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Meeting	COALVILLE SPECIAL EXPENSES WORKING PARTY
Time/Day/Date	6.30 pm on Tuesday, 3 January 2023
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST	
Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest.	
3. 2022/23 QTR 2 FINANCE UPDATE REPORT	
The Report of the Head of Finance.	3 - 8
4. 2023/24 DRAFT BUDGET	
The Report of the Head of Finance.	9 - 14

Circulation:

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COALVILLE SPECIAL EXPENSES WORKING PARTY –
TUESDAY, 3 JANUARY 2023

Title of Report	2022/23 QTR 2 FINANCE UPDATE REPORT
Presented by	Anna Crouch - Finance Team Manager and Deputy Section 151 Officer
Background Papers	Coalville Special Expenses Finance Update – Coalville Special Expenses Working Party 11 October 2022
Financial Implications	<p>The monitoring figures as at quarter 2 show a forecasted net revenue expenditure of £674,000 and total funding of £549,000. Without action the forecasted deficit of £125,000 would mean estimated deficit balances of £17,000 as at 31 March 2023.</p> <p>To ensure good financial management is adhered to it is essential action is taken to ensure savings are made in 2022/23 of at least £17,000 so the Coalville Special Expenses budget and reserves are not exceeded.</p> <p>The cost pressures are expected to continue in 2023/24. The Working Party need to take early action to ensure the financial position is proactively managed.</p> <p>Signed off by the Section 151 Officer: Yes</p>
Legal Implications	<p>None</p> <p>Signed off by the Monitoring Officer: Yes</p>
Staffing and Corporate Implications	<p>None</p> <p>Signed off by the Head of Paid Service: Yes</p>
Purpose of Report	To present the 2022/23 budget monitoring figures as at quarter 2 along with the forecasted outturn for the financial year.
Recommendations	<p>THAT THE WORKING PARTY</p> <ol style="list-style-type: none"> 1. NOTES THE 2022/23 QUARTER 2 BUDGET MONITORING FIGURES AND FORECASTED OUTTURN FOR 2022/23. 2. IDENTIFY AT LEAST £17,000 OF SAVINGS OR DEFERRAL OF PLANNED MAINTENANCE TO FUTURE FINANCIAL YEARS TO RECOMMEND TO CABINET.

1. QUARTER 2 BUDGET MONITORING AND FORECAST OUTTURN FOR 2022/23

- 1.1 The net revenue budget for 2022/23 is £685,000 and through Council Tax and Grants there is £522,000 funding available, leading to a budgeted deficit of £163,000. The level of reserves are £146,000 and could fund the majority of the budget deficit. The remaining £17,000 cannot be funded from available resources. The Working Party need to identify at least £17,000 of savings or deferral of planned maintenance to future financial years.
- 1.2 Actual expenditure up to the end of September is £311,000 and the forecast for the year is £674,000 but with additional external funding obtained and in year underspends this has led to a decrease in the forecasted deficit of £38,000 to £125,000. A summary of the financial position is shown in the table below and a more detailed breakdown is shown in Appendix A.

Table 1: 2023/23 Budget and Forecast Outturn

	2022/23 Budget	Forecast Outturn
Annual Recurring Expenditure	685,470	673,909
Funded by:		
Precept	492,903	492,903
Grant	29,193	29,193
Reserves	163,374	125,458
External Funding	0	26,355
	685,470	673,909

- 1.3 The main variances between the budget and forecast outturn are:
1. The additional £7,000 spend on Christmas lights as previously recommended by CSEWP on the 14 June 2022.
 2. The additional £6,000 costs of the Christmas lights contract i.e., installation, removal, storage, servicing, testing as previously recommended by CSEWP on the 11 October 2022.
 3. Increased income from burial fees £6,000
 4. An underspend on 2022/2023 Planned Preventative Maintenance budgets £15,500
- 1.4 Without taking action the Coalville Special expense balances are forecast to be in deficit by £17,000 as at 31 March 2023. Being in a deficit position is not good financial management. Savings or the deferral of planned maintenance is required to produce a balanced position. As set out elsewhere on the agenda the cost pressures are forecast to continue in the 2023/24 financial year. The working party are invited to identify at least £17,000 of savings or deferral of planned maintenance to future financial years.
- 1.5 A list of the earmarked reserves as at the end of September are shown in Appendix B.

Appendix A

COALVILLE SPECIAL EXPENSES 2022/23 - Q2 ACTUALS & FORECASTED OUTTURN

	2022/23		
	Original Estimate	Actuals & Commitments as at 30.09.22	Forecasted Outturn as at 30.09.22
	£	£	£
Parks, Recreation Grounds, Open Spaces & War Memorials	396,380	173,358	377,998
Broomley's Cemetery	74,660	5,247	65,751
One Off Grants	2,000	500	2,000
Coalville Events	78,050	61,958	93,780
Other Expenses	5,000	5,000	5,000
TOTAL SPECIAL EXPENSES (Net Cost Of Service)	556,090	246,063	544,529
Service Management/Admin Buildings recharges	129,380	64,690	129,380
ANNUAL RECURRING EXPENDITURE	685,470	310,753	673,909
FUNDED BY:			
Use of Reserves	163,374	0	125,458
Precept	492,903	0	492,903
Localisation of Council Tax Support Grant	29,193	0	29,193
External grant funding	0	0	26,355
	685,470	0	673,909
BALANCES 1st APRIL	85,199	108,615	108,615
CONTRIBUTION TO/(FROM) RESERVE	(163,374)	0	(125,458)
BALANCES 31st MARCH (Deficit)	(78,175)	108,615	(16,843)

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COALVILLE SPECIAL EXPENSES RESERVES 22/23 AS AT Q2

<u>OTHER CV SPECIAL EXPENSE RESERVES</u>	Balance as at 01.04.22	Contributions 22/23	Expenditure & Commitments 22/23	Balance as at 30.09.22
<u>EARMARKED RESERVES</u>	£	£	£	£
Local Authority Parks Improvement Programme	15,714	0	0	15,714
Graffiti art project - CV park green flag award	600	0	0	600
Scotlands Playing Fields - Environmental Improvement Projects	350	0	200	150
Legal fees to remove covenants & amend S106 (Barratts) - Lillehammer drive	3,580	0	662	2,918
Coalville in Bloom	2,306	0	2,306	0
Thringstone Miners Social Centre Training Pitch	7,431	0	0	7,431
Coalville Events (Cinema in the Park)	16,000	0	16,000	0
	45,981	0	19,168	26,813
<u>PPM EARMARKED RESERVES</u>				
Scotlands Bowls Club - Storage and Water Heaters Upgrade	1,240	0	0	1,240
London Road Cemetery - Tree Works	340	0	0	340
Claremont Drive Play Area - Equipment Replacement	8,520	0	0	8,520
	10,100	0	0	10,100
TOTAL COALVILLE SPECIAL EXPENSE RESERVES	56,081	0	19,168	36,913

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COALVILLE SPECIAL EXPENSES WORKING PARTY –
TUESDAY, 3 JANUARY 2023

Title of Report	2023/24 DRAFT BUDGET AND COUNCIL TAX
Presented by	Anna Crouch Finance Team Manager & Deputy S151 Officer
Background Papers	Budget and Council Tax 2022/23 – Council 24 February 2022
Financial Implications	<p>It is a statutory requirement that the Council approve a balanced budget.</p> <p>Special expenses are part of the council's budget and therefore must also have a balanced budget. The report provides options to produce a balanced budget.</p> <p>Councillors will need to choose the appropriate balance between increasing council tax, reducing costs and rephasing asset preventative maintenance.</p> <p>Signed off by the Section 151 Officer: Yes</p>
Legal Implications	<p>There are no legal implications arising directly out of this report.</p> <p>Signed off by the Monitoring Officer: Yes</p>
Staffing and Corporate Implications	<p>None</p> <p>Signed off by the Head of Paid Service: Yes</p>
Purpose of Report	To present the 2023/24 draft budget to the Coalville Special Expenses precept.
Recommendations	FOR THE COALVILLE SPECIAL EXPENSES WORKING PARTY TO PROVIDE COMMENTS ON THE DRAFT BUDGET (APPENDIX A) AND FEEDBACK ON THE RECOMMENDED LEVEL OF COUNCIL TAX INCREASE/SAVINGS TO BE ACHIEVED TO BE CONSIDERED BY CABINET.

1. BACKGROUND

- 1.1 This report provides an opportunity for the Working Party to provide comments on the draft budget and precept increase before it is presented to Cabinet.

2. DRAFT BUDGET POSITION 2023/24-2027/28

- 2.1 As part of the budget process the Coalville Special Expenses precept needs to be reviewed each year to make sure there is sufficient funding to cover future expenditure requirements.
- 2.2 The budget includes a five year Planned and Preventative Maintenance (PPM) programme which should provide sufficient funding to cover future planned maintenance along with a programme for play equipment replacement. The PPM programme has been updated as part of the budget preparation.
- 2.3 The budget also allows for the phasing out of the Localisation of Council Tax Support Grant which commenced in 2021/22 for four years.
- 2.4 The Council Tax Base has been calculated for 2023/24 and the Band D equivalents for Coalville is 6,743 an increase of 65 from 2022/23.

Budget Requirement

- 2.5 To enable consultation to commence, a draft budget requirement covering the period 2023/24 to 2027/28 has been produced and is available at Appendix A. Table 1 below shows the change in budget requirement from the current year budget to 2023/24.

Table 1: Budget Comparison 2022/23 to 2023/24.

	2022/23 Budget	2023/24 Budget	Change
	£	£	£
Parks, Recreation Grounds & Open Spaces	396,380	449,840	53,460
Broomley's Cemetery & Closed Churchyard	74,660	23,980	-50,680
One Off Grants	2,000	2,000	0
Coalville in Bloom (Other Expenses)	5,000	5,000	0
Coalville Events	78,050	66,730	-11,320
External Grant Funding (play equipment)	0	0	0
SPECIAL EXPENSES (NET COST OF SERVICE)	556,090	547,550	-8,540
Service Management recharges/Admin Buildings	129,380	160,180	30,800
NET COST OF SERVICES AFTER RECHARGES	685,470	707,730	22,260

- 2.6 There are favourable variances in relation to an additional £10,500 burial income and a decrease in PPM of £49,000. The adverse variances relate to increases in expenditure in relation to Grounds Maintenance Recharges (£54,000), Utilities (£6,000), Christmas Decorations Contract (£7,000), Events (£5,000) and Service Management Recharges (£7,500).
- 2.7 There has been a change in accounting for 2023/24, salaries in relation to Events are no longer included within Coalville Events budget line, instead they will be recharged as Service Management. Table 2 below shows the budget impact of this change.

Table 2: Impact of Accounting Change

	2022/23 Budget £	Budget Changes £	Salaries Changes	2023/24 Budget £
Coalville Events	78,050	12,000	-23,320	66,730
Service Management	129,380	7,480	23,320	160,180

Planned Preventative Maintenance (PPM)

- 2.8 The proposed PPM budget for 2023/24 is £95,510 and the planned maintenance is detailed in Table 3.

Table 3: 2023/24 Planned Preventative Maintenance

Coalville Park Public Conveniences - refurb disabled toilets	4,500
Cropston Drive Pavilion - renovation of changing rooms	4,000
Scotlands Recreation Ground Sports Pavilion - options appraisal & maintenance	9,000
Scotlands Recreation Ground Bowls Pavilion - replace bowls store doors	910
Coalville Closed Cemetery - tree works	1,050
Coalville Cemetery - tree works	1,800
Coalville Cemetery - path sealing	4,130
Ascot Drive play area - fencing works	1,540
Cropston Drive play area - replacement equipment	6,580
Greenhill BMX play area - replacement equipment	32,780
St Faiths Rd play area - replacement equipment	16,360
Staples Drive play area - fencing works	10,340
Sunningdale play area - fencing works	2,520
	<hr/> 95,510

Financing the Budget

- 2.9 The Council is required to set a balanced budget for each special expenses account. It is good practice to have a minimum level of balances, which is recommended at circa 10% of reoccurring expenditure
- 2.10 An options appraisal (Table 4 below) has been undertaken to finance the 2023/24 budget requirement, including covering the forecast brought forward deficit of £16,900. The options appraisal shows three options:
1. No increase in council tax precept
 2. Inflationary increase in council tax precept
 3. The level of council tax precept increase needed to balance the budget.
- All three options have been calculated for both nil reserves at the end of the year and the recommended 10%.

Table 4: Options Appraisal – Financing the Budget

Option	1		2		3	
	No Increase		Inflation		No Savings	
Balances	0%	10%	0%	10%	0%	10%
Council Tax Increase	0%	0%	10%	10%	42.7%	55.0%
Savings Needed	212,280	273,500	162,510	223,730	-	-
<u>Council Tax</u>						
2022/23	73.81	73.81	73.81	73.81	73.81	73.81
Increase	-	-	7.38	7.38	31.48	40.56
2023/24	73.81	73.81	81.19	81.19	105.29	114.37

2.11 The Referendum Principles in relation to Council Tax Increases allows the Council to increase Council Tax by the higher of £5 or 2.99% for 2023/24. The limit includes all special expenses account and not just Coalville. It should be noted that due to these referendum principles, implementing option 3 for all special expense accounts that require an increase is not viable as it would equate to an increase on average of over £10. Therefore, there will need to be a mix of council tax increases and savings for each special expense area to enable balanced budgets.

2.12 The working party are invited to comment on what level of council tax increase they would like to recommend to Cabinet and suggestions for how the savings can be achieved i.e., what budgets will be cut or where additional income can be generated. Table 5 shows the council tax increases in increments along with the savings required.

Table 5: Council Tax Increase/Savings Required

Council Tax			Savings	
			Balances	
Increase	Total		0%	10%
0%	-	73.81	212,000	274,000
5%	3.69	77.50	187,000	249,000
10%	7.75	81.56	162,000	224,000
15%	12.23	86.04	138,000	199,000
20%	17.21	91.02	112,000	174,000
25%	22.75	96.56	88,000	149,000
30%	28.97	102.78	63,000	124,000

3. BUDGET APPROVAL PROCESS

3.1 The Coalville Special Expenses Budget is approved as part of council's budgets and will follow the process detailed below:

- **Coalville Special Expenses Working Party – 3 January 2023**
 - considers budget and Council Tax for Coalville Special Expenses
- **Corporate Scrutiny Committee – 4 January 2023**
 - to consider the draft budget and proposals
- **Cabinet – 10 January 2023**
 - considers the draft budget and approves the consultation launch
- **Cabinet – 31 January 2023**
 - considers consultation responses and recommends final budget and council tax to Council
- **Council – 23 February 2023**
 - approves the revenue and capital budgets for the General Fund, Housing Revenue Account (HRA) and Special Expenses and sets the Council Tax.

COALVILLE SPECIAL EXPENSES BUDGET REQUIREMENT 2023/24-2027/28

SPECIAL EXPENSES	2022/23		2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Forecast Outturn @ Q2	Budget	Indicative	Indicative	Indicative	Indicative
	£	£	£	£	£	£	£
COALVILLE							
Parks, Recreation Grounds & Open Spaces	396,380	377,998	449,840	409,310	405,920	574,100	525,630
Broomley's Cemetery & Closed Churchyard	74,660	65,751	23,980	94,090	24,410	24,630	24,940
One Off Grants	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Coalville in Bloom (Other Expenses)	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Coalville Events	78,050	93,780	66,730	66,730	66,730	66,730	66,730
External Grant Funding (play equipment)	0	(26,355)	0	0	0	0	0
SPECIAL EXPENSES (NET COST OF SERVICE)	556,090	518,174	547,550	577,130	504,060	672,460	624,300
Service Management recharges/Admin Buildings	129,380	129,380	160,180	160,180	160,180	160,180	160,180
NET COST OF SERVICES AFTER RECHARGES	685,470	647,554	707,730	737,310	664,240	832,640	784,480