



Title of Report	BUDGET AND COUNCIL TAX 2020/21	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	<p>Corporate Scrutiny Committee Draft Minutes – 7 November 2019</p> <p>Draft Budget Proposals – Cabinet 10 December 2019</p> <p>Coalville Special Expenses Working Party Draft Minutes – 17 December 2019</p> <p>Corporate Scrutiny Committee Draft Minutes – 8 January 2020</p> <p>General Fund and Special Expenses Budget Proposals for 2020/21, Housing Revenue Account (HRA) Budget Proposals for 2020/21, 2020/21-2024/25 Capital Programmes and 2020/21 Capital Strategy and 2020-2025 Medium Term Financial Plans - Cabinet 4 February 2020</p>	Public Report: Yes
Financial Implications	<p>This report sets out the General Fund, Housing Revenue Account, Special Expenses and Capital Programmes for 2020/21, which are needed for the Council to continue its activities.</p> <p>It also seeks approval for a wide range of fees and charges for 2020/21, including Council Tax, Rents and other charges. These are set out in the recommendations section.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>As detailed in the report</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>As detailed in the report</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	To allow the Council to approve the 2020/21 budgets and the appropriate Council Tax setting resolution.	
Recommendations	<p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE MEDIUM TERM FINANCIAL STRATEGY APPROVED BY CABINET ON 4 FEBRUARY 2020. 2. TO NOTE THE S151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES. 	

3. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2020/21.
4. TO APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2020/21.
5. TO FREEZE THE DISTRICT COUNCIL TAX IN 2020/21.
6. TO SET THE SPECIAL EXPENSES BAND D COUNCIL TAX AS APPENDIX 6 TABLE C FOR 2020/21.
7. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 2.6% ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2020/21.
8. TO APPROVE THE AMENDMENTS TO THE GENERAL FUND FEES AND CHARGES AS DETAILED IN APPENDIX 3B EFFECTIVE FROM 1 APRIL 2020.
9. TO APPROVE THE TRANSFER OF ANY GENERAL FUND SURPLUS INCOME OVER EXPENDITURE IN 2020/21 TO THE SELF SUFFICIENCY RESERVE (CURRENTLY BUDGETED AS £630,368).
10. TO APPROVE THE INCREASE IN COUNCIL RENTS FOR 2020/21 BY UP TO 2.7%
11. TO APPROVE THE INCREASE IN GARAGE RENTS FOR 2020/21 BY 2.6%.
12. TO APPROVE THE DECREASE IN CENTRAL HEATING CHARGES FOR 2020/21 BY 10%.
13. TO APPROVE THE AVERAGE INCREASE OF 0.44% IN SERVICE CHARGE FOR 2020/21, AS SET OUT IN APPENDIX 4D.
14. TO APPROVE INCREASING THE LIFELINE CHARGES FOR EAST MIDLANDS HOUSING AND PRIVATE CUSTOMERS BY 2.6%.
15. TO APPROVE INCREASING SHOP LEASE RENTS BY AN AVERAGE OF 14% TO GRADUALLY MOVE THEM TO MARKET LEVELS. THIS APPROACH WAS AGREED BY CABINET IN NOVEMBER 2014.
16. TO NOTE THAT THE SURPLUS HOUSING REVENUE ACCOUNT INCOME IS TRANSFERRED TO THE LOAN REDEMPTION RESERVE, BUT THAT CABINET MAINTAINS THE ABILITY TO USE THE SURPLUSES MORE FLEXIBLY NOW THE RESERVE HAS SUFFICIENT MONEY TO REPAY THE LOANS DUE IN 2020. THIS APPROACH WAS APPROVED BY COUNCIL IN 2019/20.
17. TO DELEGATE AUTHORITY TO THE SECTION 151 OFFICER IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER TO MAKE AMENDMENTS TO THE

GENERAL FUND AND HRA BUDGETS FOR 2020/21 AS APPROPRIATE WHERE:

(1) THE PARLIAMENTARY DEBATE ON THE FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT OCCURS AFTER THIS MEETING; AND/OR

(2) SHOULD COUNCIL DECIDE NOT TO ACCEPT THE RECCOMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL

18. TO APPROVE THE PROPOSED GENERAL FUND AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES FOR 2020/21 AND PLANNED FINANCING.

19. TO APPROVE THE VEHICLE REPLACEMENT PROGRAMME FOR 2021/22.

20. TO APPROVE THE CAPITAL PROGRAMMES 2021/22 – 2024/25 FOR INDICATIVE PROPOSES ONLY.

21. TO APPROVE THE 2020/21 CAPITAL STRATEGY (IN LINE WITH THE PRUDENTIAL CODE).

22. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2020/21 IN ACCORDANCE WITH SECTIONS 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

(1) 34,585 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE (ENGLAND)) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.

(2) THE AMOUNTS SPECIFIED IN APPENDIX 6 TABLE A OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNT OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

23. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2020/21 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

(1) DISTRICT/PARISH GROSS EXPENDITURE £59,786,409 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (2) OF THE ACT.

(2) INCOME

£51,542,070 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.

(3) DISTRICT/PARISH GROSS EXPENDITURE

£8,244,339 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 23(1) ABOVE EXCEEDS THE AGGREGATE AT 23(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.

(4) BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)

£238.38 BEING THE AMOUNT AT 23(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.

(5) PARISH PRECEPTS/SPECIAL EXPENSES

£2,759,849 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.

(6) BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)

£158.58 BEING THE AMOUNT AT 23(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 23(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEMS RELATES.

(7) BASIC AMOUNT OF TAX (PARISHED AREAS)

THE AMOUNTS LISTED IN COLUMN 5 OF TABLE B APPENDIX 6 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 23(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREAS MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL ARE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREAS TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) DISTRICT/PARISH COUNCILS TAX RATES

THE AMOUNTS SET OUT IN TABLE C APPENDIX 6 TO THIS REPORT BEING THE AMOUNTS GIVEN BY

MULTIPLYING THE AMOUNTS AT 23(6) AND 23(7) ABOVE BY THE NUMBER WHICH, IN THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR VALUATION BAND DIVIDED BY THE NUMBER WHICH IN THAT PROPORTION IS APPLICABLE TO DWELLINGS LISTED IN VALUATION BAND D, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 36(1) OF THE ACT AS THE AMOUNTS TO BE TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.

24. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE D APPENDIX 6 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2020/21 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

25. COUNCIL TAX BASE – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 23(8) (TABLE C APPENDIX 6) AND 24 (TABLE D APPENDIX 6) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2020/21 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.

26. REFERENDUMS RELATING TO COUNCIL TAX INCREASES

TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2020/21 IS NOT EXCESSIVE.

1.0 INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2020/21 together with their respective Capital Programmes. In line with Prudential Code 2017 there is a requirement for members to approve a Capital Strategy alongside the Capital Programme for the forthcoming year.
- 1.2 There is also a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for the area for a financial year by 11 March of the preceding financial year.
- 1.3 This action of setting the Council Tax (recommendations 22 to 26) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.
- 1.4 The Council Tax setting part of this report is based on Leicestershire County Council approving the precepts that the Council has been advised of at their meeting on 19 February

2020. As this meeting does not take place until after the issue of this report, any changes made by Leicestershire County Council will be reflected in a revised paper which may need to be tabled at the meeting.

- 1.5 The precepts of Leicestershire Combined Fire Authority and the Police and Crime Commissioner for Leicestershire (the Council's remaining two major precepting authorities) have confirmed their precepts at their respective meetings on 12 and 5 February 2020.
- 1.6 The 2020/21 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by Cabinet on 4 February 2020. The detailed reports are set out as below:
 - General Fund and Special Expenses Revenue Budgets – Section 3.
 - Housing Revenue Account Budget and Rent decrease – Section 4
 - Capital Programmes – Section 5.
 - Council Tax Setting – Section 6.
- 1.7 Section 2 of this report details the Medium Term Financial Plans 2020-2025 that were approved by Cabinet on 4 February 2020 (included in Appendix 2). The plans present a high level, 5 year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the 5 period from April 2020 across both the General Fund and Housing Revenue Accounts. The plans are made available to all members to ensure that in setting the annual 2020/21 budget, members have reference to the medium term financial position of the Council.
- 1.8 The final General Fund and HRA budgets include savings targets set under the Journey to Self Sufficiency Programme. Full details of the programme can be found in the Medium Term Financial Plans, in Appendix 2 to this report.
- 1.9 Members should be aware that the parliamentary vote on the Final Local Government Finance Settlement for 2020/21 has been delayed and is likely to take place week commencing 24 February 2020, although the actual date has not been confirmed at the time of writing this report. This means that, given the information available at the time of writing, the council could be setting their budgets and council tax based on estimates, before the final settlement has been formally approved by parliament. Our approach is in line with the Local Government Finance Act 1992 (section 30(6)) which provides that the council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set.
- 1.10 Additionally, elsewhere on this evenings Council agenda members have considered the report of the Independent Remuneration Panel (IRP) in respect of changes to the member's allowances scheme from May 2020. The final General Fund and HRA budgets presented to Council this evening have been amended (since they were presented to Cabinet on 4 February 2020) to include the implications of the proposed changes to the members allowances scheme in case members approve the recommendations of the IRP.
- 1.11 Should the parliamentary debate have not been concluded by the time Full Council meets to consider this report, and/or Council decide not to improve the recommendations of the IRP, then a delegation to the Head of Finance is sought to make the consequential adjustments to the budget after this meeting with reference to the materiality of those changes, in line with the council's own materiality level which is currently £699,000 (as agreed by Audit and Governance Committee in March 2019) and in consultation with the Corporate Portfolio Holder. In the unlikely event that changes required as a result of the parliamentary debate are of a value in excess of the council's materiality level, the Head of Finance may consider it necessary for Council to approve a revised budget at a future meeting.
- 1.12 **Robustness of Estimates and Adequacy of Reserves (Statement to comply with Section 25, Local Government Act 2003)**

- 1.13 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.
- 1.14 The Section 151 Officer considers that the estimates which form the General Fund, Housing Revenue Account and Special Expenses budget are robust and prudent, and the proposals are deliverable for 2020/21.
- 1.15 The Section 151 Officer also considers that the overall level of General Fund, Housing Revenue Account and Special Expenses reserves are adequate for 2020/21.
- 1.16 The Section 151 notes the following in respect of the General Fund:
- a) 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.
 - b) 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.
 - c) 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.
 - d) 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.
 - e) 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.
 - f) 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.
- 1.17 The Section 151 notes the following in respect of the Housing Revenue Account:
- a) The council's current projections within the HRA MTFP show a stable 5 year financial position. The plan now also includes £2.6m of targeted Journey to Self-Sufficiency savings.
- 1.18 **Consultation Process**
- 1.19 The budget consultation for 2020/21 consisted of scrutiny by members of the Corporate Scrutiny Committee, Coalville Special Expenses Working Party, statutory consultation and public and tenant consultation.

General Fund and Special Expenses Revenue Budget 2020/21

Corporate Scrutiny Committee

- 1.20 There was a new step in the process in the annual budget setting process for 2020/21, with a report taken to the 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 and are included within this budget report for Council approval.
- 1.21 The Corporate Scrutiny Committee met on 8 January 2020 to review all the proposed budgets for 2020/21. There was no comments resulting in budget changes from the committee in this budget report.

Statutory Consultation

- 1.22 The statutory consultation on the 2020/21 budget proposals commenced on the 18 December 2019 and closed on the 4 February 2020. 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 the budget reports and given the opportunity to provide feedback. There was one response received from Measham Parish Council who were supportive of the budget proposals. The response is included in Appendix 1a.

Coalville Special Expenses Working Party

- 1.23 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 paper 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.”

Public Consultation

- 1.24 An online consultation commenced on 13 January 2020 and closed on 3 February 2020. The survey asked respondents to rate how supportive they are of budget proposals from “very supportive” to “very unsupportive”, and provided an opportunity to add comments. We also ran a large scale social media campaign to publicise the consultation which reached thousands of our followers. We received a total of 144 responses, a summary of the responses is provided in Appendix 1a.

Housing Revenue Account (HRA) Budget Proposals for 2020/21

Corporate Scrutiny Committee

- 1.25 The Corporate Scrutiny Committee considered the HRA budget proposals alongside those for the General Fund, as detailed in paragraphs 1.20 and 1.21. Members of the Committee questioned whether we should write to all tenants regarding the budget changes. After carefully considering this suggestion we have concluded our already-enhanced approach to consultation this year to be satisfactory. We will, however, look to further improve the consultation next year with an article in our quarterly magazine that is sent to all tenants in January.

Performance and Finance Working Group

- 1.26 The Performance and Finance Working Group is a group of tenants who meet quarterly to review the performance and financial position of the housing service. They reviewed the 2020/21 budget on 12 December 2019.
- 1.27 Their main feedback was that they would prefer rents not be increased by 2.7%, which was seen to be a large jump. However, they could understand why we would increase rents after four years of 1% cuts in rents, as it would enable us to continue to invest in the service and

homes we provide.

Tenants and Leaseholders Forum

- 1.28 The tenants and leaseholders Forum (the Forum) is group of tenants and leaseholders who provide feedback on the housing service. The papers from the Performance and Finance Working Group feed into the Forum. They reviewed the proposed budget on 27 January 2020.
- 1.29 There was some support for the increase in rents, as long as it is reinvested into the properties. They also discussed the planned increase to HRA shop leases of 14% to bring them in line with market rents, and were content once they knew the shops were not located in the centre of Coalville.

Public Consultation

- 1.30 The HRA online survey mirrored that of the General Fund, described in paragraph 1.24. We also ran a large scale social media campaign to publicise the consultation which reached thousands of our followers. We received a total of 39 responses, 7 of which were tenants. A summary of the responses is provided in the Appendix 1b.

Capital Programmes – General Fund and HRA 2020/21-2024/25

Corporate Scrutiny Committee

- 1.31 The Committee discussed increasing the size of the off-street parking provision in relation to the HRA Capital Programme. Following the meeting the size of the off-street parking programme has been increased by £50,000 to £250,000 for 2020/21 in this budget.
- 1.32 The committee also raised a number of points linked to the need to reduce our carbon emissions. This included installing electric charging points in new off-street parking sites on council estates and changing street lights for more efficient LEDs. Officers are still looking at how best to respond to the climate emergency, and these ideas will be considered as part of that review.

Involved Tenants (HRA Only)

- 1.33 Both the Performance and Finance Working Group and Tenants and Leaseholders Forum were supportive of the HRA Capital Programme. Both groups asked how we will reduce the carbon footprints of our new homes. This is something officers are looking at as part of our work to review our carbon footprint.

Trade Unions

- 1.34 Trade Unions have been provided with a copy of the budget reports and given the opportunity to provide feedback. No comments have been received.

Public Consultation

- 1.35 The General Fund and HRA online surveys both included detailed on their respective capital programmes. A summary of the responses is provided in the Appendix 1a and 1b. The key themes were:
- On the General Fund, there was mixed support for the capital programme with similar numbers of responses being supportive and unsupportive. The Appleby Magna Caravan Site and Leisure Centre generated a number of negative comments. The plans to demolish the Market Hall generated the most comments, with respondents expressing their views of what should become of the site in Coalville.
 - On the HRA, there was overall support for the capital programme; particularly on improving our existing homes and plans to build or purchase new homes. The area of least support was for a pilot to regenerate one of our estates, with 41% showing support verses 31% being unsupportive.

2.0 MEDIUM TERM FINANCIAL PLANS 2020-2025

- 2.1 The Medium Terms Finances Plans 2020/21 to 2024/25 were approved by Cabinet at its meeting on 4 February 2020. The plans present a revised position based on the projected 2019/20 financial outturn and 2020/21 budget presented to members. The predicted deficit arising on the General Fund over the period is £968k. The Housing Revenue Accounts is predicting a surplus of £4.6m over the same period.
- 2.2 Both plans now include targeted savings as part of the Journey to Self-Sufficiency Programme which serve to achieve the predicted deficit on the General and surplus on the HRA over the period. The value of savings built into plans over the period are £5.1m for the General Fund and £2.6m for the HRA.
- 2.3 The 2020/21 – 2024/25 Medium Term Financial Plans as approved by Cabinet on 4 February can be found in Appendix 2.

3.0 GENERAL FUND AND SPECIAL EXPENSES BUDGET 2020/21

- 3.1 The General Fund and Special Expenses budget proposals for 2020/21 were considered by Cabinet on 4 February 2020 and are recommended to Council for approval. See recommendations 1 to 9, as set out at the front of this report.
- 3.2 Given the proposals in respect of net revenue expenditure and funding forecasts as detailed below, the 2020/21 budgeted contribution General Fund reserves is £630k which would take the projected Self-Sufficiency reserve to £5.16m by March 2021. The Budget Summary for 2020/21 can be found in Appendix 3c.
- 3.3 **Budget Setting Context**
- 3.4 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 earlier in 2019 in the Spending Review and local government finance settlement technical consultation.
- 3.5 As detailed in section 1 of this report, Members are asked to that the parliamentary vote on the Final Local Government Finance Settlement for 2020 to 2021 has been delayed and is likely to take place week commencing 24 February 2020. This means that, given the information at the time of writing this report, the council could be setting their budgets and council tax based on estimates, before the final settlement has been formally approved by parliament. A specific delegation is sought for the Head of Finance to make any consequential budget changes should the final settlement not be in line with the Council's estimates. This delegation has also been requested for the Head of Finance to be able to amend the budget should the recommendations of the Independent Remuneration Panel, included in a separate paper on Council's agenda, not be agreed by Council.
- 3.6 As detailed earlier in the report, Journey to Self-Sufficiency Programme savings have now been incorporated into the budget, with the value for 2020/21 for the General Fund being £570k.
- 3.7 From 2021, the Local Government sector faces a number of funding changes as a result of the Fair Funding Review, the Business Rates Retention System review and the Local Government Spending Review. A scenario analysis has been undertaken to demonstrate the range in effect of possible outcomes of local government funding reviews within the Medium Term Finance Plan (Appendix 2).

3.8 **General Fund 2019/20 – Projected Outturn**

3.9 The uncommitted balance on the General Fund is currently £1.5m which reflects the minimum operating balance approved as part of the 2018 Medium Term Financial Strategy.

3.10 The third quarter Performance Report is due to be considered by Cabinet in April and will present the 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.

3.11 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. The reserve is forecast to stand at £4.53m by March 2020.

3.12 The forecast outturn position presented as part of Appendix 3c is based on the forecast outturn at Period 9.

3.13 **2020/21 General Fund Net Revenue Expenditure**

3.14 The Councils net revenue expenditure position is affected by three main elements which include: the net revenue expenditure in relation to the provision of services 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.

3.15 For 2020/21, there has been an increase in net revenue compared to 2019/20 of £488k. 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). 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 Minimis 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”.
- d) Cost Pressure - Proposed additional budget provision to cover unavoidable cost pressures, the total of these is £865k.
- e) Service Development - Proposed additional budget provision to cover

enhancement of the service. The total value of service development proposals is £1.45m.

- 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.

3.16 A full list of proposals as outlined above can be found in Appendix 3a and further information in relation to the Savings, Cost Pressure and Service Developments can be found in the General Fund budget reports presented to Cabinet on the 10 December 2019 and 4 February 2020. A link to the Cabinet Meetings is included in the background papers on page one.

3.17 There has been one amendment to the budget since it was presented to Cabinet on the 4 February. A verbal update of the amendment was provided at the Cabinet meeting. As detailed in paragraph 1.10 above, the amendment is to reflect the decision of the IRP to increase member's allowances. The impact of the General Fund is an additional £35k, this has been included as a cost pressure within the total in paragraph 3.15(d).

3.18 Fees and Charges

3.19 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.

3.20 Appendix 3b provides a comparison of 2019/20 and 2020/21 Fees and Charges for those fees that have changed. 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.

3.21 2020/21 Funding

3.22 For 2020/21 there is an estimated increase in total funding of £957k.

3.23 We expect to receive nil Revenue Support Grant in 2020/21.

3.24 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.

3.25 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.

- 3.26 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.
- 3.27 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.
- 3.28 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.
- 3.29 **Indicative Budget Position 2021/22 – 2024/25**
- 3.30 Included in Appendix 3c for illustrative purposes only is the forecast revenue budget position for 2021/22 to 2024/25. These estimates have been developed by budget holders across the Council, taking into consideration known budgetary changes and assumed inflationary increases.
- 3.31 **Special Expenses**
- 3.32 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 over-spend 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).
- 3.33 In line with the precept freeze for the Council's share of Council Tax, the precepts for special expenses have been frozen since 2010.
- 3.34 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 and plans to maintain and improve assets managed by the Special Expense accounts are carried out.
- 3.35 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.
- 3.36 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:

Band D Special Expenses Council Tax

	19/20	Increase	20/21
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

3.37 The Special Expenses Budget Summary for 2020/21 can be found in Appendix 3d.

4.0 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2020/21

4.1 The proposed Housing Revenue Account budget proposals for 2020/21 were considered by Cabinet on 4 February 2020 and are recommended to Council for approval. See recommendations 9 to 16, are set out at the front of this report. A summary of the 2020/21 HRA budget can be found in Appendix 4a.

4.2 Budget Setting Context

4.3 The budget has been prepared in accordance with Government's new rent policy, which allows for rents to be increased by up to 1% above inflation, as measured by the Consumer Price Index, for the next five years. This follows a policy of 1% rent reductions for the past four years.

4.4 The revised approach and ethos of the Council's Journey to Self-Sufficiency Programme is to enhance the cost-effectiveness of the council's activities in spite of, rather than because of, a negative financial outlook where one exists. This new approach builds on the 'One Team, One Council' approach to make the most of resources and reinvestment opportunities and being the best Council we can possibly be across all services.

4.5 The Journey to Self-Sufficiency Programme now includes the HRA, to ensure that our tenants also benefit from this wider corporate work to reduce our costs or increase our income. As a result, a savings target of £225k has been built into the 2020/21 budget and medium term financial plan.

4.6 2019/20 HRA Budget Position – Projected Outturn

4.7 We budgeted for a surplus in 2019/20 of £1.4m. By the end of December 2019, we were forecasting a surplus of £1.8m, an increase in surplus of £358k over budget. The main causes of this surplus are:

- Reduced expenditure on a painting programme of £100k.
- Savings of £90k on utility costs, such as council tax, gas and electricity.
- Lower than anticipated responsive repair costs, saving £50k.
- Net staff savings of £114k.

4.8 As a result the balance on the Housing Revenue Account at 31 March 2020 is forecast to be £16.0m. This balance includes £13.0m to repay our loans that fall due in 2022, and a £1.0m working balance for the HRA. The remaining £2.0m are reserves available to use

flexibly, following Council's approval last year to stop automatically using surpluses for debt repayment. This could be used for additional capital improvement works, new housing stock, service improvements or the repayment of debt, subject to assessment of the HRA 5 year medium term financial plan. We will initially place this in the debt repayment reserve, as our default position is to repay debt, but we retain the flexibility to utilise this when opportunities arise.

4.9 2020/21 Housing Revenue Account Budget

4.10 The 2020/21 HRA budget is based upon the 2019/20 budget, with adjustments to reflect the known and anticipated changes for 2020/21. There are three main areas of the budget:

- The income we receive, which is a result of the rents and fees and charges we receive.
- The costs associated with running our day to day landlord business, such as management and repairs costs.
- Longer-term costs associated with our business, such as financing costs or contributions made toward the capital programme.

4.11 The proposed 2020/21 budget is set out in Appendix 4a, and budgets for a net surplus of £2.8m.

4.12 Rents

4.13 The Ministry for Housing, Communities and Local Government (the Ministry) sets how much we can change our rents by each year. For the past four years we have been directed to cut rents by 1% per year, which has seen our rental income reduce by £500k between 2015/16 and 2019/20. For 2020-21, the Ministry is allowing rents to be increase by 1% more than inflation, which means an increase of 2.7% for next year.

4.14 In this year's budget we are increasing our rents by this full amount. This will help the Council to recover some of the lost income as a result of four years of 1% cuts to rents. Average rent on our social rent properties will increase by 2.16 per week to £82.36. For affordable rent properties, we will cap the rent at local housing allowance rates, which means rents will increase on average by £2.74 to £109.37 per week.

4.15 This will increase the rent we receive by £297k in 2020-21, making the total rental income to £17.3m.

4.16 Fees and Charges

4.17 In addition to our rents we set a number of fees and charges for additional services we provide tenants. This can range from service charges for items such as communal heating, communal lighting, maintenance of communal areas and the older persons service charge, to additional services such as garage rental. In September 2019 Cabinet approved a new corporate charging policy, which states that we should look to make a profit for the fees and charges where we are able to do so.

4.18 Appendix 4c and 4d sets out the planned changes to housing fees and charges this year, as a result of the charging policy and changes to our expected costs. The largest changes are:

- Reducing electricity and gas charges by 10%, as a result of falling expenditure in these areas.
- Increasing rents for shops by 14%, as in previous years to reflect the fact they have been significantly under market rates for a number of years.
- Increasing the service charges for servicing fire extinguisher servicing by 18.3%, as our costs are significantly above what we have been charging. Whilst the percentage increase is large, the actual income increase is small – rising from £718 to £850 across all our properties.

4.19 Our fees and charges will fall by an average of 0.96% in 2020/21, reducing our expected income by £8k. This includes our service charges, which are one particular type of fee and charge, and are designed to recover costs rather than generate a profit. They are due to go up by an average of 0.44%, resulting in £2.5k additional income. We expect to receive £646k from our fees and charges in 2020-21.

4.20 Planned Expenditure

4.21 Appendix 4b sets out the main changes to the planned expenditure for 2020/21. These changes include:

- a) Savings – a total of £125k of savings have been proposed. These largely come from reduced gas, electric and council tax costs expected in the year.
- b) Cost pressure – a total of £141k of additional costs to manage our day to day business. This includes an additional staff member to support the delivery of the Home Improvement programme, additional budget to increase the asbestos surveys across our stock and an inflationary increase to our responsive repairs budgets. This includes £8k for additional member allowances.
- c) Service development – We intend to recruit two additional staff members, one to support to management of the new Housing IT system and one to meet the increasing compliance requirements, and to increase contact with support customers. The first post will be funded from contractual savings from developing. We will also commission a value for money review on the delivery of the Home Improvement Programme, and make an additional voluntary pension payment.
- d) Increase in income – we have budgeted for our in-house repairs team to generate a surplus from their activities of £286,000.
- e) Journey to Self – Sufficiency Programme – The target for reducing our costs, or increasing our income is £225k in 2020/21.

4.22 We will also make a £934k revenue contribution to capital outlay (RCCO) in 2020/21. This will part fund the HRA Capital Programme, which is set out from paragraph 5.35.

4.23 Use of Surpluses

4.24 Prior to 2019/20, our approach to surpluses was to automatically save them to the loan redemption reserve, so we could repay debt when it fell due. In 2019/20, Council approved a more flexible approach to using our surpluses once we had retained sufficient cash to repay the loans that fall due in 2022.

4.25 As we now have the £13 million required to repay the 2022 loans. We will continue to place the surpluses into the loan redemption reserve as a default option, but retain the flexibility afforded by Council in last year's budget to dip into the redemption reserve should it be required.

5.0 CAPITAL PROGRAMMES – GENERAL FUND AND HOUSING REVENUE ACCOUNT (HRA) PROGRAMMES 2020/21 TO 2024/25

5.1 The proposed General Fund and HRA Capital Programmes for 2020/21 to 2024/25 were considered by Cabinet on 4 February 2020 and are recommended to Council for approval. See recommendations 18 to 20, are set out at the front of this report.

5.2 In line with the Prudential Code 2017, there is a requirement for members to approve a Capital Strategy alongside the Capital Programme for the forthcoming year. The Strategy sets out the Council's priorities and approach to capital investment and provides a

mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe. The Capital Strategy can be found in Appendix 5a.

5.3 General Fund Capital Programme– Estimated Outturn 2019/20

5.4 The projected outturn for 2019/20 on General Fund schemes total £4.92m. This is a decrease in the year of £7.79m, against the original budget of £12.7m.

5.5 This managed decrease is caused by the following:

	£	£
Original Budget 2019/20		12,708,590
Approved Schemes carried forward from 2018/19 and 2019/20 approved virements		
Finance System Review	100,000	
District Car Park - LED Lighting Replacement	25,000	
Linden Way Depot – Welfare Facilities	95,250	
Moira Furnace – Masonry, Drainage, Upgrades, Bridge works	170,000	
Council Offices – Fire Alarm and COTAG Door System	104,750	
Council Offices – Lift Works	30,000	
Memorial Clock Tower	13,012	
Marlborough Square	1,743,286	
New Market Provision	291,790	
Wi-Fi Scheme (IT)	66,029	
Disabled Facility Grants	74,114	
Refuse Vehicles and Refuse Kerbsider (reduced carry forward)	(153,960)	
LAN Switches (transferred to revenue)	(15,500)	
Total (increase to 2019/20 budget)		2,543,771
Less in year underspends		
Council Offices – Lift work	(106,168)	
Council Offices (Stenson House) Replacement windows	(16,595)	
Memorial Clock Tower	(6,162)	
Whitwick Business Centre - Replace Lighting with LED	(369)	
Total (reduction to 2019/20 budget)		(129,294)
Less Planned Slippage in 2019/20 carried forward to 2020/21		
New Leisure Centre, Coalville - £7.3m to be carried forward to future years. Construction work is scheduled to commence on site from July 2020. Bridge and access works will start from February 2020. The overall project completion is now programmed for March 2022 (from August 2021). Additional funding to cover the cost of installation of the bridge required to access the site from the A511 has been included at £400k.	(7,296,912)	
The revised projected expenditure cash flow is:- Year 1 2019/20 £1,699,088 Year 2 2020/21 £13,356,000 Year 3 2021/22 £8,516,912		
Moira Furnace - Masonry, Drainage, Upgrades, Bridge works	(280,000)	
Council Offices – Replace obsolete parts to consumer units	(75,000)	
Council Offices – Replacement LED Lighting Stenson/Main build	(35,000)	
Council Offices – Insulate roof space to building	(30,000)	
Council Offices – Main Building upgrades of walkways, glazing	(250,000)	
Council Offices – (Stenson House) external works to roadway	(48,750)	

District Car Parks – LED Lighting Replacement	(25,000)	
Marlborough Square	(1,673,000)	
Salt Bay Cover - other	(20,000)	
Finance System review	(100,000)	
Vans – Medium	(180,000)	
Vans - Box Lorry	(65,000)	
Appleby Magna Caravan Site	(124,178)	
Total (decrease to 2019/20 budget)		(10,202,840)
Indicative Outturn 2019/2020		4,920,227

5.6 The total planned financing of the General Fund expenditure totalling £4.92m for 2019/20 is broken down in the table below:

	£
Disabled Facilities Grant	670,314
S106 Contributions	831,000
Revenue Contributions to Capital	28,440
Capital Receipts	34,037
Other Reserves	574,486
Grants	26,850
Unsupported Borrowing – Internal	2,755,100
Total	4,920,227

5.7 The 'Schemes Carried Forward' shown in paragraph 5.5 above, represent expenditure which was originally expected and budgeted for in 2018/19 but slipped into 2019/20. The budgeted financing has also been carried forward.

5.8 Housing Revenue Account (HRA) Capital Programme – Estimated Outturn 2019/20

5.9 The projected outturn for the Housing Revenue Account is £7.8m against a budget of £13.1m, a decrease of £5.3m.

5.10 This managed decrease is caused by the following:

	£	£
Original Budget 2019/20		13,109,559
Less forecast slippage in 2019/20 carried forward to 2020/21		
New Supply This will be used to provide flexibility to purchase affordable homes and land when opportunities are identified during the year, and is in addition to the 2020/21 planned New Supply budget.	(1,551,000)	
Mobility Scooter Stores	(108,526)	
Off Street Parking	(212,500)	
Fire Risk Assessment Remedial Works	(400,000)	
Supported Housing Improvements	(300,000)	
Garage demolition and replacement	(5,270)	
		(2,577,296)
Forecast over or (under) spends in 2019/20 that will not be carried forward		
New Supply The new supply programme has been rebased in the 2020/21	(1,977,909)	

budget, so there is no need to carry forward these underspends.		
Home Improvement Programme	(478,106)	
Footpaths and unadopted roads	(107,500)	
Handrail replacement	(14,000)	
Fire Risk Assessment Remedial Works	(22,000)	
Renewable Energy Installation Programme	66,220	
Property Demolition	(195,400)	
Capital works - voids	(46,000)	
Professional Fees	(70,000)	
New Housing Systems	127,542	
Capitalised salaries	4,290	
		(2,712,863)
Total (decrease to 2019/20 budget)		(5,290,159)
Indicative HRA Capital Outturn 2019/2020		7,819,400

- 5.11 The revised funding for the HRA Capital programme for 2019/20 is detailed in the table below. Where budgets are slipping into next year, the funding is also going with them.

	£
Use of Major Repairs Reserve	2,900,000
Right to Buy 'One for One' receipts	308,100
Other right to buy receipts	318,900
Section 106 Affordable Housing commuted sums	278,000
Revenue Contribution to Capital Outlay (RCCO)	1,700,000
Other usable capital balances	2,314,400
Total Resources used in 2020/21	7,819,400
Retained for future years	7,785,060

5.12 GENERAL FUND CAPITAL PROGRAMME 2020/21 TO 2024/25

- 5.13 The General Fund capital programme for 2020/21 to 2024/25 is detailed in Appendix 5b. This programme provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme.

- 5.14 Schemes shown as slippage from 2019/20 and carried forward to 2020/21 are detailed in the table in paragraph 5.5 above.

- 5.15 New schemes for 2020/21 (detailed in the tables below) are included in the capital programme for approval. The total funding requirement for the new schemes is £1.3m. The majority of the new investment is the redevelopment of Appleby Magna Caravan Park and the new Leisure Centre Coalville bridge work.

5.16 New Schemes for consideration for 2020/21 and future years

Property assets have been condition surveyed during 2019/20, and a new Planned Preventative Maintenance (PPM) programme has been developed as a result. With the following schemes being identified in 2020/21 through to 2025:

New Schemes identified for Property Services 2020/2021	£
Renew the garage roof at the Coalville Park. The works will include a complete replacement of the garage roof by removal of all asbestos sheeting	50,000
The Courtyard to renew the metal rain water goods, front door (unit 16) and renewal of all existing rain water goods include downpipe	25,000
Upgrade the CCTV link between the Whitwick Business Centre and the Council Offices	10,000
Resurfacing and relining of the car park at Market Street Industrial units	12,000

Ashby Town Halls Mews on installing parking bollards, resurfacing and relining	15,000
Car Park - High Street, Ibstock - Remove and Renew Gullies	35,000
Market Hall – demolish and make good	75,000
Coalville - Cemetery - provision of an inclusive toilet	25,000
UPS/Generator related (reconfiguring electric distribution)	60,000
Total 2020/21	307,000
New Schemes identified for Property Services (future years)	
Clock Tower - Upgrade of Lighting Scheme (phase 2)	30,000
Cropston Drive - External and Internal Renovation of Changing Rooms	20,000
Council Offices refurbishment	3,740,000
Total (future years)	3,790,000

New Schemes for IT 2020/21	£
The council has approximately 125 old 19” monitors which are over 6 years old. These screens are at the end of their useful life. They do not support higher resolutions which are required by modern day applications.	18,000
An upgrade to the next generation Sophos firewall to provide improved security and defence for the organisation. These firewalls provide more advanced cyber and threat protection and is able to detect and mitigate threats out in the wild, without knowing about them. A further £70k has been provided in 2023/24.	12,000
Replacement laptops. A five year programme to replace old laptops that are slow, out of support and more than five years old. This will provide higher performance laptops for staff, which are supported and able to run modern day applications. Over the 5 year programme, the laptop replacement programme will require a further investment of £165k.	25,000
WAN and DC Renewal (Wide Area network and Data Centre)	60,000
Total 2020/21	115,000
Further New IT Schemes (future years)	
The Council is currently undertaking procurement for a new telephony system in the current financial year 2019/20 (£130k), to cover the next 5 years. After 5 years the council we would need to look at either renewing the support and maintenance again or look at procuring a new telephony system. The Council has provided funds in 2024/25 for a new system.	140,000
Professional Services for Windows 2008 is being completed in the current financial year 2019/20 (£45k). In 2024/2025 the council we need to upgrade from Windows Server 2012 to Windows 2016. The Council has provided funds in 2024/25.	45,000
Total (future years)	185,000

Other Schemes 2020/21	£
The Council plans to invest £15k in new technology for driver identification. The purchase of driver identification key fobs for all drivers in waste so that the council can remotely identify who is driving the vehicle and to be able to download tachograph card information to comply with legislation.	15,000
Recycling Trolleys. The Council intends to enable a second pilot in relation to the recycling containers used to look at an alternative option.	10,000
The Council plans to invest a further £435k in Appleby Magna Caravan Park, in addition to the £175k already included within the capital programme for 2020/21. This includes planning to redesign the site to allow space to be freed up to enable redevelopment.	435,000
The Council is requesting a further £400k to support the total cost for the design and build of the bridge at the new Leisure Centre Coalville.	400,000
The Council plans to invest £115k to install 24 electric off street charging points across the district.	115,000

Total 2020/21	975,000
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5.17 Fleet Replacement Programme

Fleet replacement is a rolling programme. Each year a number of vehicles come to the end of their useful economic life when each of the vehicles are reviewed based on the age, condition, mileage or potential risk of major repairs (due to being out of warranty). A decision is made to replace the vehicle or to extend its life for a further period. These decisions are made in the previous year in order to allow a suitable lead-in period from order to delivery in April, particularly for large items such as refuse vehicles. Many of these vehicles are built to order and these orders have to be placed before October for delivery the following April. Therefore, although they are actually required in April a commitment has to be made in the previous year.

Due to service requirements, approval will be sought at Council in February to amend the previously reported 2020/21 fleet budget from £1.1m to £1m, a net reduction of £143k.

5.18 The total fleet budget for 2020/21 is now as follows:

Vehicles / Plant & Equipment	Original Budget £	Revised Budget £
Refuse/Recycling Vehicles	660,000	660,000
Market Vehicles	24,000	30,000
Vans - Small	16,000	0
Vans - Medium - Housing	180,000	240,000
Vans – Box Lorry	130,000	0
Sweepers	130,000	130,000
Mowing	10,000	10,000
TOTAL	1,150,000	1,070,000

5.19 In order to progress with the 2021/22 purchases, approval is sought for the following vehicles:

Vehicles / Plant & Equipment	Budget £
1x Refuse / Recycling Vehicles	220,000
3 x Market Vehicles / Cars	90,000
2 x Vans Small	45,000
2 x Vans Medium - Housing	32,000
2 x Vans – Pickup	100,000
Sweepers	180,000
2 x Digger/Misc Plant	130,000
3 x Mowing	68,000
Total	865,000

5.20 Disabled Facilities Grants

The Disabled Facilities Grant is a capital grant paid to local authorities that can meet, or contribute towards the costs of adapting a person's home. This can help eligible people to stay in their homes for longer and live safer, healthier and more independent lives. It is proposed to continue with the Disabled Facilities Grant function that has been delegated to the lead authority (Blaby District Council) under the Lightbulb Project Scheme. As this is a rolling programme, the scheme has been updated to include 2024/25 and amounts revised based on the forecast grant to be received.

5.21 General Fund Capital Programme (2020/21) Funding

The General Fund Capital Programme (2020/21) will be funded by:

Funding Stream	£
Disabled Facilities Grants	670,310
S106 Contributions	-
Revenue Contribution to Capital	115,000
Reserves	-
Grants	-
Capital Receipt	3,000,000
Unsupported Borrowing - Internal	9,135,000
Total (including carry forward from 19/20)	12,920,310

5.22 SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

5.23 There was no special expenses capital schemes for 2019/20.

5.24 There are no new schemes identified to commence in 2020/21.

5.25 HRA CAPITAL PROGRAMME – 2020/21 - 2024/25 INDIVIDUAL SCHEMES

5.26 The HRA Capital programme (Appendix 5c) covers in detail the capital schemes for the period 2020/21 to 2024/25 and how they are funded. The total expected spend over 5 years is £56.7m, with a £10.2m budget for 2020/21.

5.27 The HRA Capital Programme for 2020/21 2020/21 and onwards consists mainly of:

a) New Supply Programme

Our new supply programme provides provision for building and purchasing properties to rent out at affordable rent levels. This year we have produced an indicative five year budget totalling £24.5m. For 2020/21 that comprises a total budget of £3.8m, which will complete 8 properties already being built on Cropston Drive, Coalville, and start another 34 properties on sites in Whitwick, Measham and Moira. This programme is dependent on confirming viability on these sites and gaining planning permission.

Our primary funding source for this will be retained right to buy receipts. We only have 3 years in which to spend these receipts or we have to return them to central government, with a punitive interest charge of the Bank of England base rate plus 4%. Other sources include commuted sums and revenue contribution to capital outlays, and funding is based on the requirements of each site.

b) Home Improvement Programme (HIP)

The Council brought all of its homes up to the Decent Homes standard in 2014/15 and now need to continue a programme of work to ensure that our homes remain at this quality standard. In 2020/21 we are budgeting spending £3.9m on home improvements, which includes replacing kitchens, bathrooms, heating systems and roofs in some of our properties.

The Home Improvement Programme for the remaining 4 year period will see an investment of £16.2m in improving tenants' homes, bring the total 5 year figure up to £20.1m.

c) New Regeneration Pilot

Officers have worked with the administration to set aside £250k to regenerate one of our estates. We will seek the communities input, and aim

to improve the aesthetics of the estate and promote the council's wider corporate priorities, such as creating safe, healthy and connected communities. We are still looking into the most appropriate area to pilot this project, with a view to completing more regeneration work in the future based on the outcome of the pilot.

d) Other Schemes / Miscellaneous

There are various other schemes with a total budgeted expenditure of £2.2m. This comprises our more routine capital expenditure, such as work on properties when they become empty (£350k), major aids and adaptations on properties (£300k), work to improve fire safety (£125k) and capitalised salaries (£614k).

There are also other one-off expenditure programmes, such as other estate improvement works, totalling £520k. This includes £250k for off street car parking.

5.28 CAPITAL RESOURCING

General Fund

5.29 The resources estimated to be needed to finance the General Fund programme 2020/21 to 2024/25 totals £36,872,962 and is as follows:

	£
2020/21	12,920,310
2021/22	8,104,310
2022/23	2,062,310
2023/24	2,079,310
2024/25	2,315,310
Total	27,481,550

5.30 Details of the planned funding of the programmes are included in Appendix 5b.

5.31 Funding is in place in 2020/21 for the Disabled Facilities Grants Scheme £670k.

5.32 There will be a Revenue Contribution to Capital to fund the electric off street charging points of £115k.

5.33 A capital receipt of £3m has been identified for the Leisure Centre Project.

5.34 The remaining schemes for 2020/21 (£21m) can be funded by either unsupported borrowing or leasing depending on value for money and for which, provision has been made in the 2020/21 Revenue Budget. Currently the council's default position is to fund through unsupported borrowing unless there are financial benefits to the council to lease.

Housing Revenue Account

5.35 Appendix 5c provides detail on how the five year Housing Revenue Account capital programme will be funded. In 2020/21, the funding streams are:

	£
Use of Major Repairs Reserve	3,869,611
Right to Buy 'One for One' receipts	907,342
Other right to buy receipts	2,928,937
Proceeds for asset disposals	1,068,950
Section 106 Affordable Housing commuted sums	255,018
Revenue Contribution to Capital Outlay (RCCO)	934,000
Other usable capital balances	200,000
Total Resources used in 2020/21	10,163,858

Retained for future years	6,763,994
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5.36 The amount retained for future years comprises £0.8m remaining within the major repairs reserve and £5.9m funding for our New Supply Programme, which includes right to buy one for one receipts and our matched contribution.

6.0 SETTING THE COUNCIL TAX

6.1 The wordings of the recommendations for setting the Council Tax are prescribed and are explained below.

6.2 Recommendations 22(1) and 22(2)

The amount in these recommendations are the Council Tax Base for the 2020/21 year (Recommendation 22(1)) and the Council Tax Base for 2020/21 for those areas where Parish Precepts and/or Special Expenses apply (Recommendations (22(2)) both as shown in Table A Appendix 6.

6.3 Recommendation 23(1)

The amount at Recommendation 23(1) is the Council's estimated gross expenditure for 2020/21 including the Special Expenses plus the Parish Precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

	£
District Gross Expenditure	56,910,956
Parish Precepts	2,245,085
Surplus of Income over Expenditure	630,368
Total	59,786,409

6.4 Recommendation 23(2)

This is the District Council's estimated gross income for 2020/21 from fees, charges, rents, specific and general Government Grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

	£
Fees and charges, rents, specific Government Grants	41,183,672
Formula Grant	0
National Non Domestic Business Rates	6,881,605
New Homes Bonus	3,410,707
Transfer from Collection Fund	66,086
Total	51,542,070

6.5 Recommendation 23(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 23(1) above gross income at 23(2) above. It is calculated as:

	£
Gross Expenditure	59,786,409
Less Gross Income	51,542,070
Total	8,244,339

6.6 Recommendation 23(4)

This figure represents the basic amount of Council Tax and is calculated by applying the formula in Section 31B of the Local Government Finance Act 1992:

Where:

R is the Council's Council Tax Requirement, i.e. as Recommendation 21(3) above
T is the Council Tax Base

Therefore: £8,244,339 (R) /
34,585 (T)
= £238.38

6.7 Recommendation 23(5)

This is the total of all Special Expenses and the precepts of local precepting authorities i.e. Parish Councils as follows:

	£
Special Expenses	514,764
Parish Precepts	2,245,085
Total	2,759,849

6.8 Recommendation 23(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 21(4) the sum of the Special Expenses plus parish precepts (recommendation 21(5) divided by the District Council Tax base):

$$\begin{aligned} & \text{£238.28} - \frac{\text{£2,759,849}}{34,585} \\ & = \text{£158.58} \end{aligned}$$

This represents the basic amount of Council Tax (at Band D level) for those parts of the District's area where there are no parish precepts or Special Expenses. The parish precepts and/or Special Expenses, where applicable, are in addition to this.

6.9 Recommendation 23(7)

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 23(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council Tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 23(6) above.

6.10 Recommendation 23(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 21(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 23(7) (where there are parish precepts and/or Special Expenses), the proportion listed in Section 5(1) of the Local Government Act 1992 as they relate to the proportion allocated to Band D as follows:

Valuation Band	Proportion of Basic Council Tax
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

6.11 Recommendation 24

In issuing their precepts for the financial year 2020/21 Leicestershire County Council, Leicester Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band. There will be an update at the District Council meeting should the County Council's information change.

6.12 **Recommendation 25**

This amount is calculated by adding together the amounts in recommendation 21(8) and the amounts in Recommendation 22. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support which replaced Council Tax Benefits from 1 April 2013.

6.13 **Recommendation 26**

The Localism Act 2011 has amended the Local Government Finance Act 1992 in such a way as to require the Council to determine whether the Council's relevant basic amount of Council Tax each year is "excessive". A referendum is now triggered in those authorities where an increase is so determined. The question of whether an authority's relevant basic amount of Council Tax is excessive or not must be decided in accordance with a set of principles determined for the year by the Secretary of State.

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2020/21 would be considered excessive if it is the higher of either 2% greater than its relevant basic amount of Council Tax for 2019/20 or £5.

As no increase in Council Tax is being recommended for the district share of the council tax and the Special Expenses element that only affect a proportion of the district are all less than £5 there is no question of the basic amount of Council Tax for 2020/21 being determined as excessive. Table F, Appendix 6 shows the percentage increases.

Policies and other considerations, as appropriate	
Council Priorities:	The General Fund, HRA and Capital budgets help the Council to achieve all its priorities.
Policy Considerations:	The HRA budget sets out our rent policy for 2020/21, in line with the proposed national rent increase formula.
Safeguarding:	No issues.
Equalities/Diversity:	<p>We have considered the impact of changes to the HRA budget on the protected characteristics defined within the Equalities Act.</p> <p>The changes to rent could adversely affect those with protected characteristics within our properties, particular age as the demographic of our tenants tends to be older people. However, this is offset by an additional support officer focused on tenants within supported housing, who tend to be older, and the general benefit of a financially sustainable landlord service that can continue to offer those in need lower cost accommodation.</p> <p>No material impacts have been identified on the General Fund budgets.</p>
Customer Impact:	<p>The majority of our tenants will be impacted by the increase in rents set out within this report.</p> <p>Residents and businesses will be affected by the General Fund's Fees and Charges, set out in Appendix 3b.</p>
Economic and Social Impact:	No issues.
Environment and Climate Change:	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 or through additional revenue contribution to capital outlay on the HRA.
Consultation/Community Engagement:	<ul style="list-style-type: none"> • Corporate Leadership Team (CLT). • Housing and Property Services Portfolio Holder • Corporate Scrutiny Committee • Parish Council's • Trade Unions • Federation of Small Businesses • Public consultation between 13 January and 3 February. • Tenants, via the Performance and Finance Working Group and the Tenants and Leaseholders Forum.
Risks:	The budgets will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Officer Contact	<p>Tracy Bingham, Head of Finance and Section 151 Officer 01530 454 707 tracy.bingham@nwleicestershire.gov.uk</p>