

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 4 FEBRUARY 2020



<b>Title of Report</b>	<b>GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET PROPOSALS FOR 2020/21</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">General Fund and Special Expenses Revenue Budget Proposals for 2020/21</a> – Cabinet 10 December 2019  <a href="#">Coalville Special Expenses Finance Update</a> – Coalville Special Expenses Working Party 17 December 2019  <a href="#">Corporate Scrutiny Committee Draft Minutes</a> – 8 January 2020	<b>Public Report:</b> Yes  <b>Key Decision:</b> Yes
<b>Financial Implications</b>	The Net Revenue Expenditure for 2020/21 is estimated at £15.2m and the Total Funding available is £15.8m. The predicted surplus of £664k is assumed will be added to the Self-Sufficiency Reserve. The reserve would increase from an estimated £4.53m at 31/03/20 to £5.19m at 31/03/21.  <b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	As detailed in the report  <b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	As detailed in the report  <b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	For Cabinet to agree the 2020/21 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 25 February 2020.	
<b>Reason for Decision</b>	To enable the Council to set a balanced budget for 2020/21 as required by statute.	

<p><b>Recommendations</b></p>	<p><b>1. THAT CABINET NOTE THE ASSURANCE STATEMENT BY THE S151 OFFICER;</b></p> <p><b>THAT CABINET RECOMMENDS TO FULL COUNCIL THAT IT:</b></p> <p><b>2. APPROVES THE AMENDMENTS TO THE GENERAL FUND FEES AND CHARGES AS DETAILED IN APPENDIX B;</b></p> <p><b>3. APPROVES THE GENERAL FUND REVENUE BUDGET FOR 2020/21 AS SUMMARISED IN APPENDIX C;</b></p> <p><b>4. APPROVES THE SPECIAL EXPENSES REVENUE BUDGET FOR 2019/20 AS SUMMARISED IN APPENDIX D;</b></p> <p><b>5. FREEZES THE DISTRICT'S COUNCIL TAX IN 2020/21; AND</b></p> <p><b>6. REQUIRES BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2020/21 TO BE TRANSFERRED TO THE SELF SUFFICIENCY RESERVE.</b></p>
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## **1.0 INTRODUCTION**

- 1.1 The draft General Fund budget proposals for 2020/21 were considered and approved for consultation by Cabinet on 10 December 2019. The report was subsequently shared with a number of groups, including the Corporate Scrutiny Committee on 8 January 2020. A link to the draft minutes have been included as a background paper on page one of this report.
- 1.2 This report summarises any changes made since the last Cabinet report and presents the responses to the budget consultation so that any final recommendations can be made to Council on 25 February 2020.
- 1.3 There was a new step in the annual budget setting process for 2020/21, with a report taken to the Corporate Scrutiny Committee on 7 November to seek feedback on the early budget proposals. The new step enabled enhanced member scrutiny of the proposed budget changes for the forthcoming year, and also provided members with an opportunity to feed suggestions into the process. A number of changes were made to the draft budget as a result of this earlier consultation and there are no changes to these proposals presented as part of the final budget.
- 1.4 The government published its Provisional Local Government Finance Settlement on 20 December 2019 and confirmed the level of New Homes Bonus, and tariff and charges against retained Business Rates, which is in line with expectations and announcements previously made in the Spending Review and local government finance settlement technical consultation.
- 1.5 Members will be aware that in 2019, Council requested that officers develop an environment strategy necessary to achieve carbon neutrality from its own operations by 2030, together with an assessment of the cost and technology implications of doing so. Work continues to progress in this area, with the development of a Zero Carbon Roadmap with Etude (an environmental consultant). The Carbon Roadmap was shared with members informally at a briefing on 20 January 2020 and is due to be presented to Cabinet in March for adoption. A £1m climate change reserve was included in the draft

budget presented to Cabinet in December 2019. Some of this reserve is now proposed to be utilised in the final budget and details can be found in this report.

1.6 There are three key additional proposals detailed within the report which contribute to moving the balance on the General Fund for 2020/21 to a £664k surplus position (compared to the forecast surplus of £847k as presented as part of the draft budget):

- Development Corporation Investigation Contribution, £100k - Funds are identified to support work currently underway through Midlands Engine to develop the business case for a Development Corporation linked to East Midlands Airport, Toton and Radcliffe Power station. The fund is a contingency only at this stage and will ensure North West Leicestershire is able to contribute fully to the work to identify the added value of any future economic structure approved by government.
- Additional One-Off Lump Sum Pension Contribution, (voluntary), £153k – this budget proposal will be used to make an additional pension contribution in 2020/21 only with a view to actively working to counteract the future pension liability (which stands at £56.3m as at 31 March 2019). There is a related additional proposal for the HRA to cover staff working within the Housing Service. More details can be found in 3.7 below.

1.7 The final budget re-presents savings targets set under the Journey to Self Sufficiency Programme. Full details of the programme can be found in the Medium Term Financial Plan report on the same agenda as this report.

1.8 The Councils General Fund financial position is broadly made up of two elements:

- a) Net revenue expenditure - this includes all expenditure incurred net of income generated through fees and charges and other income (including additional grants authorities apply for, which are not part of central government funding) and financing costs, broadly made up of investment income, interest charged in respect of loans and the minimum revenue provision charge made in respect of unsupported borrowing to fund capital expenditure; and
- b) Funding - The main sources of funding available to finance revenue expenditure which include locally retained Business Rates, Council Tax, New Homes Bonus and Revenue Support Grant.

1.9 The approved 2020/21 budget will undergo regular monitoring and scrutiny during the financial year through quarterly performance monitoring and finance clinics, so that when they arise any variances can be identified at an early stage and remedial action taken to deal with them where necessary.

## **2.0 GENERAL FUND 2019/20 – PROJECTED OUTTURN**

2.1 The third quarter Performance Report is due to be considered by Cabinet at its meeting in April and presents outturn projections for the current year. The forecast position on the General Fund for 2019/20 is a surplus for the year of £353k, compared to a budgeted surplus of £161k. There has been adverse variances of £1.29m, of which £363k relates to a reduction in income, £910k in additional costs compared to the budget and a number of de minimis variances of £15k. This is offset against favourable variances of £1.12m, of which additional income of £215k and reduction in costs of £903k.

2.2 Explanations of the significant variances (over £50k) are detailed below:

- a) Across the general fund there is forecast salary savings of £499k compared to budget, which is an increase of £128k compared to quarter 2. The savings are due to a number of vacant posts across the organisation;
- b) Refuse and Recycling agency costs are forecast to be overspent by £64k (net of

salary savings). This is due to additional temporary workers required than originally budgeted mainly as a result of levels of sickness absences. This has reduced from quarter 2 by £40k due to additional salary savings being identified;

- c) As reported at quarter 2, there is additional early retirement capital costs of £50k due to ill-health retirement of an employee and a reduction in rent allowances of £59k.

2.3 The net variances of £170k have been financed by £362k of additional business rates. £156k of the additional business rates relate to additional Section 31 grants received and £206k as a result of accounting differences, compared to the budgeted level stated in the council's NNDR1 return.

2.4 In line with the decisions made by Council at its meeting on 26 February 2019, the budgeted surplus of £353k and any additional surpluses achieved will be transferred to the self-sufficiency reserve.

2.5 The forecast outturn position presented as part of Appendix C is based on the forecast outturn at period 9.

### **3.0 2020/21 NET REVENUE EXPENDITURE PROPOSALS**

3.1 For 2020/21, there is an increase in net revenue expenditure of £454k. The main reasons for this increase are a combination of factors made up of a number of service developments, budgetary cost pressures (increased expenditure or reduced income) and savings (increased income or reduced expenditure).

3.2 Budget proposals presented in this report have been considered and approved by the Corporate Leadership Team and are categorised as either:

- a) Savings – Savings put forward include the reduced leisure centre management fee payable in 2020/21, compared to 2019/20, the removal of the remaining budget provision for the running of the leisure centres and the reduction in corporate support costs, again associated with the outsourcing of leisure. One year budget provision in relation to LLEP match funding and the expenditure of the associated monies received as a result of the one year business rates pilot have also been recorded as savings. In total, the budget holders put forward proposals with a combined value of £1.98m saving.
- b) De-minimums budget movements across the General Fund which totalled additional costs of £59k.
- c) Staffing increases - which include the cost of the pay award, pension increases and incremental salary progression for 2020/21. The additional cost in 2020/21 of staffing is £663k. This amount excludes the additional voluntary, one-off lump sum that the council plans to pay in 2020/21 which is covered as a "service development proposal". A breakdown of the staffing increases is included within Appendix A.
- d) Cost Pressure - Proposed additional budget provision to cover unavoidable cost pressures. The total of these is £831k, further details are covered in section 3.5 below and a breakdown is included within Appendix A.
- e) Service Development - Proposed additional budget provision to cover enhancement of the service. The total value of service development proposals is £1.45m. Details of the new proposals are covered in section 3.7 below and a full breakdown is included within Appendix A.
- f) Journey to Self-Sufficiency Programme– The anticipated reduction in net revenue expenditure for 2020/21 as a result of the Journey to Self Sufficiency

programme. The target for 2020/21 is £570k. Further work is being undertaken to achieve the full target.

3.3 A full breakdown of proposals as outlined above can be found in Appendix A.

**3.4 The following paragraphs detail the changes that have been made to the budget since presentation of the draft budget to Cabinet in December.**

### **Savings**

3.5 For information, the following paragraphs explain the additional savings that have been identified and built into the 2020/21 budget:

- a) As part of the draft budget, £124k of savings were identified for the Planning service, a further £8k of additional funding has been identified from an existing Ear Marked Reserve to part fund the Systems Support Officer, bringing the total savings to £132k.
- b) The draft budget reported an increase in recharges from the General Fund to the Housing Revenue Account and Special Expenses of £104k to cover the associated cost of services provided by the Council to these separately funded service areas. This has now increased by £38k to £142k as a result of the additional voluntary pension contributions and increases in the running costs of the council offices.

### **Cost Pressures**

3.6 For information, the following paragraph explains the changes to the cost pressures that have been identified and built into the 2020/21 budget:

- a) The Minimum Revenue Provision has reduced by £57k to £117k as a result of changes to the capital programme.

### **Service Developments**

3.7 Below are the additional service developments identified and built into the 2020/21 budget:

- a) **We propose to create a budget of £100k for investigative works for the Development Corporation.** As outlined earlier in this report, funds are identified to support work currently underway through Midlands Engine. This work will produce the business case for a Development Corporation linked to East Midlands Airport, Toton and Radcliffe Power station. The fund represents a contingency at this stage and will ensure that North West Leicestershire is able to contribute fully to the work to identify the added value of any future economic structure approved by government.
- b) **We plan to contribute an additional one-off lump sum voluntary pension contribution.**

The Council is what is referred to as a 'stabilised employer' in the Local Government Pension Fund, meaning we pay into the fund based on a stabilised contribution rate. This stabilised contribution rate is determined by the actuaries on a triennial (3 yearly) basis by looking at the required rates needed over the forthcoming 17 years and smoothing them over that period to reduce volatility in the rates paid. The effect for the Council for 2020/21 is that we are due to pay 26% rather than a rate of 29.5% that we would pay on an 'un-stabilised' approach.

Due to the forecast surpluses on both the General Fund and Housing Revenue Account at draft budget stage, we are planning to make an additional lump sum contribution to our pension fund of £197k. This amount will be added to £71k HRA contribution (that covers an equivalent contribution in respect of staff working within the Housing Service) to make a full contribution of £268k. Some of this was already budgeted for, so the increase in costs in the final general fund budget is £153k.

This budget proposal will be one-off in 2020/21 only, with a view to actively working to counteract the future pension liability (which stands at £56.3m as at 31 March 2019). The additional pension contribution will be invested by the Pension Fund to earn returns and reduce this liability. Assuming all other things remain equal, the Council should see a financial benefit from 2023 through broadly a 0.1% a reduction in contributions for future years.

- c) **We plan to reduce the Climate Change Reserve by £115k and use this to fund the installation of off street electric charging points.** The draft budget created a Climate Change reserve of £1m. It is proposed to use £115k of this reserve to fund a capital project to provide 24 off street electric charging points and infrastructure across the district. A feasibility study will be undertaken to assess the best places for these to be situated. The scheme will be funded via a Revenue Contribution to Capital and as a result has reduced the Climate Change reserve to £885k.
  
- d) **We propose to create a budget of £71k to support the implementation of the Economic Growth Plan.** The Economic Growth Plan was approved by Cabinet in September 2019 and efforts to date have focussed on mobilising the associated action plan. This additional budget provision will cover the associated costs of the plan including consultancy for specific elements and costs associated with publicising and hosting events and workshops.

#### **4.0 FEES AND CHARGES**

- 4.1 The council provides a wide range of services to local residents, businesses and visitors and generates local income as a result. Local income generation, when done in the right way, presents the council with an opportunity to maximise its financial position and an opportunity to reduce its reliance on government grant. In addition, charging for services can also present opportunities to achieve the council's corporate priorities. In September 2019, Cabinet approved a revised Corporate Charging policy, which will maximise the opportunities detailed above.
  
- 4.2 Appendix B provides a comparison of 2019/20 and 2020/21 Fees and Charges for those fees that have changed, which has been updated since draft budget to include building control. There are currently ongoing reviews in relation to Car Parking and Public Conveniences. The fees will be reviewed as part of the services reviews and reported to Cabinet if there are any changes.

#### **5.0 2020/21 FUNDING**

- 5.1 It is important to note that the draft budgeted position for 2020/21 and assumptions around funding for this and future years is currently based on the content of the Provisional Local Government Finance Settlement (LGFS) which was issued on 20 December 2019.

We expect to receive nil Revenue Support Grant in 2020/21 as per the above settlement.

- 5.2 For 2020/21 there is an estimated increase in total funding of £957k, subject to the Final Local Government Finance Settlement which is due around mid-February.
  
- 5.3 Forecast Business Rates income for 2020/21 has been calculated based on the period 7

performance of Business Rates plus assumptions around the anticipated level of growth in the district in 2020/21 based on an assessment of commercial developments underway.. The increase in retained Business Rates for next year is an increase of £495k compared to the 2019/20 budget. The 2019/20 budget however did include additional rates arising from participating in the business rates pilot and so the increase in 2020/21 represents a significant amount of growth following the loss of these pilot monies in Leicestershire next year. This significant growth in business rates due to be collected in 2020/21 is largely as a result of the significant developments in and around the North of the District and in particular Kegworth.

- 5.4 The Council is not planning to increase the District's share of the Council Tax in 2020/21. This will be the eleventh year without an increase. The net income foregone by not increasing council tax for 2020/21 from its 2019/21 level is £110k. The cumulative loss of income as a result of this policy from 2010/11 to 2020/21 will be £10.5 million and the cumulative average saving to residents of £344 over the eleven years. The draft budgeted level of Council tax income has been assessed on the likely level of council tax base, level of further anticipated housing growth in 2020/21 and a non-collection rate of 2%. This has resulted in an increase of £143k, from £5.3m for the 2019/20 year to £5.5m for the 2020/21 year. The Council Tax Base for 2020/21 was approved by members at its Cabinet meeting in January.
- 5.5 The Council Tax Collection Fund is monitored throughout the year and the forecast income will be available from the fund towards next year's budget. The budget for 2020/21 has reduced by £24k from £90k to £66k. This step-change in anticipated Collection Fund surplus is as a result of the council more accurately predicting its housing growth in year which has reduced the effect of a surplus received a year in arrears. As above, this position will be finalised as part of the final budget.
- 5.6 The level of New Homes Bonus for next year is determined by the Council Tax Base report (CTB1) which was completed and returned to Central Government in October. In the Government's September 2018 consultation on the Draft Local Government Finance Settlement, it was stated that 2019/20 represented the final year of New Homes Bonus funding agreed through the 2015 Spending Review. The Government stated that they would explore how to incentivise housing growth most effectively going forward and would consult on any proposed changes.
- 5.7 Given the announcements made as part of the Provisional Finance Settlement, the budget has been updated to take into account that the Council will receive a new round of allocations for growth achieved to October 2019 as well as continued legacy payment for historic growth. Based on this and the increase in the council's council tax base between October 2018 and October 2019 it is anticipated that the council will receive an additional £343k in New Homes Bonus funding in 2020/21 compared to 2019/20.

## **6.0 2020/21 BUDGET POSITION**

- 6.1 Given the proposals in respect of net revenue expenditure and funding forecasts as detailed above, the predicted surplus and contribution to General Fund reserves for 2020/21 is £664k. Assuming the forecast surplus is added to the Self-Sufficiency Reserve, the reserve would increase from an estimated £4.53 million at 31 March 2020 to £5.19m at 31 March 2021.
- 6.2 The Budget Summary for 2020/21 can be found in Appendix C.

## **7.0 SPECIAL EXPENSES**

- 7.1 The forecast outturn for 2019/20 Special Expenses forecast outturn remains at £545k net expenditure, compared to the budget of £536k. The net cost of Special Expenses are funded through Council Tax and Localisation of Council Tax Support Grant. Any overspend is funded from Special Expenses reserves. The forecast position is a deficit of £5k that will be funded through reserves, compared to the budgeted surplus of £4k (that was

planned to be contributed to reserves).

- 7.2 In line with the precept freeze for the Council's share of Council Tax, the precepts for special expenses have been frozen since 2010.
- 7.3 The impact of this freeze has resulted in a number of the Special Expense accounts now being in a small deficit position at the end of the 2019/20 year. Further deficits would arise for 2020/21 if the precepts were not raised as a result of plans to maintain and improve assets managed by the Special Expense accounts.
- 7.4 In addition, the general fund currently provides a grant to the parishes and special expenses areas in relation to the localisation of council tax support. For 2020/21 this equates to £88,696. The grant to parishes has been phased out over a four year period and the last payments will be in 2020/21.
- 7.5 The council tax in relation to Special Expenses have been recalculated to phase out the Localisation of Council Tax Support Grant over 4 years commencing in 2021/22 and to provide sufficient funding to cover current deficits and future planned maintenance. Following the Cabinet meeting in December, the Council Tax Base has now been set and the planned maintenance programme has been finalised. The Band D rates have now been recalculated and the increases in the council tax for Special Expense areas are detailed below:

**Table 1: Band D Special Expenses Council Tax**

	<b>19/20</b>	<b>Increase</b>	<b>20/21</b>
Coalville	£63.53	£4.19	£67.72
Whitwick	£7.50	£0.53	£8.03
Hugglescote	£18.00	£0.45	£18.45
Coleorton	£5.31	£1.90	£7.21
Lockington & Hemington	£7.10	£2.32	£9.42
Measham	£1.08	£0.32	£1.40
Oakthorpe & Donisthorpe	£4.22	£0.16	£4.38
Osgathorpe	£1.78	£0.00	£1.78
Ravenstone with Snibston	£0.41	£0.25	£0.66
Stretton en le Field	£57.05	£4.71	£61.76
Appleby Magna	£3.50	£1.24	£4.74

- 7.6 The Special Expenses Budget Summary for 2020/21-2024/25 can be found in Appendix D.

## **8.0 MEDIUM TERM FINANCIAL PLAN**

- 8.1 The Council's Medium Term Financial Plan 2019/20 – 2023/24 was approved by Cabinet in February 2019. At that time, the projected deficit on the General Fund arising over the 5 year period was £5.2m. Following the review in July 2019, this deficit increased to £5.7m.
- 8.2 Given the expenditure proposals and assumptions around funding presented as part of this report and the inclusion of £5.1m journey to self-sufficiency savings over the period, the forecast deficit between 2020/21- 2024/25 is now £968k. As detailed in paragraph 6.1 above, the Self-Sufficiency reserve is forecast to stand at £5.19 million as at March 2021.
- 8.3 Full details of the full assumptions used to determine this forecast can be found in the Medium Term Financial Plan report on the same agenda as this report.

## **9.0 CONSULTATION**

- 9.1 The consultation on the annual budget setting for 2020/21 consisted of scrutiny by members of the Corporate Scrutiny Committee, statutory consultation and public consultation.

### **Corporate Scrutiny Committee**



- 9.2 There was a new step in the process in the annual budget setting process for 2020/21, with a report taken to Corporate Scrutiny Committee on 7 November 2019 to seek feedback on the early budget proposals. Suggestions from members of the committee were built into the draft budget proposals presented to Cabinet on 10 December 2019.
- 9.3 The Corporate Scrutiny Committee met on 8 January 2020 to review all the proposed budgets for 2020/21. A link to the draft minutes have been included as a background paper on page one of this report. There was no comments resulting in budget changes from the committee in this budget report.

### Statutory Consultation

- 9.4 The statutory consultation on the 2020/21 budget proposals commenced on the 18 December and closed on 4 February. The statutory consultation included the Parish Council's within North West Leicestershire, Trade Unions and the Federation of Small Businesses. They were all provided with a copy of the budget reports and given the opportunity to provide feedback. At the time of writing the report, one response has been received and is included in Appendix E. Any additional responses received will be provided to Cabinet in a supplementary paper or a verbal update at the meeting.

### Coalville Special Expenses Working Party

- 9.5 The Coalville Special Expenses Working Party met on 17 December 2019 to review the council tax increase for Coalville Special Expenses. A link to the draft minutes have been included as a background papers on page one of this report and an extract from the minutes in relation to the increase in council tax is detailed below:

"Following a lengthy discussion regarding the recommendation to Cabinet to increase the special expenses council tax precept, members expressed concerns and were not prepared to support it. They felt strongly that an increase should not be made to fill a gap in funding and other options to increase income streams should be investigated first."

### Enhanced Public Consultation

- 9.6 An online consultation commenced on 13 January and closed on 3 February. The surveys asks respondents to rate how supportive they are to budget proposals from "very supportive" to "very unsupportive", and provides an opportunity to add comments. We are also running a large scale social media campaign to publicise the consultation. At the time of writing this report, we have received 112 responses.
- 9.7 A full summary of responses to the consultation received by 22 January is attached at Appendix F. A summary of the responses is provided in the table below and updated information will be provided as supplementary paper at the meeting.

Table 2: Consultation responses so far relating to the General Fund budget

	Supportive or very supportive	Neutral or did not answer	Unsupportive or very unsupportive	Themes from comments
<b>On the NWLDC Council Tax Freeze</b>	<b>63 (56%)</b>	15 (13%)	34 (30%)	<ul style="list-style-type: none"> <li>• 44 residents left detailed comments on the council tax freeze.</li> <li>• Nine suggested they would be happy with an increase in council tax. One thought it should be reduced.</li> </ul>
<b>On increasing the Special Expenses</b>	26 (35%)	15 (20%)	<b>33 (45%)</b>	<ul style="list-style-type: none"> <li>• This question only applied to the 74 respondents that live in a special expenses area, 34 left comments.</li> <li>• Those that were supportive were</li> </ul>

<b>Council Tax</b>				<p>happy for the increase, with some mentioning that it should lead to better service, with suggestions of more dog waste bins and efforts to reduce vandalism.</p> <ul style="list-style-type: none"> <li>• Those that were unsupportive commented on the fairness of different council taxes in different areas and suggested that these areas were not being maintained.</li> </ul>
<b>Changes to Fees and Charges</b>	38 (34%)	<b>57 (51%)</b>	17 (15%)	<ul style="list-style-type: none"> <li>• 27 respondents left comments.</li> <li>• 4 commented that fees for removing waste encourages fly tipping. 1 was supportive of this fee if it was invested in recycling facilities.</li> <li>• 3 commented that the fees for Newmarket were too high.</li> <li>• 2 felt a 5% increase in burial fees was too much.</li> <li>• 3 respondents agreed with our charging policy – to recover costs and generate a profit where possible – whilst another 3 disagreed with this approach.</li> </ul>
<b>Changes to day to day services</b>	<b>49 (44%)</b>	40 (36%)	23 (21%)	<ul style="list-style-type: none"> <li>• 45 Residents provided comments.</li> <li>• The most common comment related to development within the district, with 11 residents raising concern about the level of development and how that was compatible with our plans to reduce our carbon footprint and plant trees.</li> <li>• 9 residents commented on our plans to reduce our carbon footprint. 4 were negative about the idea, suggesting it was too much and we should be looking at improving local transportation instead. 4 were positive, with suggestions that we should start with solar panels on the council building.</li> <li>• 8 commented on our plans to provide free trees and increase funding for maintaining trees. 5 were negative, citing the high cost whilst 4 were positive.</li> </ul>

## 10.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 10.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 10.2 The Section 151 Officer considers that the estimates which form the draft General Fund budget are robust and prudent, and the proposals are deliverable for 2020/21.
- 10.3 The Section 151 Officer also considers that the overall level of General Fund reserves is

adequate for 2020/21.

- 10.4 The Section 151 Officer notes the business, housing and population growth in the district and the need for the future increased expenditure arising from future growth to be funded. By 2021, all local authorities will have faced a reduction to core funding from the Government and the Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's forthcoming Spending Review and the reform of the national Business Rate Retention System.
- 10.5 The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of future funding in light of these government-led reviews. The plan now also includes £5.1m of targeted Journey to Self-Sufficiency savings, demonstrating how the council is seeking to manage a stable ongoing financial position.
- 10.6 The updated MTFP presents a total deficit between 2020/21 and 2024/25 of £968k, largely as a result of £5.1m targets set in relation to the Journey to Self-Sufficiency Programme being absorbed into plans. There therefore remains a risk that these savings are not delivered and the deficit increases.
- 10.7 By March 2021, the council's Self-Sufficiency reserve is forecast to stand at £5.19m, subject to funding future commercial initiatives presented to Cabinet for approval.
- 10.8 The MTFP will be reviewed in July 2020 and reported to Cabinet, by which time we will have further clarity surrounding the likely funding position from 2021 and will be able to present further recommendations to safeguard the council's future financial position on an ongoing basis.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The budget assists the Council to achieve all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	We have considered the impact of budget proposals to the General Fund on the protected characteristics defined within the Equalities Act. No material impacts have been identified.
Customer Impact:	Fees and charges outlined in Appendix C.
Economic and Social Impact:	None
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 8 January 2020  Statutory Consultation (Parish Council's, Trade Unions and Federation of Small Businesses) was undertaken between 18 December 2019 and 4 February 2020.  Public Consultation between the 13 January and 3 February 2020, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Officer Contact	Tracy Bingham, Head of Finance 01530 454707 <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>