

## **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<br>(2)   | Minor<br>(1)  | Very Low<br>(2)     | Robust budget planning and Budget Monitoring process are in place.  |
| Further exceptional spending being required during the financial year. | Likely<br>(3)     | Major<br>(3)  | Moderate<br>(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

Officer to Contact: Lesley Tansey  
Head of Finance  
01509 634828  
[lesley.tansey@charnwood.gov.uk](mailto:lesley.tansey@charnwood.gov.uk)

## 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**

| <b>Actual<br/>2020/21<br/>£000</b> |   | <b>Original<br/>Budget<br/>2021/22<br/>£000</b> | <b>Draft Original<br/>Budget 2022/23<br/>£000</b> | <b>Variance<br/>£000</b> |
|------------------------------------|---|---|---|--------------------------|
| 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)                     |
| <b>19,426</b>                      | <b>Net Service Expenditure</b>                          | <b>17,670</b>                                   | <b>16,955</b>                                     | <b>715</b>               |
| 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                        |
| <b>19,506</b>                      | <b>Total Borough Expenditure</b>                        | <b>18,872</b>                                   | <b>17,624</b>                                     | <b>1,249</b>             |
| (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)                    |
| <b>21,741</b>                      | <b>Precept Requirement</b>                              | <b>17,919</b>                                   | <b>17,585</b>                                     | <b>334</b>               |
| 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                       |
| <b>21,417</b>                      | <b>Precept Income</b>                                   | <b>17,919</b>                                   | <b>17,585</b>                                     | <b>334</b>               |
| <b>£000</b>                        | <b><u>REVENUE BALANCES</u></b>                          | <b>£000</b>                                     | <b>£000</b>                                       | <b>£000</b>              |
| <b>Actual<br/>2020/21</b>          |   | <b>Original<br/>Budget<br/>2021/22</b>          | <b>Draft Original<br/>Budget 2022/23</b>          | <b>Variance</b>          |
| 4,498                              | <b><u>Working Balance at 1 April</u></b>                | 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                    |
| <b>5,816</b>                       | <b>Balance at 31 March</b>                              | <b>2,534</b>                                    | <b>4,563</b>                                      | <b>(2,029)</b>           |
| 883                                | <b><u>Reinvestment Reserve Balance at 1 April</u></b>   | 357   | 333   | 24                       |
| (292)                              | Transfers from/(to) General Fund                        | 0   | 167   | (167)                    |
| <b>591</b>                         | <b>Balance at 31 March</b>                              | <b>357</b>                                      | <b>500</b>  | <b>(143)</b>             |
| 1,980                              | <b><u>Capital Plan Reserve Balance at 1 April</u></b>   | 1,819   | 1,763   | 56                       |
| 453                                | Transfer from/(to) General Fund                         | 0   | 0   | 0                        |
| <b>2,433</b>                       | <b>Balance at 31 March</b>                              | <b>1,819</b>                                    | <b>1,763</b>                                      | <b>56</b>                |
| 7,346                              | <b>NDR Deficit COVID Reserve</b>                        | <b>0</b>  | <b>0</b>  | <b>0</b>                 |
| 1,158                              | <b><u>Other Revenue Reserve Balances at 1 April</u></b> | 1,113   | 2,015   | (902)                    |
| 857                                | Transfers from/(to) General Fund                        | (106)   | 200   | (306)                    |
| <b>2,015</b>                       | <b>Balance at 31 March</b>                              | <b>1,007</b>                                    | <b>2,215</b>                                      | <b>(1,208)</b>           |
| <b>18,201</b>                      | <b>TOTAL BALANCES</b>                                   | <b>5,717</b>                                    | <b>9,041</b>                                      | <b>(1,208)</b>           |

## 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                    |
| <b>Total Revenue Reserves</b> | <b>9,080</b>                        | <b>(39)</b>                                      | <b>9,041</b>             |

### 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**

| <b>2020/21<br/>Actual</b> | <b>Housing Revenue Account</b>                      | <b>2021/22<br/>Original<br/>Budget</b> | <b>2022/23<br/>Original<br/>Budget</b> |
|---------------------------|---|--|--|
| <b>£000</b>               |   | <b>£000</b>                            | <b>£000</b>                            |
|                           | <b>Expenditure</b>                                  |  |  |
| 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<br>increase      | 0                                      | 0                                      |
| 18                        | Debt Management Expenses                            | 10                                     | 9                                      |
| <b>1,689</b>              | <b>Expenditure Sub-total</b>                        | <b>16,172</b>                          | <b>16,485</b>                          |
|                           | <b>Income</b>                                       |  |  |
| (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<br>Charges   | (309)                                  | (303)                                  |
| (143)                     | Leasehold Flat and Shop Service<br>Charges          | (143)                                  | (143)                                  |
| (28)                      | Hostel Service Charges                              | (24)                                   | (25)                                   |
| (9)                       | Council Tax Recharged                               | (10)                                   | (10)                                   |
| <b>(21,527)</b>           | <b>Income Sub-Total</b>                             | <b>(21,994)</b>                        | <b>(22,252)</b>                        |
| <b>(19,838)</b>           | <b>Net (income)/Cost of service</b>                 | <b>(5,822)</b>                         | <b>(5,767)</b>                         |
| (82)                      | Transfer from General Fund – Grounds<br>Maintenance | (85)                                   | (85)                                   |
| 2,701                     | Interest Payable                                    | 2,709                                  | 2,698                                  |
| (45)                      | Investment Income and Mortgage Interest             | (27)                                   | (15)                                   |
| <b>(17,264)</b>           | <b>Net Operating Expenditure/(Income)</b>           | <b>(3,225)</b>                         | <b>(3,169)</b>                         |
| 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                                      |
| <b>13,869</b>             | <b>Appropriations</b>                               | <b>3,225</b>                           | <b>3,169</b>                           |
| <b>(3,395)</b>            | <b>(Surplus)/Deficit for the year</b>               | <b>0</b>                               | <b>0</b>                               |
| <b>HRA<br/>Balances:</b>  |   |  |  |
| (610)                     | <b>HRA Balance at beginning of year</b>             | (609)                                  | (609)                                  |
| (3,395)                   | (Surplus)/Deficit for the year                      | 0                                      | 0                                      |
| 3,396                     | Transfer to/from Reserves                           | 0                                      | 5                                      |
| <b>(609)</b>              | <b>HRA Balance at end of year</b>                   | <b>(609)</b>                           | <b>(604)</b>                           |
| (8,235)                   | <b>HRA Financing Fund beginning of year</b>         | (11,631)                               | (11,631)                               |
| (3,396)                   | Transfer to/from Reserves                           | 0                                      | (5)                                    |
| 0                         | Revenue Contribution to Capital                     | 0                                      | 1,954                                  |
| <b>(11,631)</b>           | <b>HRA Financing Fund at end of year</b>            | <b>(11,631)</b>                        | <b>(9,682)</b>                         |
| <b>(3,210)</b>            | <b>Major Repairs Reserve at end of year</b>         | <b>(3,210)</b>                         | <b>(3,210)</b>                         |
| <b>(15,450)</b>           | <b>Overall HRA balances end of the year</b>         | <b>(15,450)</b>                        | <b>(13,496)</b>                        |

Appendices

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

**General Fund Service Savings 2022/23**

**Appendix 1**

| <b>£</b>          | <b>Service</b>                     | <b>Details</b>   |
|-------------------|------------------------------------|--|
| £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   |
| <b>£576,500</b>   | <b>Reductions in Expenditure</b>   |  |
| £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   |
| <b>£433,500</b>   | <b>Increases in Income</b>         |  |
| <b>£1,010,000</b> | <b>Total Ongoing Savings</b>       |  |
| <b>80,600</b>     | 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                                 |
| <b>183,900</b> | <b>Total Pressure</b> | <b>Ongoing</b> |   |
| 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                |
| <b>127,100</b> | <b>Total Pressure</b> | <b>One Off</b> |   |



| 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   |
|                               | <b>Parks:</b>   |                               |                                |            |     |
| 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   |
|                               | <b>Sports Grounds:</b>                                  |                               |                                |            |     |
| 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/NI 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.