1,282 at the end of September 2020 and 820 at the end of the same period in 2019. Universal credit is paid to the claimant as a single monthly payment in arrears. It takes at least five weeks for the Department for Work and Pensions to assess a claim and for tenants to receive their first payment of the benefit. A rent debt is often accrued as a result. In some instances, on receipt of the benefit tenants do not pay the rent to the council. Advice and support are offered to all tenants moving to universal credit by the landlord services financial inclusion and tenancy support teams. Where tenants have vulnerabilities and/or owe eight or more weeks' rent our universal credit officer makes applications to the DWP to switch payment of the housing element of UC from the tenant to the council

Predicted Outturn

Although underspends have been identified up to period 7 there will be demands on the service until March 2022 where some of these will be utilized. More details of savings will be available in the Period 9 monitoring report. However, cost savings are required to help mitigate against the additional £286k void loss to period 7 although some of the planned expenditure will assist in reducing future void losses.

Housing Revenue Account - Income from Rents and Service Charges
2021/22 April to October 2021 - Periods 1- 7

Table A - Dwelling Rents and Void Losses

	Actual Income Target	Actual Void Loss	Actual Void Loss as a % of Income Target	Original Budget Void Loss % Assumption
	PI to P7 £	PI to P7 £	PI to P7 %	PI to P7 %
Dwelling Rents	14,224,926	685,501	4.82%	2.68%
Non-Dwelling Rent				
Land	5,920	0	0.00%	0.00%
Garages	220,977	78,869	35.69%	31.17%
Shops	85,962	15,935	18.54%	18.32%
Service Charges				
Landlord Warden Charge	40,982	8,623	21.04%	16.80%
Central Heating	72,504	25,238	34.81%	29.24%
Communal Facilities	164,769	48,904	29.68%	31.98%
Hostel	18,279	1,661	9.09%	16.15%
Council Tax	12,102	6,348	52.46%	44.57%
	14,846,420	871,079		

Table B

Rent and Service Charge Arrears	As at 31/10/2020 2020/21	As at 31/10/2021 2021/22
	£000	£000
Arrears at the beginning of the year	1,079	1094
Court Costs at the beginning of the year	107	98
	1186.00	1192.00
Arrears at the end of the October 2021	1,317	1,279
Court Costs at the end of the October 2021	104	94
	1421.00	1373.00
Amount written off in the year to date	28	40

Table C - Current Tenant Arrears - Dwellings only

Position on	As at	As at	As at	As at
	31/10/2020	31/10/2020	31/10/2021	31/10/2021
	2020/21	2020/21	2021/22	2021/22
	Number	£000	Number	£000
Less than £150	881	53	877	54
£150 - £300	290	64	323	70
£300 - 450	185	68	223	82
£450 - £600	135	71	141	74
£600 - 750	93	63	89	60
£750 - 900	72	59	56	46
£900 - £1,200	107	111	98	101
£1,200 - £2,000	115	176	113	175
£2,000	59	162	45	143
Total	1,937	827	1,965	805

Table D - Former Tenant Arrears - Dwellings only

Position on	As at	As at	As at	As at
	31/10/2020	31/10/2020	31/10/2021	31/10/2021
	2020/21	2020/21	2021/22	2021/22
	Number	£000	Number	£000
Less than £150	95	7	97	7
£150 - £300	76	17	56	12
£300 - £450	38	14	38	14
£450 - £600	26	14	34	18
£600 - £750	30	20	23	15
£750 - £900	17	14	18	15
£900 - £1,200	32	34	33	35
£1,200 - £2,000	68	107	64	99
£2,000	90	263	83	259
Total	472	490	446	474

Appendix 1 - General Fund Variance Report 31st October 2021

Appendix 2 - Loughborough Special Expenses 31st October 2021

Appendix 3 - HRA Variance Report 31st October 2021

Appendix 4 - HRA Income and Voids Report 31st October 2021

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CABINET – 9TH DECEMBER 2021

Report of the Head of Finance Lead Member: Councillor Tom Barkley

Part A

ITEM 7 DRAFT 2022/23 GENERAL FUND AND HRA BUDGETS

Purposes of the Report

To advise members of the projected base budget position for 2022/23 including the savings and growth proposals put forward for the year and provide the basis for the budget consultation.

Recommendations

1. That the Cabinet endorses for consultation the draft General Fund and HRA Revenue Budgets for 2022/23 as set out in Tables 1 and 2 in the report.
2. That the Cabinet endorses for consultation including Loughborough Special Expense Budget and Levy for 2022/23 as set out in Appendix 3.

Reasons

1.&2. To provide the opportunity for consultation on the General Fund and HRA budgets for the 2022/23 financial year.

Policy Justification

The Council's Budgets are fundamental to the delivery of all services and underpins all Corporate Plan objectives.

Implementation Timetable including Future Decisions and Scrutiny

Cabinet is asked to endorse the Budget proposals contained in and appended to this report as a basis for consultation. These proposals will be subject to consultation over the period from 17th December 2021 to 15th January 2022. Both the Scrutiny Commission and the Budget Scrutiny Panel will have the opportunity to scrutinise this report before it is presented to Cabinet.

As set out in Part B, the nature of the 'Provisional Settlement' -which will determine the level of Government funding that the Council will receive – will be a major factor in the development and implementation of the final budget. Updates will be provided to Scrutiny on the Settlement as and when it is published by Government.

It may be noted that the Scrutiny Commission will also have the opportunity to scrutinise the final report to Cabinet on 10th February 2022. In addition, consultation will be undertaken with:

- Trade Unions;
- Local Businesses and Commercial Ratepayers;
- Key partners, including town and parish councils;
- Loughborough Area Committee, re the Loughborough special expenses budget

Proposals on the General Fund and HRA Budgets and Council Tax will return to Cabinet on 10th February 2022 for recommendation to Council on 21st February 2022.

Report Implications

The following implications have been identified for this report.

Financial Implications

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

Risk Management

Risks identified in respect of the Draft Original Budget are tabulated below:

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management actions planned</i>
Failure to take account of the spending plans of the Council.	Unlikely (2)	Minor (1)	Very Low (2)	Robust budget planning and Budget Monitoring process are in place.
Further exceptional spending being required during the financial year.	Likely (3)	Major (3)	Moderate (9)	It is considered that the Working Balance reserve (and other revenue reserves) remain sufficient to manage normal and one-off events for 2022/23.

Equality and Diversity

There are no specific Equalities and Diversity issues affecting the recommendation in this report, although any such issues affecting particular service pressures and savings will be considered prior to proposals being implemented.

Key Decision: No

Background Papers: None

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Part B

Background and context

1. This draft budget has been prepared in accordance with the Council's standard reporting timetable, which allows the associated Cabinet report to be published prior to the Cabinet meeting of 9 December 2021. However, at the time of drafting, key information around the 'Provisional Settlement' – which provides the detail of the government funding that the Council will (almost certainly) receive – is not available. The earliest this information will be available is stated as 5 December (notwithstanding this being a Sunday), but in practice this is likely to be later.
2. It is true to say that, historically, the detail within the Provisional Settlement is rarely available prior to the draft budget being prepared. However, in previous years elements of government funding were either pre-determined or could be estimated with a reasonable degree of certainty; there is no such clarity for the 2022/23 Settlement.
3. The COVID-19 outbreak created a major global impact on health, wellbeing and economic prosperity since the virus was originally identified in China in the latter months of 2019. Within the United Kingdom, significant restrictions were placed on day to day life in March 2020 which resulted in a major contraction in economic activity alongside the increasing health and social care impacts of the virus. For the Council perspective COVID-19 resulted in new cost pressures and significant losses across virtually all of the Council's principal income streams.
4. At the point of drafting this report (November 2021) COVID-19 remains very much a factor with ongoing infections, hospitalisations and deaths, despite the success of the vaccine programme. The United Kingdom has however eliminated virtually all restrictions on day to day life and whilst future surges in infection rates may see a return to some restrictions, the country appears to be edging towards what may be regarded as the 'new normal'. The Council continues to provide pandemic support to our communities but this activity is winding down and expenditure patterns are becoming more reflective of 'business as usual' operations. However, impacts arising from COVID 19 continue to take up considerable officer time.
5. Some of the medium and longer term effects of COVID-19 that have yet to be fully understood relate to the Council's income streams, particularly in areas such as markets and car parking. In many cases income remains significantly below pre-pandemic levels but to what extent this reflects permanent changes in (for example) shopping habits remains to be seen. However, data is now emerging which may offer more insight in the area.

Views on the funding Settlement

6. The specific funding allocated to the Council will not, as noted above, be available until the Provisional Settlement is announced in early/mid-December. However, it is possible to speculate around potential funding following Spending Review 2021 (SR2021), set out by the Chancellor on 27 October 2021.

7. Probably the key message from SR2021 is that there will be some additional funding for the local government sector, amounting to around £1.6bn (excluding social care) in each of the years 2022/23, 2023/24 and 2024/25 inclusive. This increase - equivalent to 2.8% in cash terms and 0.6% in real terms over the three year period - is a more favourable situation than previously suggested, and announced on the back of better than expected economic projections for the wider economy (latest versus previous Office of Budgetary Responsibility projections of March 2021). There are therefore grounds for cautious optimism, but it should be noted that the distribution of this £1.6bn amongst the local government sector is also going to be critical in determining the outcome of the Council's individual Settlement.
8. The Medium Term Financial Strategy 2021-2024 (MTFS) set out the risk to the Council's funding, principally related to the phasing out of New Homes Bonus, due to reduce from £3m to just under £1m in 2022/23, and the one-off nature of the Lower Tier Services grant where £0.6m was received for 2021/22 but no future funding was mooted. In total the funding risk amounts to some £2.7m for 2022/23, and increases to £3.6m in 2023/24 as New Homes Bonus payments cease. Notwithstanding this risk, the MTFS assumes in future years that this funding will be reinstated or replaced, leaving total funding equivalent to that received for 2021/22 (excluding COVID-19 grants).
9. SR2021 has the following features and possible implications for the Council:
 - Council tax: it is likely that this will be capped (as in previous years) at the higher of 2%, or £5
 - The core Settlement Funding Assessment (SFA): SFA flows through to the Council via business rate retention (mainly) and Revenue Support Grant (potentially) – is likely to be above that of previous years
 - New Homes Bonus: there was no information on this stream of funding, although it is speculated that some form of incentivisation for housing development may continue
 - Lower Tier Services Grant (LTSG): although described as a one-off grant for 2021/22 informed speculation suggests that this will continue in some form to ensure that no authority suffers a reduction in 'core spending power' (a calculation that encompasses both grant funding and assumed maximisation of council tax finding)
 - Business rates reset and Fair Funding review: no announcements, may be 2025/26; subsequently statements by the Secretary of State indicate that the mooted 75% business rate retention scheme – a probable centre-piece of the previously envisaged Fair Funding review – is unlikely to happen as it does not fit with the 'Levelling Up' agenda
 - Multi-year settlement: SR2021 covers three years and it is therefore possible that a multi-year settlement may be offered
10. Overall, following SR2021, the risk of a 'scenario where Council funding falls off a cliff edge appears much reduced, and whilst the risk of funding falling short of

the MTFS assumptions exists, it is also plausible that additional funding over and above this amount may be received. Further, the prospect of a multi-year settlement would be very welcome and would allow the Council to plan the future mix of service offerings with knowledge of the funding envelope.

Overarching budgetary approach

11. This draft budget may fairly be regarded as 'Part One' of the budget setting process given that government funding, in particular, remains a major unknown. In compiling this draft budget, the heavily caveated funding assumptions from the latest version of the MTFS have been used but, as reflected in previous paragraphs, it is difficult to create a meaningful budget draft for 2022/23 without the Provisional Settlement information.
12. Also as noted previously, data is emerging around the key car parking income stream and new income and expenditure proposals are being developed in this area. The draft budget is based on MTFS figures for car parking and other income but it is envisaged that these may be amended in future budget iterations.

General Fund budget overview

13. This draft budget is informed by the updated MTFS – principally in respect of government funding assumptions which are carried forward into the draft budget – and the ongoing monitoring of financial performance in the current financial year (2021/22).
14. A further £1m of income generating or efficiency savings have been identified for 2022/23 in addition to £2.1m savings targeted in the 2021/22 final budget. This has been achieved in line with current budgetary strategy which is to seek efficiencies and look to judicious enhancement of income streams, whilst protecting front line services.
15. Inflation is now an emerging issue with both RPI and CPI increasing rapidly in the early autumn. This creates issues with major contract costs and is also feeding through into the pay negotiations (which are ongoing for 2021/22 and remain unaddressed at this time in respect of 2022/23). Principally as a result of this factor, net baseline (Service Expenditure) costs are approximately £0.7m above those envisaged in the MTFS.
16. Other factors, such as commercial property income, have offered positive variances against the MTFS projections. Taking all these factors into account the net budget shows, after savings, a deficit of £0.7m reflected within the tabular presentation as £0.2m use of reserves and a non-specific £0.5m of additional funding, savings or income still required ('Savings to be determined').
17. In respect of the above:
 - £0.2m use of reserves is considered reasonable in the context of the existing General Fund Working Balance (projected to be £4,9m at 1 April 2022)

- The £0.5m 'Savings to be determined' represents a gap to be closed; in practice this gap will vary dependent on the Provisional Settlement and in a positive scenario may reduce or disappear; alternatively additional savings will be found, or additional use of reserves may be considered, to close the gap
- The actions required will also need to take into account whether a multi-year settlement has been announced as this will influence the urgency of actions required; generally, increased certainty over future years funding would permit an increased use of reserves in the short term

18. Adjustments arising from the Provisional Settlement and the financial impact of additional savings or income generation will be reflected in the final version of this budget in due course.

Principal General Fund funding assumptions

19. Charnwood Borough Council still has one of the lowest council tax rates of all districts in the country. The budget assumes a council tax increase of £5 per Band D equivalent property being the assumed maximum increase that will be allowed by Government without a local referendum.
20. As set out in the paragraphs above, the funding assumption in this draft version of the budget assumes £2.7m of one-off funding to cover the prospective shortfall in New Homes Bonus and Lower Tier Services grants. Business rate retention (also derived from Settlement details) is assumed at the MTFs amount.

Detailed approach to developing the 2022/23 Budgets

21. The initial step was to establish a base budget has been established which reflects the current year budget for 2021/22 adjusted for salary and contract inflation. All one-off items that were included in the 2021/22 budget were removed.
22. As part of the medium-term process of addressing the Council's financial challenges Cabinet Members reviewed a set of 'Options for Change' developed by Officers with a view to identifying acceptable proposals and service efficiencies for inclusion within the draft budget at a Cabinet Member briefing.
23. Unavoidable pressures have been categorised as ongoing - £184k - and one-offs - £127k.
24. The Council's commercialism agenda, specifically the actual acquisitions of commercial property has allowed for a greater income contribution to the General Fund, a net income stream of £886k after allowing for MRP/Interest charge of £408k. A Commercialisation Reserve charge of £200k as a provision to cover any potential future losses, this Reserve totals £608k.
25. Option for change savings have been categorised into reductions in expenditure £577k and an increase of income £433k. Total ongoing savings of £1,010k, in addition to one-off Income saving of £81k.

Service savings and income generation initiatives

26. As noted previously, the service pressures and savings are set out at Appendix 1.

27. The majority of savings relate to efficiencies such as deletion of posts with vacant hours and reduction in budgets where historical underspends have been recorded. However, certain initiatives will result in changes to service provision as follows:
- Customer service and contact centre reduction in hours – saving £121k: analysis has shown that at the beginning and end of the day customer service and contact centre usage is very low; it is therefore proposed that the saving can be achieved by opening at 0900 rather than 0830 and closing at 1600 rather than 1700. The Council already operates out of hours services and these arrangements will ensure 24 hour coverage remains; and on-line service provision is unaffected
 - Shop mobility (and review of town centre services) – saving £34k: it is considered that the new lightweight generation of mobility scooters (which can be easily carried by car) are making the service obsolete; this is borne out by data which shows that the number of regular users is very limited
 - The Bridge – saving £40k: following discussions with the Bridge it is determined that certain elements of the funding relating to housing advice can be reduced
 - Strategic Partner grants – saving £15k: a review will take place with a view to reducing total Strategic Partner grants by 5%
 - Increase garden waste charges — additional income projected of £300k: this is based on increasing the Garden Waste charges by £9 per annum on current subscriptions rates from £41 (direct debit) and £46 (not direct debit) to £50 (direct debit) and £55 (not direct debit).

28. The summary draft General Fund budget for 2022/23 is set out in Table 1, below.

Table 1: Draft General Fund Budget Summary 2022/23

Actual 2020/21 £000		Original Budget 2021/22 £000	Draft Original Budget 2022/23 £000	Variance £000
19,426	General Fund Service Expenditure	19,026	19,164	(138)
0	Less MRP & Interest & Commercial Reserve	(1,262)	(929)	(333)
0	Service (Ongoing Savings)	(2,059)	(1,010)	(1,049)
0	Service (One Off Saving)	0	(81)	81
0	Savings to be determined	0	(500)	500
0	Service Pressures Ongoing	1,859	184	1,675
0	Service Pressures One Off	106	127	(21)
19,426	Net Service Expenditure	17,670	16,955	715
182	Revenue Contributions to Capital	0	0	0
0	MRP/Interest /Charge	1,262	729	533
240	Interest Paid	240	240	0
(342)	Less: Interest on Balances	(300)	(300)	0
19,506	Total Borough Expenditure	18,872	17,624	1,249
(292)	Contribution (from)/to Reinvestment Reserve	0	0	0
1,175	Contribution(from)/to Working Balance	(849)	(224)	(625)
143	Contribution (from)/to Collection Fund	2	(15)	17
453	Contribution(from)/ to Capital Plan Reserve	0	0	0
0	Contribution(from)/to Commericalisation Reserve	0	200	(200)
756	Contribution (from)/to Other Reserves	(106)	0	(106)
21,741	Precept Requirement	17,919	17,585	334
4,947	NNDR	4,547	4,465	82
7,288	Council Tax Receipts	7,640	8,055	(415)
1,271	Loughborough Special Levy	1,311	1,364	(53)
4,122	New Homes Bonus	3,000	988	2,012
0	Lower Tier Services Grant/Tranche 5 one off	1,419	2,728	(1,309)
3,962	General Government Grants (Covid)	0	0	0
(173)	Collection Fund Surplus/(Deficit)	2	(15)	17
21,417	Precept Income	17,919	17,585	334
£000	<u>REVENUE BALANCES</u>	£000	£000	£000
Actual 2020/21		Original Budget 2021/22	Draft Original Budget 2022/23	Variance
4,498	<u>Working Balance at 1 April</u>	1,820	4,969	(3,149)
1,318	Transfer from/(to) General Fund	(847)	(239)	(608)
0	Transfer from/(to) Reinvestment Reserve	0	(167)	167
1,224	Contribution to the LLEP Enterprise Zone	0	0	0
(1,224)	Business Rates Appeals Adjustment	1,561	0	1,561
5,816	Balance at 31 March	2,534	4,563	(2,029)
883	<u>Reinvestment Reserve Balance at 1 April</u>	357	333	24
(292)	Transfers from/(to) General Fund	0	167	(167)
591	Balance at 31 March	357	500	(143)
1,980	<u>Capital Plan Reserve Balance at 1 April</u>	1,819	1,763	56
453	Transfer from/(to) General Fund	0	0	0
2,433	Balance at 31 March	1,819	1,763	56
7,346	NDR Deficit COVID Reserve	0	0	0
1,158	<u>Other Revenue Reserve Balances at 1 April</u>	1,113	2,015	(902)
857	Transfers from/(to) General Fund	(106)	200	(306)
2,015	Balance at 31 March	1,007	2,215	(1,208)
18,201	TOTAL BALANCES	5,717	9,041	(1,208)

Additional notes on the General Fund Budget

19. The level of uncertainty in the above figures should be noted as the NNDR (business rates £4.465k) and New Homes Bonus (£988K), in addition the £2.728k has not yet been confirmed, this is the MTFs grant Settlement figure anticipated as compensation for the New Homes bonus reduction. As noted previously, this funding has downside risk and it will not be possible to obtain any clarity in this area until after local government funding allocations are announced (typically in mid-December).
20. As noted previously, it is proposed to increase Council Tax by the permitted £5 per band D property for the sixth year in a row. The Loughborough Special Levy will increase by 1.99%, with the Borough precept calculated to ensure that the overall increase remains within the £5 limit. This assumes that the capping limits are as intimated within SR2021.
21. The General Fund Service Expenditure for 2022/23 is £138k higher than that budgeted for in 2021/22, the major items being Salary inflation increases and Contractual inflation increases.
22. The base position includes provision for inflation at rates deemed appropriate to the major contracts, there is no general inflation provision and services are expected to manage within existing budgets. A 1.75% provision for salaries has been included in the budget to cover the 2021/22 pay award and £150k provision to cover Salary inflation for 2022/23.
23. The budget for investment income in 2022/23 has been set £300k the same level as 2021/22. This reflects the interest earned on investment income based on 2020/21 outturn. Short-term cash investments rates on return are low due to the adverse effect on the global economy and treasury management markets of COVID-19.
24. The budget has been balanced by using a contribution from working balance to fund the shortfall of £239k, and a contribution to Reinvestment Reserve £167k. This results in a working balance of £4.56m at the end of March 2023, which is above the minimum target of £2m for this reserve.

Loughborough Special Expenses Appendix 2

25. The budget position for Loughborough Special Expense and Levy for 2022/23. The proposed increase to the Loughborough Special Levy is 1.99% to a rate of £79.53 per Band D property (2021/22: £77.98). The following are the General Fund ongoing service savings and a one off pressure, of £27.8k as follows:
 - Thorpe Acre Hub- £9.8k saving
 - Gorse Covert/Fearon Hall - £2.5k saving
 - Cemetery Fee Increase - £10k saving
 - CCTV Salaries- £10k Saving
 - Carillion Income - £4.5k One off Pressure
26. It should be noted that variances within Loughborough Special Expenses (LSE) represent timing differences on the allocation of costs and income to the LSE

account, but these sit within the overall General Fund Working Balance. As stated in the previous paragraph, the budgeted saving for 2022/23 is notional and does not represent additional funding available to the LSE. Detailed explanations of the variances between the 2021/22 and 2022/23 budgets are provided in the notes at Appendix 2.

General Fund reserves and balances

Working balance

27. It is a requirement to ensure that the level of balances is appropriate for the Council's commitments and current level of expenditure. The recommended minimum working balance set by the Section 151 Officer is £2m, representing six weeks net expenditure, in line with good practice. The draft original budget balance on this fund at the end of March 2023 is projected at £4.56m, above this limit.

Section 25 of the Local Government Act 2003 - statement of the Section 151 officer

28. (DRAFT – wording to confirm in Final Budget report) In the light of the approach to developing the budget, the estimates and assumptions underpinning the calculations, and having regard to the Provisional Local Government Settlement, the section 151 officer considers that the projected working balance at 31 March 2023, being above the assessed minimum working balance of £2m is adequate in the context of the 2022/23 financial year

Reinvestment Reserve

29. This is used for three purposes, these being:
- For items that produce a payback to the Council;
 - To fund costs that lead to appreciable service improvements;
 - To fund one-off costs.
30. The Reinvestment reserve has a balance of £500 to be used for the above purpose. This may be topped up should this be operationally justified and financially feasible.

Capital Plan Reserve

31. This revenue reserve is earmarked to finance General Fund capital expenditure, although there are no restrictions on this reserve, and it can be used for revenue purposes. This reserve is forecast at £1.8m at 31 March 2023.

Other Earmarked Revenue Reserves

32. There are twelve other Earmarked Reserves which may be used in line with the purpose of the reserve fund or for general purposes.

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

Reserve Balances	Estimated Balance at 1st April 2022	Used or Transferred to Other Reserves in 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000
Working Balance	4,969	(406)	4,563
Reinvestment Reserve	333	167	500
Capital Plan Reserve	1,763	0	1,763
Commercialisation Reserve	408	200	608
Earmarked Reserves	1,607	0	1,607
Total Revenue Reserves	9,080	(39)	9,041

Housing Revenue Account (HRA)

33. The draft Original budget position for 2022/23 is a breakeven, after transferring £3.169m Revenue Contribution to HRA Capital There are no service pressures or savings in the draft budget.
34. Rents have been increased by CPI 3.1%+1% in accordance with national guidelines which is a 4.1% increase. The rent increase will be covered by Housing benefit and Universal Credit, subject to benefit eligibility. There are around 1458 tenants thought not to be in receipt of these benefits.

The 2021/22 Council's rent levels are lower at £74.73 per week (52 week rent year) than the business plan peer group (consisting of other local authorities) average of £83.14. The Council's operating surplus is also lower than that of the peer group.

35. It may be noted that no savings or pressures are associated with the HRA. A detailed exercise was performed to realign HRA budgets in the previous year and that exercise is considered still valid.

HRA balances (reserves)

Principal HRA reserve

36. The Section 151 Officer recommends a minimum level of working balances for the HRA of £110 per property. There are 5,489 properties anticipated at 31st March 2023 (anticipating 40 right to buy sales); working balances have been adjusted to reflect this projection at £604k.

HRA Financing Fund

37. The HRA Financing Fund was set up in order to set aside monies to cover future HRA expenditure. This includes the repayment of external debt principal of the £79m incurred when the self-financing regime came about in 2012. This costs the HRA approximately £2.7m in interest payments each year. The first of these loans is due for settlement during 2024/25. The anticipated balance of the HRA Financing Fund at 31 March 2023 is £9.7m.

Major Repairs Reserve

38. The Major Repairs Reserve is a statutory fund and can only be used to finance capital expenditure and debt repayment. The anticipated balance at 31 March 2023 is £3.2m.
39. The HRA draft Capital Programme for 2022/23 is £9.2m. This is fully funded from Depreciation £3.6m, HRA Revenue contribution to Capital (RCCO) £3.2m, and the HRA financing fund £2m, and £0.4m from 1-for-1 capital receipts (HRA Right to buy sales)
40. Total HRA balances as at 31 March 2023 are anticipated to be £13.5m.

Table 3: Draft HRA 2022/23 Budget

2020/21 Actual	Housing Revenue Account	2021/22 Original Budget	2022/23 Original Budget
£000		£000	£000
	Expenditure		
5,421	Supervision and Management	5,393	5,423
6,427	Repairs and Maintenance	6,752	6,803
261	Rents, Rates and Other Charges	225	291
175	Provision for Bad Debts & Other Charges	383	318
3,464	Depreciation	3,409	3,641
(14,077)	Net Revaluation non-current assets increase	0	0
18	Debt Management Expenses	10	9
1,689	Expenditure Sub-total	16,172	16,485
	Income		
(20,597)	Dwelling Rent Income	(21,100)	(21,366)
(412)	Shops, Land and Garages Rent	(355)	(351)
(52)	Warden Service Charges	(53)	(54)
(286)	Central Heating, Cleaning and Communal Charges	(309)	(303)
(143)	Leasehold Flat and Shop Service Charges	(143)	(143)
(28)	Hostel Service Charges	(24)	(25)
(9)	Council Tax Recharged	(10)	(10)
(21,527)	Income Sub-Total	(21,994)	(22,252)
(19,838)	Net (income)/Cost of service	(5,822)	(5,767)
(82)	Transfer from General Fund – Grounds Maintenance	(85)	(85)
2,701	Interest Payable	2,709	2,698
(45)	Investment Income and Mortgage Interest	(27)	(15)
(17,264)	Net Operating Expenditure/(Income)	(3,225)	(3,169)
0	Revenue Contribution to Capital	3,225	3,169
(96)	Pension Adjustment	0	0
(112)	Accumulated Absence Adjustment	0	0
14,077	Reversal of Gain on Revaluation	0	0
13,869	Appropriations	3,225	3,169
(3,395)	(Surplus)/Deficit for the year	0	0
HRA Balances:			
(610)	HRA Balance at beginning of year	(609)	(609)
(3,395)	(Surplus)/Deficit for the year	0	0
3,396	Transfer to/from Reserves	0	5
(609)	HRA Balance at end of year	(609)	(604)
(8,235)	HRA Financing Fund beginning of year	(11,631)	(11,631)
(3,396)	Transfer to/from Reserves	0	(5)
0	Revenue Contribution to Capital	0	1,954
(11,631)	HRA Financing Fund at end of year	(11,631)	(9,682)
(3,210)	Major Repairs Reserve at end of year	(3,210)	(3,210)
(15,450)	Overall HRA balances end of the year	(15,450)	(13,496)

Appendices

- Appendix 1 – General Fund Service Pressures and Savings 2022/23
- Appendix 2 – Loughborough Special Expense Budget and Levy 2022/23

£	Service	Details
£16,500	Neighbourhood Services	Efficiency savings - various
£11,900	Neighbourhood Services	Deletion of vacant hours – various posts, correction to establishment position and various expenditure budgets
£10,000	Neighbourhood Services	Reduction in CCTV casuals' budget – underspend for last 2 years
£22,900	Neighbourhood Services	Reduction in Neighbourhood Development Officer Vacant Hours 18.5hrs
£14,700	Neighbourhood Services	Reduction of 5% to Strategic Partner Grants budget
£2,500	Planning and Regeneration	Delete the Plans Committee Site Visit Bus Budget
£32,800	Customer Experience	Delete current vacant post within the service
£20,000	Customer Experience	Additional Lagan software budget no longer required
£4,000	Customer Experience	Efficiency saving - re postal contract
£85,200	Customer Experience	Reduce the Contact Centre opening hours
£35,700	Customer Experience	Reduce face to face Customer Service Centre opening hours in line with Contact Centre
£24,900	Strategic Support	Remove budget for internal Audit Contingency – not required since inception of shared service arrangements with NWL and Blaby DC
£32,400	Strategic Support	Delete vacant hrs within legal services – saving arising following organisational restructure
£5,000	Strategic Support	Reduce scope of Mayor making event
£2,300	Strategic Support	Reduce budget for Mayoral visits
£10,000	Improv Org & Development	Efficiency savings - various
£18,000	Improve Org & Development	Delete Vacant hours – various posts, correction to establishment position
£41,400	Finance	Restructure of Financial Services incorporating Commitment Accounting Systems
£45,000	Cleansing & Open Spaces	Changes to Garden Waste Processes (principally stationery savings)
£5,400	Leisure and Culture	Efficiency savings - various
£17,100	Leisure and Culture	Reduce the annual SLA Grant to Charnwood Arts by 50%
£33,800	Leisure and Culture	Shopmobility and review of Market and Town Centre Service
£45,000	Property Services	Delete Vacant Facilities Manager post
40,000	Strategic & Private Sector Housing	Reduction in Contribution to The Bridge Independent Housing Advisory Service to £75.1k
£576,500	Reductions in Expenditure	
£1,500	Regulatory Services	Food Hygiene Rating Scheme – Re-scoring charges.
£28,000	Property Services	Increased Commercial Income -Rent review
£30,000	Property Services	Additional Income Southfields Offices
£14,000	Cleansing & Open Spaces	New income from the Outwoods Visitor Centre/Café
£300,000	Cleansing & Open Spaces	Increase the Garden Waste charges
£50,000	Cleansing & Open Spaces	Increase Bulky Waste charges
£10,000	Cleansing & Open Spaces	Increase in Burial charges
£433,500	Increases in Income	
£1,010,000	Total Ongoing Savings	
80,600	Strategic & Private Sector Hsg	One Off Saving Mandatory HMO Licence Fee for new and renewals 2022/23

General Fund Service Pressures 2022/23

Appendix 1

2,300	Pressure	Ongoing	Local Resilience Forum contract cost increase.
10,000	Pressure	ongoing	The Public Conveniences service saving approved for 2021/22 £20k will not be made in full reduce to £10K
4,500	Pressure	ongoing	Economic Development Team leader increase in salary costs
31,100	Pressure	ongoing	Planning Increase in hours Planning Assistant Post by 22hrs & Increase in Senior Planning Officer 8 hours
19,800	Pressure	ongoing	Increase hours required to deliver carbon neutral strategy
41,900	Pressure	ongoing	S01 37 hrs New Systems Administrator Post Northgate System
32,300	Pressure	ongoing	Register of Electors New Burdens Grant no longer available
42,000	Pressure	Ongoing	Harborough Contact Centre Contract £42k, 5 Mths 2022/23 and £100k ongoing
183,900	Total Pressure	Ongoing	
51,600	Pressure	One off	Strategic Growth Plan Partnership Contribution with City/County & cost in 2023/2024 - £60,500)
64,000	Pressure	One-Off	Loughborough Markets income - reduction in line with the MTFS
7,000	Pressure	One-Off	Leisure centre utility rate contract adjustment
4,500	Pressure	One-Off	Carillon Tower will remain closed in 2022/23, no income expected. Re-opening April 2023/24
127,100	Total Pressure	One Off	

LOUGHBOROUGH SPECIAL EXPENSES				Appendix 2	
2021/22		2022/23			
Loughborough Special Expenses	Service	Loughborough Special Expenses	Variance (reduction) /Increase	% Variance	Ref
£		£	£		
78,900	Loughborough CCTV	74,300	(4,600)	-6.19%	1
66,800	Community Grants /General/Fearon Hall/Gorse Covert	64,300	(2,500)	-3.89%	2
45,800	Hubs	36,300	(9,500)	-26.17%	3
6,300	Charnwood Water Toilets	6,300	0	0.00%	4
35,700	Voluntary & Community Sector Dev Officer post (75% LSX)	36,600	900	2.46%	5
122,400	Contribution to Lough Open Spaces Grounds Maintenance	124,200	1,800	1.45%	6
(2,700)	November Fair	(5,800)	(3,100)	53.45%	7
	Parks:				
353,200	Loughborough - including Loughborough in Bloom	345,100	(8,100)	-2.35%	8
70,300	Gorse Covert and Booth Wood	70,700	400	0.57%	9
	Sports Grounds:				
115,600	Derby Road	117,400	1,800	1.53%	10
43,100	Lodge Farm	43,100	0	0.00%	11
75,400	Nanpantan	77,100	1,700	2.20%	12
19,100	Park Road	18,200	(900)	-4.95%	13
23,800	Shelthorpe Golf Course	23,000	(800)	-3.48%	14
47,700	Loughborough Cemetery	36,500	(11,200)	-30.68%	15
49,200	Allotments - Loughborough	47,800	(1,400)	-2.93%	16
16,600	Carillon Tower	11,600	(5,000)	-43.10%	17
55,800	Festive Decorations and Illuminations	55,100	(700)	-1.27%	18
112,600	Town Centre Management	99,600	(13,000)	-13.05%	19
1,335,600		1,281,400	(54,200)	-4.23%	
	Adjustments from Year 2020/21	82,600			
(24,335)	Adjustments from Year 2019/20				
1,311,265	AMENDED SUB TOTAL	1,364,000			
Divided by		Divided by			
16,815.40	Council Tax Base	17,150.76			
<u>77.98</u>	Special Council Tax (1.99% increase)	<u>79.53</u>			

Loughborough Special Expense Notes

- 1 An option for change saving of £10k to reduce the casual salaries has been included in the 2022/23 budgets. 24% of the total costs of CCTV have been charged to the Loughborough Special Rate compared to 25% in 2021/22. There has been an increase of 45 additional cameras in the Borough overall, 9 of these are on the Warwick Way Estate Loughborough, as part of the safer streets project.
- 2 An options for change saving to reduce the grant awards by 5% to both Fearon Hall and Gorse Covert as part of the strategic partner grant process have been included in the 2022/23 budgets, however this will be subject to approval by Cabinet in January 2022.
- 3 An option for change saving £6.5k with regard to Thorpe Acre Hut/Hub, which will now not be progressed and £3.3k saving on the Community hub co-ordinator payments have been included in the 2022/23 budgets.
- 4 no comment required
- 5 The increased costs are due to estimated pay award & additional pension/NI contributions for the Voluntary and Community Sector Development post M298, 75% of which is funded by Loughborough Special Expenses.
- 6 This increase is due to contract inflation. Future years funding via the Loughborough Special Rate is to be reviewed each subsequent year, as approved by Cabinet 16/02/17 (min 88).
- 7 The Environmental Services contract budget has increased by inflation £0.3k. Of reduced Support Services £3.5k, mainly due to less time being spent in this area of Leisure and Culture and the Admin team.
- 8 The metered water budget has increased £1.4k, this is based on previous year actuals increased by inflation. Both the Environmental Services contract and the Management of Open Spaces contract budgets including variations have increased by inflation £1.9k and £4.4k respectively. These are offset by reduced Support Services recharges £15.7k, mainly from the Policy and Green Spaces Development Team following a service review carried out summer 2021
- 9 no comment required
- 10 Both the Environmental Services contract and the Management of Open Spaces contract budgets have increased by inflation £0.4k and £0.9k respectively. Support Service recharges have also increased slightly overall by £0.3k
- 11 no comment required
- 12 The metered water budget has increased £1.2k, this is based on previous year actuals increased by inflation, this is part offset by a £1k reduction to the electricity budget, which is based on previous year underspends. Both the Environmental Services contract and the Management of Open Spaces contract budgets have increased by inflation £0.2k and £0.3k respectively. Support Service recharges have also increased £0.8k, this is mainly due to slightly more time being spent in this area by the Cleansing team.
- 13 Support Service recharges have reduced, mainly from the Policy and Green Spaces Development team following a service review
- 14 The metered water budget has increased £0.4k, this is based on previous year actuals increased by inflation. Both the Environmental Services contract and the Management of Open Spaces contract budgets have increased by inflation £0.2k and £0.5k respectively. These are part offset by increased income £0.6k from Golf Course fees, this is part of the Management of Open Spaces contract whereby CBC receive a guaranteed income amount, pre-set by Idverde and increased by inflation each year. Support Service recharges have reduced £1.3k, this is mainly from the Policy and Green Spaces Development Team following a service review

- 15 The NNDR and the metered water budgets have increased by £0.9k and £0.3k respectively for inflation. The Management of Open Spaces contract budget has increased by inflation £0.6k. The provision of the cemetery service budget has been increased by £5k based on previous year actuals & increased ongoing costs mainly due to additional standby payments, this was funded by increasing the expected income due from the crematorium agreement with Dignity Funerals based on previous year and current income levels. An options for change saving of £10k has been included to increase the fees and charges budget, a review of the burial charges will be carried out February 2022. Support Service recharges have reduced £8.5k, this is mainly from the Policy and Green Spaces Development team following a service review.
- 16 Support Service recharges have reduced £1.6k, mainly from the Policy and Green Spaces Development team following a service review
- 17 the Carillon will not be open to the public in 2022/23, a pressure for the loss of income £4.5k has been included and the recharge for staffing the building by the museum staff has reduced by £9.5k for this reason. Support service recharges have reduced slightly, namely the insurance charge £2.1k, the premium for the building and terrorism has reduced. 50% of the total cost of the Carillon is charged to the Loughborough Special Rate
- 18 Support Service recharges have reduced, this is mainly due to slightly less time being spent in this area by the Head of Leisure and Culture
- 19 The employee budget has increased £1.7k due to estimated pay award & additional pension/Nl contributions. The income budget has increased by £10.8k, taking it back to normal pre-covid19 levels, this was a one-off service pressure in 2021/22 to reduce the income budget to allow the number of street traders to improve following covid19 restrictions. Support Service recharges have reduced £3.9k, this is mainly due to less time being spent in this area by the Head of Leisure and Culture and the ICS team.

CABINET – 9TH DECEMBER 2021

Report of the Head of Financial Services

Lead Member: Councillor Tom Barkley

Part A

ITEM 8 DRAFT CAPITAL PLAN 2022/23 TO 2024/25

Purpose of Report

To consider the Draft Capital Plan 2022/23 to 2024/25 as well as possible sources of funding and to begin a period of consultation.

Recommendation

That Cabinet endorses for consultation the Draft Capital Plan for 2022/23 to 2024/25 for the recommended General Fund and HRA schemes in Appendix 1.

Reason

To enable consultation on the Draft Capital Plan, so that it can become the basis for capital spending by the Council.

Policy Justification

The Council's Capital Plan is an integral element of all policies.

Implementation Timetable including Future Decisions and Scrutiny

The final Capital Plan will be submitted to Cabinet on 10 February 2022 and it will then be considered by Council on 21 February 2022. Scrutiny Commission will have the opportunity to consider this draft report for pre-decision scrutiny on 8 December 2021 and the final report on February 2022. The Budget Scrutiny Panel will consider this report at its meeting on 8 December 2021.

Provided it is approved, the new Capital Plan will come into effect on 1 April 2022. Any changes to the Plan will then be considered by Cabinet, and Council if necessary, as part of the Capital Plan Amendment process. These reports are also available for scrutiny by the Scrutiny Commission and the Corporate Services Scrutiny Committee.

Cabinet is asked to endorse the draft Capital Plan contained in and appended to this report as a basis for consultation. These proposals will be subject to consultation over the period from 17 December 2021 to 15 January 2021.

Consultation will be with:

- Trades Unions
- Formal consultation with key partners, including members of Charnwood Together, Towns and Parishes
- Budget Scrutiny Panel

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no direct financial implications from approving this report for consultation. However, if the final report is approved then there will be financial implications for the Council and these are set out in Part B of this report. Overall, the Capital Plan will be fully funded through the use of revenue and capital resources.

Risk Management

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

Equality and Diversity

There are no specific Equalities & Diversity issues affecting the recommendation in this report, though any such issues affecting particular schemes will be considered as part of those schemes' formal appraisal.

Sustainability

As with other items above, there are no direct sustainability issues affecting the recommendation, but any affecting specific schemes will be considered as part of the appraisal of those schemes.

Key Decision: Yes

Background Documents: None

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Part B

Background

1. The Council operates the Capital Plan on a three year basis to reflect the longer term nature of capital expenditure and in accordance with best practice. Additions to the Capital Plan are based on capital appraisals and cover areas such as enhancements of an existing asset, planned improvements to existing assets and scheme affordability. Schemes are categorised as either live, Committed or Third party schemes. Live schemes are project managed by Charnwood Borough Council, Committed schemes are scheme committed in principal but required further consideration in order to commence and Third Party schemes are fully funded by external resources. The current approved Capital Plan is included in Appendix 2 for information and some of these schemes will be carried forward as part of the Capital Outturn Report.
2. Following the appraisal process a New Draft Capital Plan for 2022/23 to 2024/25 was produced for the General Fund and HRA included in Appendix 1 .
3. It should be noted that only limited information is available at present for some schemes, and the costings for the new schemes are on 'best estimate' basis. Firm quotations or tender prices have not been obtained for many schemes at this stage.

New Draft Capital Plan 2022/23 to 2024/25

4. The tables below show a summary of the schemes, split between General Fund and Housing Revenue Account schemes, and the anticipated funding positions. The General Fund, Table 1 excludes schemes in the current approved Capital Plan and includes those schemes recommended for inclusion in the draft new three year Capital Plan. Table 2, shows all the Housing Revenue Account schemes and it should be noted that these schemes are fully funded.

Table 1

	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000
<u>General Fund New 3 Year Plan</u>				
Gross Cost of Schemes	4,330	2,991	1,580	8,901
Total Cost	4,330	2,991	1,580	8,901
External Funding	3,570	1,558	1,127	6,255
CBC Capital Receipts	760	1,433	453	2,646
Total Funding	4,330	2,991	1,580	8,901

5. The Capital Plan distinguishes between various types of scheme:

- ‘Live’ schemes: schemes classified as ‘live’ are usually project managed by the Council and preliminary evaluation has been carried out such that the costs within the Capital Plan should be a reasonable estimate of scheme outturn
- ‘Provisional’ schemes: these are where the Council wishes to make a statement of intent that it intends to deliver a scheme but where the detailed timings and / or costings of that scheme remain uncertain. The scheme may still require further feasibility work or be subject to external funding bids. It is also worth noting that final costs can not be determined until the completion of a procurement process and market prices have been received.
- ‘Third Party’ schemes: third party schemes are schemes, usually associated with s106 agreements, where the scheme must be included within the Council’s Capital Plan for technical reasons but where the Council does not undertake project management and would not usually provide project funding (no such schemes are included within the new Capital Plan)

x. The New Capital Plan Schemes are set out in more detail in Appendix 1. Significant additions, all classified as ‘Committed’ within the new General Fund Plan include:

- Town Deal: a total of £3.54m has been identified for two elements of the Town Deal (Lanes & Links, and Living Loughborough); projects that will require significant Council management input where it is

assumed that the Council will have responsibility for project delivery; funding of up to £3.54m will be available through Town Deal funding but any additional costs would need to be sourced elsewhere

- Shepshed Bullring: £0.9m has been allocated within the new Capital Plan for this public realm project; given the risks inherent with this type of scheme preliminary work will be required to assess the adequacy of the current capital allocation with any required variations being addressed via the regular capital plan amendment reports
- Building improvements: £1.48m has been allocated towards the upgrade of Council assets; this amount is estimated but underpinned by building condition surveys

6. Table 1 shows total proposed schemes of £8.9m requiring council capital receipts funding of £2.6m, and external funding of £6.3m. As at 31 March 2025 there will be approximately £6.1m capital receipts estimated in balances, therefore the draft three year Capital plan is affordable from current resources. This assumes that the estimates include no major capital receipts during the next three years of the plan as there are currently no disposals on the part of Council assets. It should be noted that the costs shown above are estimates made by the relevant services and do not reflect firm quotes or tender prices.
7. Anticipated External Funding is in respect of grants and capital contributions which are expected over the next three years. It should be noted that the grants are scheme specific and cannot be used to fund other schemes.
8. There is £1.7m in the Capital Plan Reserve estimated as at 31 March 2022, this can be used for either Capital or Revenue one-off expenditure.

Table 2

	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000
<u>Housing Revenue Account</u>				
Gross Cost HRA Schemes	9,214	7,530	6,519	23,263
Total Cost	9,214	7,530	6,519	23,263
RCCO	3,169	3,169	3,169	9,507
Capital Receipts	450	450	450	1,350
Major Repairs Reserve/HRA Finance Fund	5,595	3,911	2,900	12,406
Total Funding	9,214	7,530	6,519	23,263

9. Appendix 1 also shows all of the HRA schemes for the capital plan period including new schemes, existing schemes and changes to existing schemes.
10. The Major Repairs Reserve, or equivalent, effectively represents the amount set aside for depreciation each year and this becomes a cash amount that will be spent on capital works. The draft Housing Revenue Account report shows that in 2022/23 the depreciation budget is £3,641k and the RCCO budget is £3,169k. It can be reasonably assumed that these levels will continue for 2022/23 and 2024/25 so the plan is fully funded.
11. The level of capital expenditure will be set so as to ensure that the housing stock is kept in good repair and at a level that allows the Council to service the £79.19m borrowing that it undertook to pay the government in March 2012. As such the HRA Capital Plan will be adequately funded over the three years.

Capital Plan 2020 -2023

12. The Council's policy is to create a new Capital Plan every other year, for a three-year period. As a result, the 2022/23 financial year will include schemes from both the current (2020 – 2023) and proposed (2022 – 2025) Capital Plans. To get a full view of all current and proposed schemes Appendix 2, which lists schemes within the extant Capital Plan should be considered alongside the new proposals.
13. It may also be noted a regular Capital Plan amendment report is also being present at the 9 December Cabinet which offers additional information on the current Capital Plan.

Prudential Code

14. In order to comply with the Prudential Code capital expenditure must be affordable in the long term, and therefore sustainable, which requires that the decision making process must be prudent. The revenue impact of the capital expenditure must be contained within the forward plans of the authority which provides a level of Council Tax that the Council considers acceptable. Implementation of the proposed General Fund Capital Plan would result in net revenue savings and therefore is in line with the proposed Revenue Budget and the Medium Term Financial Strategy.
15. Consideration has been given to undertaking prudential borrowing in order to fund General Fund capital expenditure. However, this would incur additional revenue costs for both interest and repayments which the council would have to be able to fund as well as the savings programme which is required to continue to fund services in the light of reduced central government funding. In view of this and as set out in the current Medium Term Financial Strategy, the Council does not intend to undertake any such material borrowing in the medium term.

Risk Management

This Cabinet report recommends the Plan is put forward for consultation. However, should the Plan be adopted then risks identified are as follows.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Insufficient funding	Remote (1)	Major (4)	Low (4)	The funding of the Capital Plan is regularly monitored and any apparent shortfalls are brought to the attention of Cabinet with suggested solutions
General Risks associated with capital expenditure	Unlikely (2)	Serious (3)	Moderate (6)	The Capital Plan is controlled through Capital Monitoring & Senior Leader Team and Cabinet.

Appendices

Appendix 1 Proposed new Capital Plan schemes 2022 – 2025

APPENDIX 1

Proposed Three Year Capital Plan 2022/23 - 2024/25

Scheme Details	2022/23	2023/24	2024/25
	New & Current Plan £	New Original Plan £	New Original Plan £
SUMMARY OF CAPITAL PLAN			
<u>Live Schemes</u>			
Environmental and Corporate Services	150,000	75,000	75,000
Commercial Development, Asset and Leisure	610,000	750,000	120,000
Community, Planning and Housing - General Fund	0	1,216,000	1,316,000
Community, Planning and Housing - HRA	9,214,200	7,529,600	6,519,000
Sub-total Live Schemes	9,974,200	9,570,600	8,030,000
<u>Provisional Schemes</u>			
Environmental and Corporate Services	0	0	0
Commercial Development, Asset and Leisure	2,970,000	500,000	69,000
Community, Planning and Housing - General Fund	600,000	450,000	0
Community, Planning and Housing - HRA	0	0	0
Sub-total Provisional Schemes	3,570,000	950,000	69,000
GF Total	4,330,000	2,991,000	1,580,000
HRA Total	9,214,200	7,529,600	6,519,000
Grand Total	13,544,200	10,520,600	8,099,000
<u>Environmental and Corporate Services</u>			
<u>Live Schemes</u>			
AK Z085 Replacement Hardware Programme - Block Sum	0	45,000	45,000
AK Z354 Infrastructure Development - Block Sum	0	30,000	30,000
AK NEW Phone System - Migration to Teams	45,000	0	0
MB NEW Cemetery Ashes Plots	40,000	0	0
MB NEW Cemetery Gates	15,000	0	0
MB NEW Syston Riverside Walk	50,000	0	0
Sub-total Live Schemes	150,000	75,000	75,000
<u>Provisional Schemes</u>			
SJ Z818 Enterprise Zone	0	0	0
Sub-total Provisional Schemes	0	0	0
Environmental and Corporate Services - Total	150,000	75,000	75,000
<u>Commercial Development, Asset and Leisure</u>			
<u>Live Schemes</u>			
IB Z310 Planned Building Improvements	610,000	750,000	120,000
Sub-total Live Schemes	610,000	750,000	120,000
<u>Provisional Schemes</u>			
SW NEW Town Deal	2,970,000	500,000	69,000

JH	Z817	Regeneration	0	0	0
Sub-total Provisional Schemes			2,970,000	500,000	69,000
Commercial Development, Asset and Leisure - Total			3,580,000	1,250,000	189,000
Community, Planning and Housing - General Fund					
<u>Live Schemes</u>					
JR	Z388	CCTV		45,000	45,000
JR	Z348	Charnwood Community Facilities Grants		50,000	50,000
JR	Z427	Members Grants - Members Choice		13,000	13,000
AT	Z786	Car Parks Resurfacing and Improvements		0	150,000
AT	NEW	Leisure Centre barrier and entry control		50,000	0
RS	Z210	Disabled Facilities Grants - Block Sum		1,058,000	1,058,000
Sub-total Live Schemes			0	1,216,000	1,316,000
<u>Provisional Schemes</u>					
RB	Z787	Bedford Square Gateway	0	0	0
CC	Z796	Carbon Neutral Action Fund - Block Sum	0	0	0
RB	Z835	Shepshed Bull Ring	600,000	300,000	0
AT	NEW	DNO Connections and Electric Vehicle Charge Points for car parks	0	150,000	0
Sub-total Provisional Schemes			600,000	450,000	0
<u>Third Party Schemes</u>					
Community, Planning and Housing - General Fund - Total			600,000	1,666,000	1,316,000
Community, Planning and Housing - HRA					
<u>Live Schemes</u>					
PO	Z761	Major Adaptations	450,000	450,000	450,000
PO	Z301	Minor Adaptations	50,000	50,000	50,000
PO	Z302	Stairlifts	60,000	60,000	60,000
PO	Z762	Major Voids	280,000	280,000	280,000
<u>Compliance</u>					
PO	Z434	Asbestos Removal	150,000	100,000	60,000
PO	Z771	Communal Area Improvements	200,000	75,200	75,200
PO	Z742	Communal Area Electrical Upgrades	200,000	68,000	68,000
PO	Z772	Smoke/CO & Heat Detection	149,800	149,800	149,800
PO	Z773	Fire Safety Works	100,000	100,000	100,000
<u>Stock Maximisation</u>					
PO	Z375	Garages	25,000	370,000	0
<u>Decent Homes</u>					
PO	Z763	Kitchens	1,197,000	837,000	112,500
PO	Z764	Bathrooms	1,820,900	957,700	675,000
PO	Z765	Electrical Upgrades	212,500	505,300	505,300
PO	Z766	Window Replacement	22,400	44,800	223,800
PO	Z767	Heating	264,600	504,000	831,600
PO	Z743	Sheltered Housing Improvements	200,000	100,000	0
PO	Z768	Door Replacement	700,000	700,000	700,000
PO	Z769	Roofing Works & Insulation	650,000	250,000	250,000
PO	Z770	Major Structural Works	250,000	250,000	250,000
<u>General Capital Works</u>					
PO	Z776	Estate and External Works	205,000	200,000	200,000
PO	Z857	Housing Capital Technical Costs	312,000	312,000	312,000
PO	Z378	Door Entry Systems	200,000	27,000	27,000
AS	Z760	Acquisition of Affordable Housing to meet housing need	1,500,000	1,123,800	1,123,800
PO	Z775	Mobility Scooter Storage	15,000	15,000	15,000
Sub-total Live Schemes			9,214,200	7,529,600	6,519,000
Community, Planning and Housing - HRA - Total			9,214,200	7,529,600	6,519,000

APPENDIX 2
CURRENT CAPITAL PLAN 2020 - 2023 - REMAINING YEARS

	2021/22	2022/23
Scheme Details	Current Budget £	Current Budget £
<u>SUMMARY OF CAPITAL PLAN</u>		
<u>Live Schemes</u>		
Environmental and Corporate Services	2,308,800	326,200
Commercial Development, Asset and Leisure	343,000	475,000
Community, Planning and Housing - General Fund	2,667,200	1,244,000
Community, Planning and Housing - HRA	9,619,900	7,723,800
Sub-total Live Schemes	14,938,900	9,769,000
<u>Provisional Schemes</u>		
Environmental and Corporate Services	15,000,000	0
Commercial Development, Asset and Leisure	15,000,000	0
Community, Planning and Housing - General Fund	3,831,400	1,715,000
Community, Planning and Housing - HRA	0	0
Sub-total Provisional Schemes	33,831,400	1,715,000
<u>Third Party Schemes</u>		
Environmental and Corporate Services	379,400	53,600
Commercial Development, Asset and Leisure	0	0
Community, Planning and Housing - General Fund	804,300	0
Community, Planning and Housing - HRA	0	0
Sub-total Third Party Schemes	1,183,700	53,600
GF Total	40,334,100	3,813,800
HRA Total	9,619,900	7,723,800
Grand Total	49,954,000	11,537,600
<u>Environmental and Corporate Services</u>		
<u>Live Schemes</u>		
MB Z784 Loughborough Cemetery - New Burial Provision	1,170,200	0
MB Z754 The Outwoods Country Park - Visitor Centre and Café	114,200	0
MB Z831 Loughborough Playground Improvement Plan	50,000	50,000
MB Z828 Queens Park - Improvements to Childrens Play Provision & Adult Recreation Provision	100,000	105,000
MB Z802 Allotment Improvements	10,000	0
MB Z824 Shepshed POS Enhancement	104,100	0
MB Z805 Queens Park Aviary Improvements	20,000	0
MB Z806 Playing Pitch Strategy Action Plan	51,900	40,000
MB Z484 Closed Churchyard Wall	25,000	25,000
MB Lodge Farm Public Open Space Enhancements	0	31,200
MB Z791 Shelthorpe Golf Course - Fencing	77,100	0
MB Z792 Community Tree Planting Programme	30,000	0
AK Z085 Replacement Hardware Programme - Block Sum	39,600	45,000

APPENDIX 2
CURRENT CAPITAL PLAN 2020 - 2023 - REMAINING YEARS

			2021/22	2022/23
Scheme Details			Current Budget	Current Budget
			£	£
AK	Z354	Infrastructure Development - Block Sum	36,000	30,000
		Hybrid Council Meeting - Camera and audio equipment - Virtual		
AK	Z822	Meetings	15,900	0
KB	Z423	Call Secure System - PCI Compliance	4,900	0
KB	Z812	Server Redesign	70,000	0
KB	Z813	Cloud Implementation	177,900	0
KB	Z814	Meeting Rooms - presentation screens	4,100	0
KB	Z816	Northgate - Single Use System	115,300	0
AW	Z811	Legal Case Management System	30,000	0
LT	Z810	Unit4 Agresso Upgrade	32,800	0
AK	Z793	ITrent Upgrade & New Flexi Time System	8,700	0
HG	Z823	Performance Management System	21,100	0
Sub-total Live Schemes			2,308,800	326,200
<u>Provisional Schemes</u>				
SJ	Z818	Enterprise Zone	15,000,000	0
Sub-total Provisional Schemes			15,000,000	0
<u>Third Party Schemes</u>				
JT	Z697	Bell Foundry Pocket Park - Phase 1 & 2	30,300	0
MB	Z699	Shelthorpe Public Open Space Enhancements	113,200	0
MB	Z830	Holt Drive PA Enhancements	11,000	0
MB		Radmoor Road Public Open Space Enhancements	0	53,600
MB	Z778	Syston Community Garden	22,300	0
MB	Z826	Wymeswold Parish Council - tarmac court with multi-use goal ends at the Washdyke	22,800	0
MB	Z847	Barrow Town Cricket Club - extend clubhouse facilities, creating additional changing and ancillary provision	20,000	0
MB	Z849	Barrow Town Council - new play area Mill Lane	89,100	0
MB	Z850	Sileby Parish Council - improvement and provision of additional youth/adult facilities at Sileby Memorial Park	70,700	0
Sub-total Third Party Schemes			379,400	53,600
Environmental and Corporate Services - Total			17,688,200	379,800
<u>Commercial Development, Asset and Leisure</u>				
<u>Live Schemes</u>				
SW	Z801	Lighting strategy to support the Masterplan lane strategy - feasibility study	10,000	0
NB	Z748	Loughborough Festive Lights and Street Dressing	4,800	0
SW	Z757	Town Hall Roof Upgrade	17,300	0
SW	Z797	Loughborough Town Hall - Lower Level Elevation Repairs & Feasibility Study	7,900	0

APPENDIX 2
CURRENT CAPITAL PLAN 2020 - 2023 - REMAINING YEARS

			2021/22	2022/23
Scheme Details			Current Budget	Current Budget
			£	£
SW	Z798	Town Hall - Victorial Room - Air Handling	50,000	0
SW	Z799	Town Hall - additional seating	0	225,000
IB	Z310	Planned Building Improvements	128,000	100,000
IB	Z821	Granby Street Culvert Repairs	75,000	0
JH	Z820	Southfields Offices - NHS Vaccination Centre	50,000	0
JH	Z832	Feasibility Work - New Council Offices	0	150,000
Sub-total Live Schemes			343,000	475,000
Provisional Schemes				
JH	Z817	Regeneration Projects	15,000,000	0
Sub-total Provisional Schemes			15,000,000	0
Commercial Development, Asset and Leisure - Total			15,343,000	475,000
Community, Planning and Housing - General Fund				
Live Schemes				
JR	Z388	CCTV	122,300	35,000
JR	Z348	Charnwood Community Facilities Grants	100,300	50,000
JR	Z427	Members Grants - Members Choice	13,000	26,000
AT	Z744	Beehive Lane Car Park Improvements and refurbishment scheme	149,400	0
AT	Z786	Car Parks Resurfacing and Improvements	32,800	0
IB	Z738	Carbon Management Schemes	7,500	0
RS	Z210	Disabled Facilities Grants - Block Sum	2,116,900	1,058,000
RS	Z346	Private Sector Housing Grants - Block Sum	125,000	75,000
Sub-total Live Schemes			2,667,200	1,244,000
Provisional Schemes				
RB	Z367	Bleach Yard	5,900	0
RB	Z787	Bedford Square Gateway	2,654,000	1,215,000
CC	Z796	Carbon Neutral Action Fund - Block Sum	598,800	500,000
RB	Z835	Shepshed Bull Ring	504,400	0
RB	Z396	Public Realm - Shepshed Town Centre	18,400	0
RS	Z141	Regional Housing Pot Grant	42,900	0
RS	Z363	Fuel Poverty Scheme	7,000	0
Sub-total Provisional Schemes			3,831,400	1,715,000
Third Party Schemes				
JR	Z488	Thorpe Acre Residents Association - contribution towards Community Hub building	25,900	0
JR	Z500	Birstall Cedars Academy all weather pitch	50,000	0

APPENDIX 2
CURRENT CAPITAL PLAN 2020 - 2023 - REMAINING YEARS

		2021/22	2022/23	
Scheme Details		Current Budget	Current Budget	
		£	£	
JR	Z795	Syston Town Council - redevelopment of sports pavilion at Memorial Park	40,500	0
JR	Z815	Rothley Parish Council - upgrade Rothley Centre	367,600	0
JR	Z825	Loughborough Police Station Centre - Front Enquiry Desk	236,700	0
JR	Z827	Leicestershire Police - Drone Equipment and Forensic Hub Upgrade	58,600	0
JR	Z848	Syston Town Council - Memorial Park - redevelopment of sports pavilion	25,000	0
Sub-total Third Party Schemes		804,300	0	
Community, Planning and Housing - General Fund - Total		7,302,900	2,959,000	
<u>Community, Planning and Housing - HRA</u>				
<u>Live Schemes</u>				
PO	Z761	Major Adaptations	580,000	450,000
PO	Z301	Minor Adaptations	50,000	50,000
PO	Z302	Stairlifts	80,000	80,000
PO	Z762	Major Voids	280,000	280,000
<u>Compliance</u>				
PO	Z434	Asbestos Removal	150,000	150,000
PO	Z771	Communal Area Improvements	200,000	200,000
PO	Z742	Communal Area Electrical Upgrades	200,000	200,000
PO	Z772	Smoke/CO & Heat Detection	30,000	30,000
PO	Z773	Fire Safety Works	100,000	100,000
<u>Stock Maximisation</u>				
PO	Z375	Garages	25,000	25,000
<u>Decent Homes</u>				
PO	Z763	Kitchens	805,500	598,500
PO	Z764	Bathrooms	787,800	1,186,600
PO	Z765	Electrical Upgrades	290,000	290,000
PO	Z766	Window Replacement	195,000	40,000
PO	Z767	Heating	331,200	411,700
PO	Z743	Sheltered Housing Improvements	200,000	200,000
PO	Z768	Door Replacement	360,000	300,000
PO	Z769	Roofing Works & Insulation	710,000	650,000
PO	Z770	Major Structural Works	250,000	250,000
<u>General Capital Works</u>				
PO	Z776	Estate and External Works	205,000	205,000
PO	Z857	Housing Capital Technical Costs	312,000	312,000
PO	Z378	Door Entry Systems	200,000	200,000
AS	Z760	Acquisition of Affordable Housing to meet housing need	3,263,400	1,500,000
PO	Z775	Mobility Scooter Storage	15,000	15,000
Sub-total Live Schemes		9,619,900	7,723,800	

APPENDIX 2**CURRENT CAPITAL PLAN 2020 - 2023 - REMAINING YEARS**

	2021/22	2022/23
Scheme Details	Current Budget £	Current Budget £
Community, Planning and Housing - HRA - Total	9,619,900	7,723,800

BUDGET SCRUTINY PANEL

8 December 2021

Views on the settlement

Comments



- This update was prepared November 2021 and based on the Chancellor's statement of 27 October 2021
- The 'Provisional' Settlement – which gives the detail on what the Council is (very) likely to receive has a target date of 5 December – but history suggests that it may be later
- A verbal update on the Provisional Settlement will be offered at the BSP meeting

Views on the Settlement

1. The picture for Local Government is generally more optimistic than may have been expected
2. Planned £1.5bn sector increase for 2022/23, with no additional increase in the ensuing two years – detailed distribution is critical
3. This seems to imply a multi-year settlement which would be good news
4. Government assumes that we will all max out on council tax increases
5. Capping limit on CT increases likely to be set at 1.99%; also likely but not certain that we will be allowed to increase our rate by £5

Views on the Settlement

6. No detail on New Homes Bonus or the Lower Tier Services Grant; the latter was a one-off but Pixel (our retained consultants) seem to think it will continue
7. The paper speculates that the Fair Funding review will be pushed back until 2025/26 – on this time horizon the exercise now feels of limited relevance to our medium term planning (subsequently noted that 75% NDR retention is now abandoned)
8. Other aspects of local government financial reform – such as a potential business rates reset also seem to be put on the back burner (again Pixel suggest 2025/26)



Charnwood

