



BUDGET SCRUTINY PANEL

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To: Councillors Charles (Chair), Haynes, Monk, Popley, Seaton and Westley (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Budget Scrutiny Panel to be held in Committee Room 1, at the Council Offices, Southfields, Loughborough on Tuesday, 12th December 2023 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

4th December 2023

AGENDA

1. APOLOGIES
2. MINUTES OF PREVIOUS MEETING 4 - 7
To approve the minutes of the previous meeting.
3. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

For information, disclosable pecuniary interests and registrable interests relate to entries that are included, or should be included, on a councillor's register of interests. Non-registrable interests relate to any other matters.

4. DECLARATIONS - THE PARTY WHIP

5. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.16

6. DRAFT BUDGETS 2024/25 8 - 25

Cabinet Report 14th December 2023.

7. RECOMMENDATIONS/OBSERVATIONS FOR PANEL'S REPORT 26 - 27

Having undertaken scrutiny of the draft budgets 2024/25, to agree recommendations/observations for the Panel's report.

If not completed at this meeting, the Panel will need to agree a process by which recommendations/observations can be decided upon following this meeting. There is a very short period of time between the Panel's next and final meeting (3rd January 2024) and submission of the Panel's report to the Scrutiny Commission (8th January 2024), so the report submitted to the Panel on 3rd January 2024 for agreement should already have been seen by all members, commented upon and any required amendments made, so that any further amendments decided upon at that meeting are minimal.

BUDGET SCRUTINY PANEL 24TH OCTOBER 2023

PRESENT: The Chair (Councillor Charles)
Councillors Haynes, Monk, Popley and Seaton

Councillor Ashcroft (Cabinet Lead Member for
Finance, Customer & Support Services, Revenues
and Benefits)

Director Finance, Governance and Contracts
Democratic Services Officer (RD)

APOLOGIES: Councillor Westley

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

1. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

2. DECLARATIONS - THE PARTY WHIP

No declarations were made.

3. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.16

No questions had been submitted.

4. SCRUTINY PLAN/TIMETABLE

Considered, a Scrutiny Plan/Timetable for the Panel's scrutiny of the 2024/25 Draft Budgets (item 5 on the agenda filed with these minutes).

RESOLVED that the scrutiny plan/timetable be noted.

Reason

To ensure that the Panel are kept informed of timescales.

5. FINANCIAL POSITION OF THE COUNCIL

Councillor Seaton arrived at the meeting at 6.04pm. She left the meeting during the discussion at 6.18pm for a short duration.

The Panel considered a presentation by the Director of Finance, Governance and Contracts detailing the financial position of the Council.

Post meeting note: The presentation was published after the meeting as an agenda supplement.

The information given in the presentation represented current projections of the Medium-Term Financial Strategy (MTFS). A fully updated version would be produced and it was planned that this would be adopted by Council at the end of February 2024.

Key points of discussion:

- (i) Council tax was capped (currently 3% increase assumed for 2024/25) and limits set each year as part of the financial settlement. Confirmed it was a stable source of income.
- (ii) The MTFS assumed there would be a reduction in grant funding going forward, but updated projections assumed a small real terms increase, a more optimistic position than previously presented.
- (iii) Considered positive that the structure of the financial settlement for 2024/25 would be the same as for 2023/24.
- (iv) Important to note however that these were projections at this stage and subject to change following government review.
- (v) The Leicester and Leicestershire Enterprise Partnership (LLEP) would cease in April 2024. The Council's share of the distribution of funds from the Business Rates Pool could be in excess of £1 million albeit subject to minor restrictions on spending.
- (vi) Revenues and Benefits – exempt report to Cabinet in September 2023 indicated ongoing savings of £0.3 to £0.4 million per annum. Pensions were included as direct savings.
- (vii) Annual Housing Benefit subsidy loss estimated at £0.8 million to 30th June 2023. Rent increases at the Carpenters Arms could mean a loss of up to £1.4 million annually going forward. Ongoing work with the charity to challenge rental costs and mitigate risks.
- (viii) Confirmed there was neither profit nor loss being made with regard to the council's leisure services and that leisure centre provision was being closely reviewed.
- (ix) Original assumptions for pay awards were increases of 4.75%, 3.5% and 2% in successive years, revised assumptions now 6%, 5% and 4%. Pay awards not yet agreed for 2023/24. Confirmed that back-pay would be available and not a sudden strain on the budget once back-pay awarded.

- (x) Investment income – more money was allocated in the budget this year reflecting higher interest rates and as a result the Council was in a stronger position, with investment returns in September above 5%. £50 million invested.
- (xi) Concerns raised about the need to fall back on reserves. Confirmed that budget setting should address this (at least in part) by looking at service areas such as garden waste, car parking and general service cuts. Council tax was capped and unlikely to assist in improvements.
- (xii) There had been some issues relating to the housing stock and appointment of contractors.
- (xiii) Discussion around housing stock – a question was asked whether once properties/voids were sold through the Right to Buy scheme, the Council gained the revenue and were able to re-invest the funds. The Panel requested further advice on this.

RESOLVED

1. That the presentation and discussion on the matter be noted.
2. That further advice and information be sought from the relevant department regarding the sale of housing stock and revenue gained from sales.

Reasons

1&2. To ensure the Panel were informed of the financial position of the Council and to assist with the future discussions of the Panel.

6. APPROACH TO 2024/25 BUDGET SETTING

Prior to the meeting a report was circulated to members of the Panel by the Cabinet Lead Member for Finance, Customer & Support Services, Revenues and Benefits on the approach to 2024/25 Budget Setting.

Post meeting note: The Cabinet Lead Member's report was published after the meeting as an agenda supplement.

Key points of discussion:

- (i) The MTFs for last year predicted that for 2024/25 the working balance would reduce to £2.8 million. This prediction had now changed to £4.1 million, due to risk mitigation and management decisions. Would not want to be below £2.5 million. The shift in the MTFs figures showed an improved financial position.
- (ii) Moving forward would be looking at revenue and expenditure and the impact on services with the aim of reducing the use of the working balance. Statutory services and environment strategy would be planned in.

- (iii) Corporate Plan in progress and a residents' survey was currently being distributed.
- (iv) No plans for cash/capital to revert back to treasury as underspends unlikely to be an issue.

RESOLVED that the report and discussion on the matter be noted.

Reason

To ensure the Panel was kept informed about the approach to 2024/25 budget setting and to assist with the future discussions of the Panel.

NOTES:

1. Councillor Ashcroft attended the meeting virtually.
2. No reference may be made to these minutes at the next available Ordinary Council meeting 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.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel.

CABINET – 14th DECEMBER 2023
Report of the Head of Finance
Lead Member: Councillor Ian Ashcroft

Part A

DRAFT 2024/25 GENERAL FUND AND HRA BUDGETS

Purposes of the Report

To advise members of the projected base budget position for 2024/25 including service pressures and savings 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 2024/25 as set out in Tables 2A, 2B and 4 in Part B of this report.
2. That the Cabinet endorses for consultation the Loughborough Special Expense Budget and Levy for 2024/25 as set out at Appendix 2 to this report.

Reasons

1. To provide the opportunity for consultation on the General Fund and HRA budgets for the 2024/25 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 15th December 2023 to 14th January 2024. 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 - 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 8th February 2024. 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 8th February 2024 for recommendation to Council on 26th February 2024.

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</i>	<i>Risk Management actions</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 2024/25

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

The general economic background and outlook for local government funding in the autumn of 2023 (when this report was drafted), can be considered a continuation of pre-existing trends and conditions.

Although falling, inflation remains well over the Bank of England's two percent target rate, interest rates are at levels not seen for fifteen years, economic growth forecasts are anaemic, and cost of living challenges remain for many residents of the UK.

Once again, the Council is faced with a single year financial settlement, aligning to the last year of the Comprehensive Spending Review (CSR) period, which combined with the forthcoming general election (due by January 2025 at latest) severely restricts the Council's ability to make robust forecasts and plans for financial sustainability in the medium or longer term. The settlement for the 2024/25 financial year is predicted as relatively benign overall, in that some increase in spending power in cash terms is likely, but whether funding increases offset inflation to the extent that spending power increases in real terms is very much a moot point.

Whilst a reasonable idea as to the overall local government settlement for 2024/25 can be discerned from the Chancellor's recent (November 2023) Autumn Statement, the Council will not have a clear idea as to its individual settlement until the 'Provisional Financial Settlement' is circulated; this is expected in mid-December, prior to the Christmas holidays. It has therefore been necessary to prepare this draft budget in advance of the detailed financial settlement based on estimated government grant funding and business rate retention parameters, in order to meet the Council's standard reporting guidelines and allow for an appropriate period of consultation on the budget proposals.

The potential shortfall between the estimated, and the as yet unknown at time of drafting actual, financial settlement is a key risk within the budget numbers presented.

Looking forward, analysis of public finances and the recent Autumn Statement suggest a very gloomy outlook for local government financial settlements in the next CSR period. The recent spate of local authority 'Section 114' notices – where a Council effectively declares itself bankrupt – has led some commentators to suggest that the restricted future funding of local authorities implied by the Autumn Statement is unsustainable. Given the proximity of the next general election however, and the reality that future settlements will be the responsibility of the next government, it is very difficult to look beyond the 2024/25 financial year with any degree of confidence.

The background and context for local government finance, and the Council specifically, will be considered in more detail within the Medium Term Financial Outlook, due for publication and approval at Cabinet and then Council in February 2024.

As noted previously, at the time of drafting, key information around the 'Provisional Financial Settlement' - which provides the detail of the government funding that the Council will receive - is not available. This information will likely be released immediately preceding the Christmas holidays and any significant differences between the actual award and estimates set out in this report will be reflected in the final budget due for presentation to Cabinet, and then Council, in February 2024.

Scope of the budget

The budget incorporates both the General Fund and Housing Revenue Account.

Approach to budget setting

The approach to setting the 2024/25 budget has been to recognise the structural financial deficit outlined in extant and previous versions of the Medium Term Financial Strategy but have regard to the uncertainty surrounding those projections and the desire to maintain and enhance the Council's portfolio of services as far as possible. This is particularly in respect of the climate change agenda, and in enabling the offer of support to communities in response to the cost of living crisis. The general approach is therefore to reduce the reliance on reserves on a year by year basis and move toward financial sustainability across the life of the 2023 – 2027 Council.

In this draft budget the Council has been able to recognise funding contributions from the Leicester and Leicestershire Business Rates Pool which has enabled the use of reserves to be minimised. In particular, it may be noted that no use of the General Fund Working Balance is proposed within the 2024/25 financial year.

This draft budget may fairly be regarded as 'Part One' of the budget setting process given that government funding remains, a major unknown, in the absence of the Provisional Financial Settlement information.

Features of the budget

Salient features of the draft budget include:

- **Use of General Fund Working Balance:** no use of the Working Balance is projected within the draft budget; this would leave the Working Balance at £5.4m at 31 March 2025, well above the £2.5m minimum level currently assessed by the Section 151 officer
- **Council tax:** the general Borough council tax increase is restricted to three percent; this increase is below the rate previously allowed under the historical 'capping rules' which are expected continue into 2024/25
- **Loughborough Special Expenses:** the Loughborough Special Expenses council tax increase is to be set at 1.99%, in line with previous years.
- **Community grants:** A £100,000 grants pot is to be created to enable community groups working with residents struggling with the cost of living, £25,000 of which is to be specifically allocated to the Citizens Advice Bureau

- **Garden waste collection charges:** the charge for garden waste collections is to be frozen for 2024/25

With respect to the Housing Revenue Account (HRA):

- The budget assumes a **'break even' position.**
- **Investment in stock:** some £7.2m within the HRA is earmarked for investment in the housing stock; £4.3m arising from the depreciation charge and a specific allocation of £2.9m
- **Rent increases:** rentals are planned to increase by CPI+1% in accordance with national guidelines; this equates to a 7.7% increase, although around three-quarters of tenants will be insulated from this increase due to Housing Benefit and Universal Credit payments.
- **Reserves:** the HRA reserve will be maintained at £110 per house in line with historical precedent whilst the HRA financing fund, available for both investment in the stock or repayment of HRA debt, will be maintained at above £13m

Further detail of the HRA is set out in subsequent paragraphs and tabulated at Table 3.

General Fund savings and pressures

Senior officers have developed a portfolio of options for change for additional income generation and cost savings over a range of Council activities. The total potential savings from this portfolio exceeds £1m with the view that £0.4m can be implemented and realisable within the 2024/25 financial year.

Options for change under consideration include a review of the Council's car parking provision, digitisation of billing processes, asset utilisation (particularly the Council's own office accommodation) and service reviews across a number of identified services.

In common with public and private sector organisations of all types, the Council has suffered from cost inflation and loss of income streams that can be attributed to economic conditions.

Pressures include:

- Pay award – as yet undetermined for 2024/25 but budgeted to add £0.75m to the pay bill
- Additional costs within financial services relating to External Audit fees (increased by 151%) and additional vendor ICT charges of £0.1m
- Loss of rental incomes relating to the retrenchment of the County Council from Council offices; approximately £0.1m per annum
- Reduced management fees from our leisure provider

Further detail of savings and pressures are tabulated at appendix 1

Business Rate Pool receipts

The Leicester and Leicestershire Business Rates Pool (BRP) arrangement allows business rates that would otherwise have been remitted to central government to be retained in Leicestershire. The County and City Councils, and all Leicestershire Districts are party to this arrangement.

Historically, disbursement of BRP receipts has been undertaken by the Leicester & Leicestershire Economic Partnership (LLEP) but the cessation of this body has resulted in an agreement that BRP receipts will be distributed directly to participating local authorities for the purpose of revenue or capital expenditure under the broad heading of 'economic priorities'.

It is fair to say that the negotiation process to agree the distribution amongst individual local authorities was somewhat extended, but agreement has been reached in respect of the 2020/21 and 2021/22 BRP receipts and £1.3m being the Council share of these has been received. Additionally, a sum in respect of 2022/23 – estimated at £0.4m - should be received by the end of the 2023/24 financial year. This has enabled the Council to support the budget for 2024/25 and future years as tabulated below showing the planned use of reserves.

TABLE 1: USE OF BUSINESS RATE POOL RESERVE

Business Rates Pool Reserve	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Balance B/f	0	72	(1,496)	(505)
Monies received*	0	(1,302)	0	0
Estimated 2022/23	0	(400)	0	0
Economic Development resources	72	135	141	78
Contribution to Capital Plan	0	0	850	0
Balance C/f	72	(1,496)	(505)	(427)

*2020/21 and 2021/22

It may be noted that much of the reserve carried forward and available for future years has been earmarked to support the Council's economic development and regeneration functions.

Principal budgetary risks

There are number of risks and issues that can impact on the budget as set out. These include:

- **Grant funding** allocated within the Provisional Financial Settlement falling short of amounts estimated within the budget
- Material **shortfall in significant income streams** such as planning fees or garden waste income
- Service demand – **homelessness** provision is a particular risk

- **Supported living** – rent increases by charitable organisations offering supported living services that do not operate under the auspices of a Registered Provider may result in significant additional losses in unrecoverable housing benefit payments

A more detailed discussion of risk will be included in the Medium Term Financial Outlook report which will be published for the respective Cabinet and Council meetings in February 2024.

Report of the Chief Financial Officer ('Section 25' report)

Note only – Draft budget

The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Chief Finance Officer must report to it on the following matters:

- The robustness of the estimates made for the purposes of the calculations
- The adequacy of the proposed financial reserves.

The authority must have due regard to the report when making decisions on the budget and precept.

The report of the Chief Financial Officer will be included within the final budget following the consultation period and receipt of key details within the Provisional Financial Settlement. However, it is envisaged that the Chief Financial Officer will be able to conclude positively on the robustness of estimates and the adequacy of financial reserves.

Draft General Fund budget 2024/25

The summary draft General Fund budget for 2024/25 is set out at Table 2, below.

TABLE 2A: DRAFT GENERAL FUND BUDGET 2024/25

Actual 2022/23	General Fund Budget Summary	Original Budget 2023/24	Draft Budget 2024/25	Variance 2023/24 v 2024/25
£000		£000	£000	£000
18,829	Net General Fund Service Expenditure	19,220	21,627	(2,407)
0	Less MRP & Interest & Commercial Reserve	(929)	0	(929)
0	Net Options for Change (Saving)/Pressure	0	(366)	366
0	Service Savings (Ongoing)	(417)	(124)	(293)
0	Service Savings (One-off)	0	(72)	72
0	Community Grants	0	100	(100)
0	Service Pressures (Ongoing)	1,931	309	1,622
0	Service Pressures (One-off)	579	122	456
18,829	Net Service Expenditure	20,383	21,597	(1,214)
85	Revenue Contributions to Capital	0	0	0
1,302	EZ LLEP Contribution	0	0	0
0	MRP Charge	604	611	(7)
280	Interest Paid	230	58	173
(1,076)	Less: Interest on Balances	(1,500)	(1,300)	(200)
19,420	Total Borough Expenditure	19,717	20,965	(1,248)
5	Contribution (from)/to Reinvestment Reserve	500	274	227
77	Contribution (from)/to Working Balance	(1,297)	1	(1,297)
0	Contribution (from)/to Business Rates Pool	0	(141)	141
122	Contribution (from)/to Collection Fund	0	0	0
(35)	Contribution (from)/to Capital Plan Reserve	0	(850)	850
200	Contribution (from)/to Commercialisation Reserve	325	26	299
(142)	Contribution (from)/to Other Reserves	0	0	0
0	Contribution (from)/to Growth Support Fund	0	0	0
19,647	Precept Requirement	19,245	20,274	(1,029)
174	Revenue Support Grant	329	353	(24)
6,604	NNDR	6,400	6,800	(400)
0	Funding Guarantee	0	3,000	(3,000)
7,981	Council Tax Receipts	8,314	8,711	(397)
1,346	Loughborough Special Levy	1,367	1,410	(43)
1,631	New Homes Bonus	373	0	373
0	Lower Tier Services Grant/Tranche 5 one off	0	0	0
1,790	General Government Grants	2,462	0	2,462
122	Collection Fund Surplus/(Deficit)	0	0	0
19,647	Precept Income	19,245	20,274	(1,029)

TABLE 2B: DRAFT GENERAL FUND BUDGET 2024/25 – Revenue Balances

Actual 2022/23	Revenue Balances	Final Budget 2023/24	Draft Budget 2024/25	Variance 2023/24 v 2024/25
£000		£000	£000	£000
(6,567)	Working Balance at 1 April	(6,211)	(6,766)	555
0	Use of reserve committed in 2023/24	0	1,295	(1,295)
(199)	Transfer (from)/to General Fund	1,297	(1)	1,297
0	Transfer (from)/to Reinvestment Reserve	500	0	500
(6,766)	Balance at 31 March	(4,414)	(5,472)	1,057
(495)	Reinvestment Reserve Balance at 1 April	(328)	(500)	172
0	Allocated balance	328	418	(90)
(5)	Transfer (from)/to General Fund (Cap Plan Rs??)	(500)	(274)	(227)
(500)	Balance at 31 March	(500)	(356)	(144)
(1,909)	Capital Plan Reserve Balance at 1 April	(1,695)	(1,874)	179
0	Contribution (from)/to Business Rates Pool	0	(850)	850
35	Transfer (from)/to General Fund	0	850	(850)
(1,874)	Balance at 31 March	(1,695)	(1,874)	179
(3,051)	NDR Deficit COVID Reserve at 1 April	(3,052)	(1,477)	(1,575)
1,574	Funding of NDR COVID Deficit	3,052		3,052
(1,477)	Balance at 31 March	0	(1,477)	1,477
0	Business Rates Pool Reserve at 1 April	0	0	0
0	Monies received in year	0	(1,702)	1,702
0	Use of reserve – as table 1	0	347	(347)
0	Transfer (from)/to Capital Plan reserve	0	850	(850)
0	Balance at 31 March	0	(505)	(850)
(3,344)	Other Revenue Reserve Balances at 1 April	(3,343)	(3,403)	60
(59)	Transfer (from)/to General Fund	(325)	(26)	(299)
(3,403)	Balance at 31 March	(3,668)	(3,429)	(239)
(14,020)	TOTAL BALANCES	(10,277)	(13,111)	2,434

Loughborough Special Expenses

The proposed increase to the Loughborough Special Levy is 1.99% to a rate of £82.72 per band D property (2023/24: £81.11).

It should be noted that costs within Loughborough Special Expenses sit within the overall General Fund Working Balance. The Loughborough Special Expenses budget was due for presentation to the Loughborough Area Committee on 6 December 2023.

The budget and movement of the budgets from 2023/24 to 2024/25 are provided at Appendix 2 (table 1 and 2) to this report.

General Fund reserves and balances

Working balance

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 £2.5m, representing six weeks net expenditure, in line with good practice. The draft original budget balance on this fund at the end of March 2025 is projected at £5.4m.

Reinvestment Reserve

This is used for three purposes, these being:

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

It is planned that this reserve receive a 'top-up' of £0.3m for 2024/25

Capital Plan Reserve

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 £1.9m at 31 March 2025.

Business Rate Pool reserve

This is a new reserve set up from the BRP distributions. Further detail was set out previously and at Table 1 and Table 3a of this report.

Other Earmarked Revenue Reserves

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

TABLE 3: DRAFT – PROJECTED GENERAL FUND RESERVES AND BALANCES

Reserve Balances	Balance as at 1st April 2024	Used or Transferred to Other Reserves in 2024/25	Balance as at 31st March 2025
	£'000	£'000	£'000
Working Balance	6,766	(1,295)	5,471
Reinvestment Reserve	500	(144)	356
Capital Plan Reserve	1,874	0	1,874
NDR Reserves	1,477	0	1,477
Business Rates Pool Reserve	0	505	505
Earmarked Reserves	3,402	26	3,428
Total Revenue Reserves	14,019	(908)	13,111

Housing Revenue Account (HRA)

The draft original budget position for 2024/25 is breakeven. The 2024/25 budget funds the capital programme through a contribution of £2.9m Revenue Contribution to HRA Capital and the Major Repairs Reserve through a £4.3m Depreciation Charge. There are Service pressures of £0.8m which are £0.4m inflationary pressures (Appendix 3 - Table 1) and ongoing additions of £0.4m (Table 4).

Rents have been increased by CPI+1% in accordance with national guidelines which is a 7.7% increase. The rent increase will be covered by Housing benefit and Universal Credit, subject to benefit eligibility. There are approximately 1,344 tenants (as on 21 November 2023) thought not to be in receipt of these benefits.

HRA balances (reserves)

Principal HRA reserve

The Section 151 Officer recommends a minimum level of working balances for the HRA of £110 per property. There are 5,428 properties anticipated on 31st March 2025 (anticipating 22 right to buy sales); working balances have been adjusted to reflect this projection at £0.6m (precisely £597,000).

HRA Financing Fund

The HRA Financing Fund was set up to set aside monies to cover future HRA expenditure. Cabinet have approved a facility whereby a further £0.5m can be drawn down from the Financing Fund each year. (Recommendation 2 - Landlord Services Capacity - 1 June 2023). The budget as presented excludes this additional £0.5m which is held in reserve until required. The anticipated balance of the HRA Financing Fund on 31 March 2025 is £13.8m although this will reduce to £13.3m if it is drawn down during 2024/25.

Major Repairs Reserve

The Major Repairs Reserve is a statutory fund and can only be used to finance capital expenditure and debt repayment. The anticipated balance on 31 March 2025 is zero. This is because the anticipated brought forward balance of £4.5m will be used to fund the 2024/25 capital programme alongside a £1m loan payment to the Public Works Loan Board. This is the first of the loans maturing from the £79m self-financing settlement of 2012.

The HRA draft Capital Programme for 2024/25 is £13.3m. This is fully funded from Depreciation £4.3m, HRA Revenue contribution to Capital (RCCO) £2.9m, and the HRA financing fund £2.2m, the Major Repairs Reserve £3.5m and £0.4m from 1-for-1 capital receipts (HRA Right to buy sales).

Total HRA balances at 31 March 2025 is anticipated to be £14.4m.

TABLE 4: DRAFT HRA BUDGET 2024/25

2022/23 Actual	Housing Revenue Account	2023/24 Original Budget	2024/25 Original Budget
£000		£000	£000
	Expenditure		
6,052	Supervision and Management	6,512	7,118
7,626	Repairs and Maintenance	7,429	8,385
505	Rents, Rates and Other Charges	291	408
13	Provision for Bad Debts & Other Charges	118	333
3,991	Depreciation	3,942	4,278
(331)	Net Revaluation non-current assets increase	0	0
22	Debt Management Expenses	16	22
17,878	Expenditure Sub-total	18,308	20,544
	Income		
(21,001)	Dwelling Rent Income	(22,711)	(24,582)
(398)	Shops, Land and Garages Rent	(402)	(387)
(47)	Warden Service Charges	(49)	(53)
(316)	Central Heating, Cleaning and Communal Charges	(328)	(361)
(198)	Leasehold Flat and Shop Service Charges	(160)	(198)
(24)	Hostel Service Charges	(23)	(25)
(8)	Council Tax Recharged	(8)	(8)
(21,992)	Income Sub-Total	(23,681)	(25,614)
(4,114)	Net (income)/Cost of service	(5,373)	(5,070)
(80)	Transfer from General Fund – Grounds Maintenance	(90)	(97)
2,737	Interest Payable	2,738	2,737
(501)	Investment Income and Mortgage Interest	(506)	(517)
(1,958)	Net Operating Expenditure/(Income)	(3,231)	(2,947)
0	Revenue Contribution to Capital	3,231	2,947
(605)	Pension Adjustment	0	0
18	Accumulated Absence Adjustment	0	0
331	Reversal of Gain on Revaluation	0	0
(256)	Appropriations	3,231	2,947
(2,214)	(Surplus)/Deficit for the year	0	0
HRA Balances:			
(606)	HRA Balance at beginning of year	(603)	(598)
(2,214)	(Surplus)/Deficit for the year	0	0
2,217	Transfer to/from Reserves	(882)	1
0	Adjustments to 2023/24 Budget	887	0
(603)	HRA Balance at end of year	(598)	(597)
(14,576)	HRA Financing Fund beginning of year	(16,793)	(15,911)
(2,217)	Transfer to/from Reserves	882	1
0	Revenue Contribution to Capital	0	2,151
(16,793)	HRA Financing Fund at end of year	(15,911)	(13,759)
(4,475)	Major Repairs Reserve at end of year	(4,475)	0
(21,871)	Overall HRA balances end of the year	(20,984)	(14,356)

Appendices

Appendix 1 - General Fund Pressures and Savings

Appendix 2 - Loughborough Special Expense budget 2024/25

Appendix 3 - Housing Revenue Account Pressures and Savings

Table 1 - Inflation

Head of Service	Service	Account	Amount	Description
Head of Governance and Human Resources	Corporate Management	Professional Fees	7,000	Inflationary increases for professional fees
Head of Governance and Human Resources	Civic Expenses	Mayoral Allowance	500	Mayoral allowance increases in line with salary increases
Head of Transformation, Strategy and Performance	HR	Software Annual Charges	7,000	Inflationary increases for software charges
Head of Transformation, Strategy and Performance	HR	Leicester County Council	11,000	SLA HR increases in line with salary increases
Head of Governance and Human Resources	Audit & Risk	Consultant Fees	2,600	SLA H&S Consultant with LCC increases in line with salary increases
Head of Governance and Human Resources	Audit & Risk	Internal Auditors	10,000	SLA NWLDC increases in line with salary increases
Head of Governance and Human Resources	Legal Services	Software Annual Charges	7,300	Inflationary increases for software charges
Head of Governance and Human Resources	Register of Electors	Software Annual Charges	2,000	Inflationary increases for software charges
Head of Governance and Human Resources	Democratic Svs	Member Allowance	18,700	Members allowances increases in line with salary increases
Head of Governance and Human Resources	Emergency Planning	Emergency Planning	1,700	Local Resilience Forum (salary time) increases in line with salaries
Customer Experience	ICS	Software Annual Charges	18,500	5% inflationary increase to Annual Software charges
Customer Experience	ICS	Azure Overage Costs	28,000	5% inflationary increase to Azure Overage in costs
Head of Strategic Housing	Private Sector Alarm System	Oadby and Wigston BC Contract Income	(400)	Additional income through charge rises
Head of Strategic Housing	Private Sector Alarm System	Private Lifeline Charges	(16,100)	Additional income through charge rises
Total Inflation Pressure			90,800	

Appendix 1**Table 2 - Ongoing Pressures**

Head of Service	Service	Account	Amount	Description
Head of Regulatory and Community Safety	Beehive Lane Multi Storey Car Park	Season Tickets-Car Park	11,400	Following COVID and how lifestyles have changed since
Head of Regulatory and Community Safety	Southfields Car Parks	Staff Car Parking Charges	9,000	Following COVID and how lifestyles have changed since
Head of Regulatory and Community Safety	Southfields Car Parks	Capita Car Park Charges	2,000	Following COVID and how lifestyles have changed since
Head of Regulatory and Community Safety	Granby Street Shoppers Car Park	Parking Penalty/Fine	1,000	Following COVID and how lifestyles have changed since
Head of Contracts: Leisure,Waste and Environment	Refuse Collection	Environmental Services Variation	30,000	Contract variation to comply with new EA Legislation on POPs (soft furnishing)
Head of Finance	External Financial Overheads	Bank Charges	40,000	Increasing charges due to the way CBC collect receipts
Head of Contracts: Leisure,Waste and Environment	Leisure Services		216,000	
Total Ongoing Pressures			309,400	

Table 3 - One-Off Pressures

Head of Service	Service	Account	Amount	Description
Head of Contracts: Leisure,Waste and Environment	Loughborough Cemetery	Sub contractors	31,000	Memorial Testing
Head of Regulatory and Community Safety	Beehive Lane Multi Storey Car Park	Car Parks charges	50,800	Pending Car Park Review Strategy
Head of Regulatory and Community Safety	Browns Lane (Leisure Centre) Car Park	Car Parks charges	6,400	Pending Car Park Review Strategy
Head of Regulatory and Community Safety	Southfields Car Parks	Car Parks charges	3,800	Pending Car Park Review Strategy
Head of Regulatory and Community Safety	Granby Street Shoppers Car Park	Car Parks charges	16,800	Pending Car Park Review Strategy
Head of Regulatory and Community Safety	Southfields Extension Car Park	Car Parks charges	13,500	Pending Car Park Review Strategy
Total One-Off Pressures			122,300	

Table 4 - Ongoing Savings

Head of Service	Service	Account	Amount	Description
Head of Regulatory and Community Safety	Street Management Team	LCC Reimbursement	(22,500)	Net increase for LCC street management reimbursement
Head of Contracts: Leisure,Waste and Environment	Loughborough Cemetery	fees	(31,000)	Cemetery income based on current figures
Head of Assets and Property	Southfields Offices	Southfields Office Rent	(3,500)	Increase in floor space at Southfields from Oct23 - Nov25
Director Commercial and Economic Development	Market Street Commercial Property	Commercial Properties Rent	(34,200)	Tenancy agreed from 25/03/2024
Head of Strategic Housing	Housing Standards Licensing Scheme	Housing Standards Licences (Metastreet)	(33,000)	Licence Fee income relating to Housing Standards Licence Scheme
Total Ongoing Savings			(124,200)	

Table 5 - One-Off Savings

Head of Service	Service	Account	Amount	Description
Head of Strategic Housing	Housing Standards Licensing Scheme	Housing Standards Licences (Metastreet)	(51,700)	Licence Fee income relating to Housing Standards Licence Scheme
Head of Strategic Housing	Head of Strategic Housing	Dept Communities and Local Government	(11,100)	Additional grant to cover salaries
Head of Strategic Housing	Housing Standards	Dept Communities and Local Government	(8,800)	Additional grant to cover salaries
Total One-Off Savings			(71,600)	

LOUGHBOROUGH SPECIAL EXPENSES

Appendix 2 - Table 1

2023/24		2024/25		
Loughborough Special Expenses £	Service	Loughborough Special Expenses £	2023/24 to 2024/25 Difference £	% Variance
96,800	Loughborough CCTV	119,100	22,300	18.7%
65,500	Community Grants - General / Fearon Hall / Gorse Covert	65,500	0	0.0%
38,000	Marios Tinenti Centre / Altogether Place / Community Hubs	39,000	1,000	2.6%
6,700	Charnwood Water Toilets	6,600	(100)	-1.5%
39,700	Voluntary & Community Sector Dev Officer post (75% LSX)	41,900	2,200	5.3%
126,200	Contribution towards Lough Open Spaces Grounds Maintenance	138,300	12,100	8.7%
(9,400)	November Fair	(14,200)	(4,800)	33.8%
	<u>Parks:</u>			
352,700	Loughborough - including Loughborough in Bloom	371,800	19,100	5.1%
72,200	Gorse Covert and Booth Wood	78,300	6,100	7.8%
	<u>Sports Grounds:</u>			
117,500	Derby Road	130,800	13,300	10.2%
44,800	Lodge Farm	49,900	5,100	10.2%
96,600	Nanpantan	104,800	8,200	7.8%
18,600	Park Road	15,400	(3,200)	-20.8%
24,800	Shelthorpe Golf Course	49,100	24,300	49.5%
56,800	Loughborough Cemetery	71,400	14,600	20.4%
50,400	Allotments - Loughborough	57,900	7,500	13.0%
9,200	Carillon Tower	10,500	1,300	12.4%
55,300	Festive Decorations and Illuminations	51,200	(4,100)	-8.0%
105,000	Town Centre Management	102,000	(3,000)	-2.9%
1,367,400		1,489,300	121,900	8.2%
	Adjustments from Year 2022/23	(78,891)		
-275	Adjustments from Year 2021/22			
1,367,125	AMENDED SUB TOTAL	1,410,409		
Divided by 16,855.20	Council Tax Base	Divided by 17,050.40		
<u>81.11</u>	Special Council Tax	<u>82.72</u>		

Analysis of Budget Movement

Appendix 2 - Table 2

Service	2023/24 £	Employees £	Operating Costs £	NNDR £	MOS Contract £	Enviromental Services Contract £	Support Services £	Income £	2024/25 £
Loughborough CCTV	96,800	13,900	(1,100)				8,800	700	119,100
Community Grants - General / Fearon Hall / Gorse Covert	65,500								65,500
Marios Tinenti Centre / Altogether Place / Community Hubs	38,000			1,000					39,000
Charnwood Water Toilets	6,700		(100)						6,600
Voluntary & Community Sector Dev Officer post (75% LSX)	39,700	2,200							41,900
Contribution towards Lough Open Spaces Grounds Maintenance	126,200				12,100				138,300
November Fair	(9,400)						(4,800)		(14,200)
<u>Parks:</u>	-								-
<i>Loughborough - including Loughborough in Bloom</i>	352,700		(10,000)		15,800	6,000	7,300		371,800
<i>Gorse Covert and Booth Wood</i>	72,200				5,600		500		78,300
<u>Sports Grounds:</u>	-								-
<i>Derby Road</i>	117,500				6,300	1,200	1,800	4,000	130,800
<i>Lodge Farm</i>	44,800				1,800	300	1,300	1,700	49,900
<i>Nanpantan</i>	96,600			(200)	2,400	700	4,300	1,000	104,800
<i>Park Road</i>	18,600				400	500	900	(5,000)	15,400
<i>Shelthorpe Golf Course</i>	24,800			(600)	3,700	700	1,300	19,200	49,100
Loughborough Cemetery	56,800	9,000	31,000	2,200	4,800		7,600	(40,000)	71,400
<i>Apotments - Loughborough</i>	50,400				1,100		6,400		57,900
<i>Grillon Tower</i>	9,200	1,500	(1,000)				800		10,500
<i>Festive Decorations and Illuminations</i>	55,300						(4,100)		51,200
Town Centre Management	105,000	3,800			200		(7,000)		102,000
	1,367,400	30,400	18,800	2,400	54,200	9,400	25,100	(18,400)	1,489,300

Appendix 3 - Table 1 HRA Inflation
£

Head of Service	Service	Account	Amount	Description
Head of Landlord Services	Responsive Repairs	HRA - General Repairs	326,300	Materials, deliveries, labour and contractor inflationary cost increases.
Head of Landlord Services	Tenancy & Estate Management	Contract Cleaning	18,000	Inflationary costs recovered by a higher service charge.
Head of Landlord Services	Housing Income Team	Software Annual Charges	19,300	For software covering rental analytics which supports the identification of rent arrears cases that income officers need to focus on. It was introduced in 2020 and rent collection and arrears performance has improved year on year since.
			<u>363,600</u>	

Appendix 3 - Table 2 HRA - Pressures Ongoing
£

Head of Service	Service	Account	Amount	Description
Head of Landlord Services	Responsive Repairs	Door Entry Maintenance	15,000	Demand led service which is expected to increase.
Head of Landlord Services	Responsive Repairs	Legal Costs / Court Fees	200,000	Disrepair costs rapidly increasing due to Barrister charges. Nationally, there has been an increase in disrepair claims.
Head of Landlord Services	Responsive Repairs / Capital Team	Salaries	129,900	Three additional resident liaison officers are needed to both prevent and support the response to complaints and improve the customer experience around repairs. The context is a national increase in housing repairs complaints of around 78%, and a relatively new requirement under the Housing Ombudsman's Complaint Handling Code to respond to each complaint formally in writing
Head of Landlord Services	Housing Income Team	Salaries	43,300	To make permanent a temporary post - Universal credit Officer. This post was introduced several years ago to support tenants to transfer on to and claim Universal Credit successfully and therefore to sustain rental income and prevent evictions. The government roll out of Universal Credit has been intermittent, however continues. The post has been resourced on an annual basis from underspends, with the duration of the post each year. This pressure clarifies the correct budget for the continuation of the post.
Head of Landlord Services	Tenancy & Estate Management	Estate Maintenance	38,100	Demand led service - more items are being discarded in communal areas at Council accommodation. The Council must keep these areas clear to comply with its fire safety duties.
Head of Landlord Services	Business Support	Salaries	12,600	To strengthen the resilience of the Leaseholder service. Spend to save.
			<u>438,900</u>	

Total
802,500

REPORT OF THE 2023/24 BUDGET SCRUTINY PANEL (Scrutiny of 2024/25 Draft Budgets)

Foreword by Councillor Charles, Chair of the Panel

“Insert”.

1. Background

Following a decision of the Scrutiny Commission at its meeting on 7th August 2023, a Budget Scrutiny Panel has undertaken scrutiny of the Council's draft budgets for 2024/25.

2. Panel Membership

Councillors Charles (Chair), Haynes, Monk, Popley, Seaton, Westley.

3. Meetings and Matters Considered

24th October 2023

Considered:

- Scrutiny Plan/Timetable
- Presentation on financial position of the Council
- Approach to 2024/25 budget setting.

12th December 2023

Considered:

- Draft Budgets 2024/25 (Cabinet Report 14th December 2023)
- Suggested recommendations/observations for Panel's report.

3rd January 2024

Considered:

- Final Panel report for submission to Scrutiny Commission on 8th January 2024.

The information considered by the Panel at its meetings is available on the Council's website, here:

[Browse meetings - Budget Scrutiny Panel - Charnwood Borough Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

Minutes detail the Panel's discussions at each meeting and are available via the above link, also attached as an **Appendix** to this report.

4. Other Attendees

Others attended meetings of the Panel and assisted with its scrutiny as follows:

Director Finance, Governance and Contracts

Cabinet Lead Member for Finance, Customer & Support Services, Revenues and Benefits

Insert any additional.

5. Panel Recommendations

Insert.

6. Panel Observations

Insert (if any).

7. Background Papers

The information considered by the Panel at its meetings is available on the Council's website, here:

[Browse meetings - Budget Scrutiny Panel - Charnwood Borough Council \(modern.gov.co.uk\)](http://modern.gov.co.uk)

8. Appendix

Minutes of 3 x Panel meetings outlined above.

January 2024