

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – TUESDAY, 23 FEBRUARY 2021



Title of Report	BUDGET AND COUNCIL TAX 2021/22	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Draft Minutes – Corporate Scrutiny Committee -11 November 2020 Draft Budget Proposals for 2021/22 – Cabinet 8 December 2020 Coalville Special Expenses Finance Update – Coalville Special Expenses Working Party – 15 December 2020 Draft Minutes – Corporate Scrutiny Committee - 6 January 2021 Final Budget Proposals Reports for 2021/22 – Cabinet 2 February 2021	Public Report: Yes
Financial Implications	This report sets out the General Fund, Housing Revenue Account, Special Expenses Revenue and Capital Programme for 2021/22, which are needed for the Council to continue to deliver its services to residents, tenants and businesses. It also seeks approval for a wide range of fees and charges for 2021/22, including Council Tax, Rents and other charges. These are set out in recommendations section. Signed off by the Section 151 Officer: Yes	
Legal Implications	None. Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	Appropriate issues are addressed in the report body. Signed off by the Head of Paid Service: Yes	
Purpose of Report	To allow the Council to approve the 2021/22 budgets and the appropriate Council Tax setting resolution.	
Recommendations	COUNCIL IS RECOMMENDED: 1. TO NOTE THE S151 OFFICER’S COMMENTS ON	

	<p>THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES, AS REQUIRED BY SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003.</p> <ol style="list-style-type: none"> 2. TO NOTE THE MEDIUM TERM FINANCIAL PLAN APPROVED BY CABINET ON 2 FEBRUARY 2021 AS DETAILED IN APPENDIX 2. 3. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 3A. 4. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 0.5% ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT FROM 1 APRIL 2021. 5. TO APPROVE THE AMENDMENTS TO THE GENERAL FUND FEES AND CHARGES AS DETAILED IN APPENDIX 3C EFFECTIVE FROM 1 APRIL 2021. 6. TO FREEZE THE DISTRICT COUNCIL TAX IN 2021/22. 7. TO APPROVE THE TRANSFER OF ANY GENERAL FUND SURPLUS INCOME OVER EXPENDITURE IN 2021/22 TO THE SELF SUFFICIENCY RESERVE (CURRENTLY BUDGETED AT £1,102,407). 8. TO APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 3D. 9. TO SET THE SPECIAL EXPENSES BAND D COUNCIL TAX AS APPENDIX 6 TABLE B FOR 2021/22. 10. TO APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 4A. 11. TO APPROVE THE INCREASE IN COUNCIL RENTS FOR 2021/22 BY UP TO 1.5% 12. TO APPROVE THE INCREASE IN GARAGE RENTS FOR 2021/22 BY 0.5%. 13. TO APPROVE THE DECREASE IN CENTRAL HEATING CHARGES FOR 2021/22 BY 5%. 14. TO APPROVE THE AVERAGE DECREASE OF 3.54% IN SERVICE CHARGE FOR 2021/22, AS SET IN APPENDIX 4D.
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	<p>15. TO APPROVE INCREASING THE LIFELINE CHARGES FOR EAST MIDLANDS HOUSING AND PRIVATE CUSTOMERS BY 0.5%.</p> <p>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 2022. THIS APPROACH WAS APPROVED BY COUNCIL IN 2019/20.</p> <p>17. TO APPROVE THE 2021/22 CAPITAL STRATEGY INCLUDED IN APPENDIX 5A (IN LINE WITH THE PRUDENTIAL CODE).</p> <p>18. TO APPROVE THE PROPOSED GENERAL FUND (APPENDIX 5B) AND HOUSING REVENUE ACCOUNT (APPENDIX 5C) CAPITAL PROGRAMMES FOR 2021/22 AND PLANNED FINANCING.</p> <p>19. TO APPROVE THE GENERAL FUND AND HRA CAPITAL PROGRAMMES 2022/23 – 2025/26 FOR INDICATIVE PURPOSES ONLY.</p> <p>20. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2021/22 IN ACCORDANCE WITH REGULATION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:</p> <p>(1) 34,841 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.</p> <p>(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.</p> <p>21. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2021/22 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:</p>
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	<p>(1) <u>DISTRICT/PARISH GROSS EXPENDITURE</u> £59,594,749 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEM SET OUT IN SECTION 31A (2) OF THE ACT.</p> <p>(2) <u>INCOME</u> £51,142,626 BEING THE AMOUNT BY AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.</p> <p>(3) <u>DISTRICT/PARISH GROSS EXPENDITURE</u> £8,452,123 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 21(1) ABOVE EXCEEDS THE AGGREGATE AT 21(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A(4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.</p> <p>(4) <u>BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)</u> £242.59 BEING THE AMOUNT OF 21(2) 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 31B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.</p> <p>(5) <u>PARISH PRECEPTS/SPECIAL EXPENSES</u> £2,927,037 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.</p> <p>(6) <u>BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)</u> £158.58 BEING THE AMOUNT AT 21(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 21(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.</p> <p>(7) <u>BASIC AMOUNT OF TAX (PARISHED AREAS)</u> THE AMOUNTS LISTED IN COLUMN 5 OF TABLE B APPENDIX 6 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO</p>
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THE AMOUNT AT 21(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, 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 COUNCIL TAX RATES
THE AMOUNTS SET OUT IN TABLE C APPENDIX 6 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 21(6) AND 21(7) ABOVE BY THE NUMBER WHICH, THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR 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.

22. MAJOR PRECEPTING AUTHORITIES
THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE D APPENDIX 6 TO THE 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 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2021/22 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.

23. COUNCIL TAX BASE – ALL BANDS
THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 21(8) (TABLE C APPENDIX 6) AND 22 (TABLE D APPENDIX 6) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2021/22 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.

	<p>24. <u>REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u> <u>TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2021/22 IS NOT EXCESSIVE.</u></p>
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1.0 INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2021/22 together with their respective Capital Programmes. In line with the Prudential Code 2017 there is a requirement for members to approve a Capital Strategy alongside the Capital Programmes for the forthcoming year.
- 1.2 There is also a statutory requirement under the Local Government 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 20 to 24) 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 17 February 2021. 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 of Leicestershire (the Council's remaining two major precepting authorities) have confirmed their precepts at their respective meetings on 10 and 11 February 2021.
- 1.6 The 2021/22 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by Cabinet on 2 February 2021. 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; and
 - Council Tax Setting – Section 6.
- 1.7 Section 2 of this report details the Medium Term Financial Plans 2021-2026 that were approved by Cabinet on 2 February 2021 (included in Appendix 2). The plans present a high level, five year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the five year period from April 2021 across both the General Fund and Housing Revenue Accounts. The plans are made available to all members to ensure that in setting the annual 2021/22 budget, members have reference to the medium term financial position of the Council.
- 1.8 The final General Fund and Housing Revenue Account budgets include savings targets set under the Journey to Self Sufficiency Programme. An update in respect of the programme can be found in the Medium Term Financial Plans, in Appendix 2 to

this report.

- 1.9 The parliamentary vote on the Final Local Government Finance Settlement for 2021/22 was held on 10 February 2021 and there were no changes to funding proposed as part of the provisional settlement.

Robustness of Estimates and Adequacy of Reserves (Statement to comply with Section 25, Local Government Act 2003)

- 1.10 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.
- 1.11 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 2021/22.
- 1.12 The Section 151 Officer also considers that the overall level of General Fund, Housing Revenue Account and Special Expenses reserves are adequate for 2021/22. Comparisons with other shire district councils via the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index further demonstrates the council's stable financial position. The tool, which becomes publicly available after 19 February 2021, shows the Council to be 'lower risk' compared to other shire districts in respect of its reserves sustainability and level of reserves (based on 2019/20 outturn data). The table below confirms the projected level of reserves available at March 2021.

Table 1 – Forecast Total Council Reserves at March 2021

Reserves	£'m
<u>General Fund</u>	
General Fund Earmarked Reserves	11.90
General Fund General Reserves (agreed minimum balance)	1.54
Self-Sufficiency Reserve	6.30
Asset Protection Fund	0.19
Other	-0.01
	<hr/> 19.92
<u>Housing Revenue Account</u>	
Housing Revenue Account Earmarked Reserves	0.01
HRA working balance	6.11
HRA Loan Redemption Reserve	13.00
	<hr/> 19.12
<u>Special Expenses</u>	
Special Expenses Earmarked Reserves	0.05
Asset Protection Fund	0.01
Special Expenses General Reserves	0.08
	<hr/> 0.14
<u>Other</u>	
S106	1.62
	<hr/> 40.80

1.13 The Section 151 Officer notes the following in respect of the General Fund:

- a) As the COVID-19 pandemic continues to affect the council's operations there is likely to be variances in the budgeted position of income and expenditure in the new financial year, particularly on the General Fund. Of particular note is that at the time of writing this report, officers are working with the council's leisure operator Everyone Active to understand the potential level of further financial support that may be required throughout the 2021/22 financial year. Any agreed financial support will affect the General Fund budgeted surplus position.
- b) Additionally, the final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions and any agreement that is not aligned with the council's budgetary estimate will (as is typical in any budget year) result in either a favourable or adverse variance that affects the budgeted outturn position on the General Fund.
- c) Business, housing and population growth in the district continues to rise at pace, despite the ongoing COVID-19 pandemic and as a result there is a need for future increased expenditure to be funded.
- d) It is widely understood that in the future, all local authorities will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates) are introduced – particularly against the backdrop of recovering from the impact of COVID-19 which also has the potential to affect the council's spending. The Council has begun to scope its response to these matters through its Journey to Self Sufficiency Programme. Specifically, the CIPFA Financial Resilience Index highlights the council being at higher risk in respect of its accumulated business rates growth above baseline in comparison to other shire district councils, a theme which is well understood and documented in the General Fund medium term financial plan.
- e) The Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's departmental multi-year Spending Review (which has been delayed a further year) and the redesign of the national Business Rates Retention System. The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government-led reviews.
- f) The updated MTFP presents a total deficit between 2021/22 and 2025/26 of £5.2 million, and is contingent on the delivery of the £5.1 million of savings in relation to the Journey to Self Sufficiency Programme. Therefore, there remains a risk that these savings are not delivered and the deficit increases.
- g) By March 2022, the Council's Self-Sufficiency reserve is forecast to stand at £7.4 million, subject to funding commercial initiatives presented to Cabinet for approval.

1.14 The Section 151 Officer notes the following in respect of the Housing Revenue Account:

- a) The council's current projections with the HRA MTFP show a stable five year financial position when considering the level of reserves available to balance projected deficit years. The plan includes £2.65 million of targeted Journey to Self Sufficiency savings.

Consultation Process

- 1.15 The budget consultation for 2021/22 consisted of scrutiny by members of the Corporate Scrutiny Committee, Coalville Special Expenses Working Party, statutory, public and tenant consultation.

General Fund and Special Expenses Revenue Budget 2021/22

Corporate Scrutiny Committee

- 1.16 A report was taken to Corporate Scrutiny Committee on 11 November 2020 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 8 December 2020.
- 1.17 The Corporate Scrutiny Committee met on 6 January 2021 to review all the draft proposed budgets for 2021/22. A link to the draft minutes have been included as background paper. As detailed in paragraph 3.13 the suggestion in relation to providing some support to volunteer litter collecting groups in rural areas of the district has been incorporated into the final budget.

Statutory Consultation

- 1.18 The statutory consultation on the 2021/22 budget proposals commenced in the 21 December 2020 and closed on the 7 February 2021. 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 copies of the budget reports and given the opportunity to provide feedback. There has been three responses received, the response is included in Appendix 1a.

Coalville Special Expenses Working Party

- 1.19 The Coalville Special Expenses Working Party met on 15 December 2020 to review the council tax increase for Coalville Special Expenses. A link to the draft minutes has been included as a background paper. At the meeting, clarification was sought from Members as to the exact percentage increases in the precept for individual households and bands. This was confirmed to members after the meeting.

Public Consultation

- 1.20 An online consultation commenced on the 21 December 2020 and closed on the 7 February 2021. The survey asks respondents 'what feedback would you like to give us on the council's proposed budget for 2021/22'. No responses in relation to the general fund revenue budget have been received.

Housing Revenue Account (HRA) Budget Proposals for 2021/22

Corporate Scrutiny Committee

- 1.21 The Corporate Scrutiny Committee met on 6 January 2021 to consider the draft budget, having previously considered the detailed proposals in November 2020 as part of our enhanced member engagement on the budget. A link to the draft minutes for both these meetings has been included as a background paper.
- 1.22 In the January meeting, one member of the committee expressed concerns around the planned 1.5% increase in rents. They also queried whether the reduction in expenditure on responsive repairs was a result of tenants not requesting repairs due to COVID-19. Whilst responsive repair requests have reduced as a result of the pandemic, the reduction of this budget is based more on a long-term decline in repair costs.
- 1.23 No changes have been made to the HRA budget as a result of comments from the Corporate Scrutiny Committee.

Tenants

- 1.24 As part of the consultation process, we have engaged with tenants in a number of ways:
- We consulted the Tenant Scrutiny Panel on 5 January 2021 and the Tenant and Leaseholder Consultation Forum on 12 January 2021. This took the form of a presentation of the budget and the changes within it, and we invited comments and discussion from the groups.
 - In response to comments from the Corporate Scrutiny Committee made last year, we have included an article relating to the budget in the January 2021 edition of our tenant newsletter, InTouch. This newsletter is sent to all our tenants, and the article set out the key changes to the budget, including changes to rents and service charges, and invited tenants to complete an online survey to express their views.
- 1.25 No comments were made by the Tenant Scrutiny Panel or the Tenant and Leaseholder Consultation Forum.
- 1.26 Two tenants provided a response to the online survey, which is a very low response rate. The comments made relating to the Housing Revenue Account include:
- Both responses were unsupportive or very unsupportive of the planned rent increases, with one tenant citing the pressure the pandemic is having on people and the other how cold their property is.
 - One tenant was unsupportive of the service developments, which were limited to the new tenancy sustainment officer and additional resourcing to support the introduction of the new housing IT system when it goes live. The tenant commented that they thought there would be better things to spend the money on.
- 1.27 No changes have been made as a result of these comments.

Capital Programmes – General Fund and HRA 2021/22-2025/26

Corporate Scrutiny Committee

- 1.28 The Corporate Scrutiny Committee met on 6 January 2021 to review all the proposed budgets for 2021/22. A link to the draft minutes has been included as a background paper.
- 1.29 Members of the Committee informed officers of errors within the HRA capital programme relating to the off-street parking provision. The off-street parking budgets have been reviewed and rebased as a result.

Housing Tenants (HRA Only)

- 1.30 We have consulted on the HRA Capital Programme with two groups of involved tenants – the tenant scrutiny panel and the tenant and leaseholder consultation forum. No comments were made on the capital programme by these groups.
- 1.31 We also included an article in the quarterly newsletter sent to tenants, informing them of high level HRA capital plans and inviting them to complete an online survey about our budget proposals. Two responses were received for the housing revenue account capital programme. One tenant was supportive of the overall programme and the other was neutral. Comments on elements of the HRA capital programme include:
- One tenant was supportive of the New Supply programme, whilst the other was neutral. One commented that the rent on new houses is not affordable compared to the rent on their existing property.
 - Both tenants were supportive of the home improvement programme and had specific requests, such as improvements to energy efficiency and to add showers to bathrooms.
 - One tenant was supportive, whilst another was neutral, on the Zero Carbon Programme.
 - Both tenants were supportive of our routine capital expenditure, such as the estate improvement programme. The one comment received was a suggestion that Thomas Road, Kegworth should be considered for the off-street parking programme.

Trade Unions

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

Public Consultation

- 1.33 An online consultation commenced on the 21 December and closed on the 7 February 2021. The survey asks respondents' what feedback would you like to give us on the council's proposed budget for 2021/22'. No comments have been received in relation to the capital programmes.

2.0 MEDIUM TERM FINANCIAL PLANS 2021/22-2025/26

- 2.1 The Medium Term Financial Plans 2021/22 to 2025/26 were approved by Cabinet at its meeting on 2 February 2021. The plans present a revised position based on the projected 2020/21 financial outturn and 2021/22 budgeted presented to members. The predicted deficit arising on the General Fund over the period is £5.2 million.
- 2.2 The Housing Revenue Account is predicting a deficit of £1.9 million over the same period, which is caused by a greater need to fund the five-year HRA capital programme, which has increased by £4.6 million since last year. The deficit represents the need to utilise some of the HRA's reserves, which are forecast to be £6.1 million at the end of March 2021. This is in line with the proposal, agreed as part of the 2019/20 budget, to utilise HRA surpluses more flexibly.
- 2.3 Both plans include targeted savings as part of the Journey to Self-Sufficiency Programme which serves to achieve the predicted deficits on both the General Fund and HRA. The value of the savings built into plans over the period are £5.1 million for the General Fund and £2.6 million for the HRA.
- 2.4 The 2021/22 to 2025/26 Medium Term Financial Plans as approved by Cabinet on 2 February can be found in Appendix 2.

3.0 GENERAL FUND AND SPECIAL EXPENSES BUDGET 2021/22

- 3.1 The General Fund and Special Expenses budget proposals for 2021/22 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 3 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 are detailed below, the 2021/22 budgeted contribution to reserves is £1.1 million which would take the projected self-sufficiency reserve to £7.4 million by March 2022. The Budget Summary for 2021/22 can be found at Appendix 3a.

Budget Setting Context

- 3.3 The government published its Final Local Government Finance Settlement on 10 February following parliamentary debate. The settlement confirms funding for the General Fund and there have been no changes since the Provisional Settlement was published on 17 December 2020.
- 3.4 Alongside the settlement publication, government have also published their final policy paper in respect of the COVID-19 support package for local government in 2021/22, following consultation in December.
- 3.5 Funding estimates included in the budget remain in line with the confirmed funding both as part of the settlement and the COVID-19 support package. Combined, the two areas of government funding have increased the level available to the Council for 2021/22 compared to the draft budget. More detail can be found below.

General Fund 2020/21 – Projected Outturn

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

- 3.7 The third quarter Performance Report is due to be considered by the Corporate Scrutiny Committee and Cabinet at its meetings in March and presents outturn projections for the current year. The forecast position on General Fund for 2020/21 is now a surplus for the year of £224,000, compared to a budgeted surplus of £630,000. There have been adverse variances due to COVID of £730,000 (net of emergency funding) and non-COVID favourable variance of £324,000.
- 3.8 The revised position is a significant and welcome favourable movement compared to the position last reported to members in the September 2020 version of the medium term financial plan. A detailed explanation of the forecast position will be provided in the separate Quarter 3 Performance Report.
- 3.9 The forecast outturn position presented as part of Appendix 3a is based on the forecast outturn at Period 9.

2021/22 General Fund Net Revenue Expenditure Proposals

- 3.10 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 in respect of unsupported borrowing to fund capital expenditure.
- 3.11 For 2021/22, there is a decrease in net revenue expenditure of £276,000. The main reasons for this decrease 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 – proposed reductions in budget provision generated from savings in expenditure or additional income, the total for these is £1.92 million. Included in Appendix 3b is a saving in relation to the management fee to be paid to the Leisure operator Everyone Active of £90,340, which represents the planned reduction in the fee as part of the contract. At the time of writing this report, officers are working with Everyone Active to understand the potential level of further financial support that may be required throughout the 2021/22 financial year. It is anticipated that the agreed level of support will likely be funded from the anticipated General Fund budgeted surplus.
 - b) Cost Pressures – proposed additional budget provision to cover unavoidable cost pressures, the total of these is £1.49 million
 - c) Service Developments – proposed additional budget provision to cover the enhancement of services, the total of these is £291,000.
 - d) Staffing increases – which included the cost of the pay award, pension increases and incremental salary progression for 2021/22. The additional cost is £232,000.

Final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions. Any agreement that is reached that is not aligned with the council's budgetary

estimate, will, as is typical in any budget year, result in either a favourable or adverse variance that affects the budgeted outturn position on the General Fund.

- e) De-minimus budget movements across the General Fund which total additional costs of £130,000.
- f) Journey to Self-Sufficiency Programme – the anticipated reduction in net revenue expenditure for 2021/22 as a result of the Journey to Self Sufficiency Programme. The target for 2021/22 is £570,000.

3.12 A full list of proposals as outlined above can be found in Appendix 3b and further information in relation to Savings, Cost Pressures and Service Developments can be found in the General Fund budget reports presented to Cabinet on the 8 December 2020 and 2 February 2021. A link to the Cabinet meetings is included in the background papers.

3.13 There has been one amendment to the budget since it was presented to Cabinet on the 2 February 2021. At the meeting a verbal update was proposed and supported by Members that the £6,500 provision for litter picking be enhanced to £15,000 in order to allow each Parish and Town Council (including Coalville Special Expenses) to be allocated £576 for the supply of equipment. Supporting volunteer litter pickers was highlighted as a positive and sensible solution to an ongoing problem across the District. The impact of the General Fund is an additional £8,500, this has been included as a service development within the total in paragraph in 3.11(c).

Fees and Charges

3.14 The council provides a wide range of services to local residents, businesses and visitors and generated 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 grants. In addition, charging for services can also present opportunities to achieve the council's corporate priorities.

3.15 Appendix 3c provides a comparison of 2020/21 and 2021/22 Fees and Charges for those fees that have changed.

2021/22 Funding

3.16 The budgeted position for next years and assumptions around future years is aligned with the Final Local Government Finance Settlement (LGFS). For 2021/22, there is an increase in total funding of £196,000.

3.17 Additional financial support in response to COVID-19 includes:

- Confirmation of £478,000 of COVID-19 emergency funding. This funding is netted off service expenditure and so is not visible as a separate funding line in the budget summary.
- A further £64,000 in income compensation as the scheme is extended to Quarter 1 of 2021/22. This funding is netted off service expenditure and so is not visible as a separate funding line in the budget summary.
- Funding of £235,000 which equates to 75% support from government for irrecoverable business rates and council tax losses (further information below).
- Local Council Tax Support Grant of £103,000. The Council is currently working with other Leicestershire council tax precepting bodies to design a county-wide

hardship scheme to cover the likely increased costs of local council tax support. It is proposed the residual funding is utilised locally for hardship relief.

- 3.18 Forecast Business Rates income for 2021/22 has been estimated based on the Period 9 performance of Business Rates plus assumptions around the anticipated level of growth in the district based on an assessment of commercial developments underway. A 3% decline in rates in 2021/22 is also assumed on the basis that businesses could fold as a result of the pandemic and once rates bills become payable again as reliefs lapse. Due to the way Business Rates is accounted for, there will be a significant surplus on the current 2020/21 year that will need to be carried forward into 2021/22 to offset the impact of the deficit that would otherwise occur as a result of the accounting arrangements for the COVID-19 reliefs granted by government to businesses during the pandemic – this is shown in Appendix 3a as “Business Rates Reserve”. Smaller amounts are also carried forward into 2022/23 and 2023/24 to cover the deficit spread in these years. As such, the total level of budgeted business rates funding for the Council next year is £7.6 million and is made up of budgeted business rates income and the transference of a business rates reserve.
- 3.19 The District Council’s share of Council Tax is proposed to be frozen in 2021/22. This will be the twelfth year without an increase. The net income foregone by not increasing council tax for 2021/22 from its 2020/21 level is £174,000. The cumulative loss of income as a result of this policy from 2010/11 to 2021/22 will be £12.5 million and the cumulative average saving to residents of £400 over the twelve years. The budgeted position now reflects the revised council tax base approved by Cabinet in January 2021. The marginal increase in the base results in an increase of £41,000, from £5.48 million to £5.53 million for the 2021/22 year.
- 3.20 In addition to the above, the Local Authorities (Collection Fund Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and came into force on 1 December 2020, allowing the ‘repayment of collection fund deficits arising in 2020/21, to be spread over the next three years rather than the usual period of a year, giving councils breathing space when setting the 2021/22 budget. The key elements of the phasing scheme applies separately to each of the council tax and non-domestic rates collection fund balances. The regulations affect the Council Tax and non-domestic rates estimated collection fund surpluses and deficits in financial years 2021/22, 2022/23 and 2023/24. The effect of this is:
- For Business Rates, the deficit is netted off the forecast retained rates position in 2021/22, 2022/23 and 2023/24 and a reserve has been set up from 2020/21 to help smooth the effect of these, as set out in 3.18 above.
 - For Council Tax the budget for 2021/22 has reduced from a £66,000 to a deficit of £99,000. In 2022/23 and 2023/24 the deficits spread are £75,000 per annum.
- 3.21 The level of New Homes Bonus payment to be received in 2021/22 is based on committed historical legacy payments in respect of 2018/19 and 2019/20, plus a new bonus payment for 2021/22. The total level of bonus funding assumed for next year is therefore £2.45 million. The final budgeted position is £96,000 less than originally anticipated in the draft budget and this is because of some macro-funding changes made by government. Overall, the Council is better off due to the new Lower Tier Services Grant (see below).
- 3.22 Finally, a new funding stream was confirmed in the settlement which the Council had not budgeted for in the draft budget. The Lower Tier Services Grant for 2021/22 will be £550,000.

Indicative Budget Position 2022/23 to 2025/26

- 3.23 Included in Appendix 3a for illustrative purposes only is the forecast revenue budget position for 2022/23 to 2025/26. These estimates have been developed by budget holders across the Council, taking into consideration known budgetary changes and assumed inflationary increases and align with the council's MTFP.

Special Expenses

- 3.24 The Special Expenses forecast outturn for 2020/21 is £606,000 net expenditure, compared to the budget of £667,000. The net cost of Special Expenses is funded through Council Tax and Localisation of Council Tax Support Grant. Any over-spend is funded from Special Expenses Reserves. The forecast position of a surplus of £24,000 will be a contribution to reserves, compared to the budgeted deficit of £35,000 (that was planned to be funded through reserves).
- 3.25 Since the draft budget was presented to Cabinet, the Special Expenses council tax rates have been updated to reflect the setting of the Council Tax Base and also the finalisation of the future planned maintenance programme. There has also been one change since the final budget was presented to Cabinet in February, a piece of land has been transferred to Osgathorpe Parish Council and therefore no Special Expenses council tax is required for this area. The changes in the council tax rates are detailed below:

Table 2 – Special Expenses Council Tax Band D Rates

	20/21	Increase	21/22
Coalville	£67.72	£0.00	£67.72
Whitwick	£8.03	£0.84	£8.87
Hugglescote	£18.45	£0.00	£18.45
Coleorton	£7.21	£2.01	£9.22
Lockington & Hemington	£9.42	£2.50	£11.92
Measham	£1.40	£0.33	£1.73
Oakthorpe & Donisthorpe	£4.38	£0.75	£5.13
Osgathorpe	£1.78	-£1.78	£0.00
Ravenstone with Snibston	£0.66	£0.37	£1.03
Stretton-en-le-Field	£61.76	£5.73	£67.49
Appleby Magna	£4.74	£1.31	£6.05

- 3.26 The Special Expenses Budget Summary for 2021/22 – 2024/25 can be found in Appendix 3d.

4.0 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2021/22

- 4.1 The proposed Housing Revenue Account budget proposals for 2021/22 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 10 to 16, as set out at the front of the report. A summary of the 2021/22 HRA budget can be found in Appendix 4a.

Budget Setting Context

- 4.2 The budget has been prepared in accordance with Government's rent policy, which allows for rents to be increased by up to 1% above inflation, as measured by the Consumer Price Index. This is the second year of this policy and it follows a period of 4 years of 1% rent reductions.

2020/21 HRA Budget – Projected Outturn

- 4.3 Forecast surplus on the HRA in the current financial year is now £2.4 million, which is £366,000 less than budgeted. This is mainly due to the national lockdowns reducing demand for repairs and preventing delivery of the home improvement programme, which leads to a higher deficit on our in-house repairs team trading account.

2021/22 Housing Revenue Account Budget

- 4.4 The 2021/22 HRA budget is based upon the 2020/21 budget, with adjustments to reflect the known and anticipated changes for 2021/22. 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 towards the capital programme.
- 4.5 The proposed 2021/22 budget is set out in Appendix 4a, and budgets for a net surplus of £35,000.

Rents

- 4.6 The vast majority of HRA's income comes from the rent received from our tenants. How much we can vary our rents by is limited by the Ministry for Housing, Communities and Local Government to 1% more than inflation, as measured by the Consumer Price Index in the September before a financial year. For 2021/22 this means rents can increase by 1.5%.
- 4.7 As with previous years, the council is proposing to increase rents by the maximum that it can, 1.5%. As a result rental income is budgeted to increase by £139,000, which can be reinvested back into our properties and the services provided to tenants.
- 4.8 This will increase the average rent on our social rented properties by £1.22 per week to £83.56. Average rent for our affordable rent properties will rise by £1.66 per week to £113.19. Our rent policy remains that no rents will exceed the Local Housing Allowance rates, which means all of our rent could be covered by housing benefit or universal credit, should a tenant be eligible for such support.

Fees and Charges

- 4.9 The HRA also benefits from some additional income from fees and charges that we set for additional services provided to tenants and others. Additional services provided to tenants through their rental agreement form our service charges, which are listed in Appendix 4d. The charges are set at a level to recover the council's costs of delivering those services. The 2021/22 budget includes income of £541,000, down by £20,000 (3.5%) from the previous year. Key changes include:
- **A 14.7% fall in grounds maintenance charges.** The grounds maintenance service was temporarily paused in response to the pandemic, resulting in a cost saving which can be passed on to tenants. This reduces the HRA's income by £16,000.

- **Utility costs for common areas are falling by 5%.** This is the result of invoices being lower in 2020/21 than anticipated, and will reduce income by £2,000.
- **The income from the administration fee is falling by 5.37%.** As the administration fee is set at 15% of chargeable services, the overall reduction in service charges leads to a lower administration fee, reducing HRA income by £3,000.
- **Fire extinguisher servicing costs increasing by 7.5%.** This is based on analysis of the historic cost increases. Whilst the percentage increase is large, the value is very small, with just £64 additional income.

4.10 The HRA also sets a number of other fees and charges, which are for optional services we provide, such as contents insurance. These are included in Appendix 4c with a reduction in income of £3,000 expected in addition to the reduction in income from service charges.

4.11 The HRA also earns interest on the cash reserves it holds. The pandemic has resulted in a significant fall in the interest that the council can earn on its cash balances, and so the budgeted income from investments have fallen from £110,000 last year to just £3,000 this year.

Planned Expenditure

4.12 Appendix 4b sets out the main changes to the planned expenditure for 2021/22. These changes include:

- a) Cost Pressures – a total of £547,000 of additional costs to manage our day to day business. This includes five additional posts in the commercial services staffing to deliver the larger home improvement programme, additional costs for renewing software licences and an increase in corporate recharges from the General Fund.
- b) Changes in Income – additional income of £65,000. This includes additional income from rental income and fees and charges, estimated additional surplus for the in-house repairs team and reduction in income in relation to investment income.
- c) Service Development – a total of £60,000, in relation to additional staffing costs for an additional Tenancy Sustainability Officer and to allow the continued development of the new Housing IT system for its first year of operation.
- d) Savings – a total of £285,000 of savings have been proposed. These largely come from a reduction in the responsive repairs and painting budgets.
- e) Journey to Self-Sufficiency Programme – The target for reducing our costs, or increasing our income is £225,000 in 2021/22.

4.13 Specifically, staffing increases, which include the cost of the pay award, pension increases and incremental salary progression for 2021/22 amount to an additional cost of £82,000. Final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions. Any agreement that is reached that is not aligned with the council's budgetary estimate, will, as is typical in any budget year, result in either a favourable or adverse variance that affects the budgeted outturn position on the HRA.

4.14 We will also make a £3.65 million revenue contribution to capital outlay (RCCO) in 2021/22. This will part fund the HRA Capital Programme, which is set out from paragraph 5.19.

4.15 The first two maturity loans, totalling £13 million, will become redeemable in 2021/22. The Loan Redemption Reserve will be used to repay these loans in full.

5.0 CAPITAL PROGRAMMES – GENERAL FUND AND HOUSING REVENUE ACCOUNT (HRA) PROGRAMMES 2021/22 – 2025/26

5.1 The proposed General Fund and HRA Capital Programmes for 2021/22 to 2025/26 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 17 to 19, as 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 the 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.

General Fund Capital Programme – Estimated Outturn 2020/21

5.3 The projected outturn for 2020/21 on General Fund schemes total £10.67 million. This is a decrease in the year of £2.25 million against the original budget of £12.92 million.

5.4 This managed decrease is caused by the following:

Table 3 - General Fund Capital Programme – Estimated Outturn 2020/21

	£	£
Original Budget 2020/21		12,920,310
Approved Schemes carried forward from 2019/20 and 2020/21 approved virements/funding		
Finance System Review	100,000	
Server and Additional Capacity	14,560	
WAN and DC Renewal (vired to Laptop Replacement Scheme)	(60,000)	
Laptop Replacement	60,000	
Video Conferencing (approved under emergency funding)	31,700	
Telephony Unified Communications	135,092	
Disabled Facilities Grant	45,264	
Vans – Medium	180,000	
Vans – Box Lorry	20,000	
Sweeper (Capital Receipt)	7,820	
Mowing (Grant & S106 Contribution)	35,075	
Electrical Vehicle Charging Point (Grant)	45,000	
GM Depot Coalville Park – Concreting	2,367	
District Car Park LED Lighting Replacement	25,000	
Leisure Project – Hood Park Leisure Centre, Ashby	121,420	
Leisure Project – Coalville and Whitwick Leisure Centre	7,251,402	
Linden Way Depot – Welfare Facilities	147,084	
Moirs Furnace – Masonry, Drainage, Upgrades, Bridge works	280,000	

Council Offices – Fire Alarm and COTAG Door System	13,798	
Council Offices – Replace obsolete parts to Consumer Unit	75,000	
Council Offices – Replacement LED Lighting	35,000	
Council Offices – Roof Insulation	30,000	
Council Offices – External Works to Roadway	5,000	
UPS Generator (vired to Fire Alarm and COTAG Door System)	(11,316)	
Marlborough Square	1,765,868	
New Market Provision (includes new funding of £240,000)	555,662	
Salt Bay	20,000	
Appleby Magna Caravan Site – Redevelopment	130,584	
		11,061,380
Less planned slippage in 2020/21 carried forward to 2021/22		
User Screen Bulk Replacement	(18,000)	
Refuse Vehicle & Kerbsider	(660,000)	
Market Vehicles/Cars	(30,000)	
Vans – Medium	(420,000)	
Vans – Box Lorry	(20,000)	
Electrical Vehicle Charging Point	(58,879)	
Leisure Project – Coalville and Whitwick Leisure Centre	(8,685,050)	
Moirs Furnace - Masonry, Drainage, Upgrades, Bridge works	(280,000)	
Council Offices – Replace obsolete parts to Consumer Unit	(75,000)	
Council Offices – Replacement LED Lighting	(35,000)	
Council Offices – Roof Insulation	(30,000)	
Council Offices – install solar panels	(40,000)	
Council Offices – Main Building – Window Installation	(250,000)	
Council Offices – External Works to Roadway	(5,000)	
Whitwick Business Centre – install solar panels	(40,000)	
Car Park – High Street, Ibstock – remove and renew gullies	(35,000)	
Market Hall – Demolish and Make Good	(75,000)	
The Courtyard – renew rainwater goods	(25,000)	
New Garage Roof at Coalville Park	(50,000)	
The Courtyard – renew rainwater goods/door	(25,000)	
Whitwick Business Centre – Upgrade CCTV	(10,000)	
Market Street Car Park – Resurfacing	(12,000)	
Ashby Town Hall Mews – installing bollard, resurfacing & relining	(15,000)	
Marlborough Square	(1,628,482)	
Appleby Magna Caravan Site	(610,000)	
		(13,132,411)
Forecast under spends in 2020/21 that will not be carried forward		
Server & Storage – additional storage	(332)	
Laptop Replacement	(1,261)	
UPS/Generator Related	(48,684)	
Appleby Magna Caravan Site – Redevelopment	(127,785)	
		(178,062)
Indicative Outturn 2020/21		10,671,217

- 5.5 The revised financing of the General Fund expenditure totalling £10.67 million for 2020/21 is broken down in the table below:-

Table 4 – General Fund Financing

	£
Grants and S106 Contributions	80,075
Disabled Facilities Grant	715,574
Capital Receipts	7,820
Other Reserves	797,368
Revenue Contributions to Capital	87,821
Unsupported Borrowing – Internal	8,982,559
Total	10,671,217

- 5.6 The 'Planned Slippage in 2020/21 carried forward to 2021/22' shown in paragraph 3.2 above, represents expenditure which was originally expected and budgeted for in 2020/21 but slipped into 2021/22. The budgeted financing has been carried forward.

Special Expenses Capital Programme – Estimated Outturn 2020/21

- 5.7 There was no special expenses capital programme for 2020/21.

Housing Revenue Account (HRA) Capital Programme – Estimated Outturn 2020/21

- 5.8 The projected outturn for the Housing Revenue Accounts is £7.5 million against a budget of £10.1 million, a decrease of £2.6 million. More detail is provided in the table below.

Table 5 - Housing Revenue Account (HRA) Capital Programme – Estimated Outturn 2020/21

	£	£
Original Budget 2020/21		10,163,751
Approved Schemes carried forward from 2019/20		
New Supply: General Acquisition of property and land	1,556,000	
Estate Improvements: Mobility Scooter Stores	109,000	
Estate Improvements: Off Street Parking	378,000	
Compliance: Fire Risk Assessment Remedial Works	400,000	
Supported Housing Improvements: Speech Module	100,000	
Supported Housing Improvements: Sheltered Housing Improvements	200,000	
Total (increase to 2020/21 budget)		2,743,000
Less forecast slippage in 2020/21 carried forward into future years		
Home Improvement Programme	(2,399,611)	
Estate Improvement: Place-shaping pilot	(250,000)	
Estate Improvement: Mobility scooter stores	(109,000)	
Fire Risk Assessment Remedial Works	(490,000)	
Supported Housing Improvements: Speech Module	(230,000)	

Estate Improvement Programme: Off-street parking	(344,000)	
		(3,822,611)
Forecast over or (under) spends in 2020/21 that will not be carried forward		
New Supply Programme	(1,189,730)	
Estate Improvement Programme	(188,000)	
Major Aids & Adaptations	(75,000)	
Supported Housing Improvements	(270,000)	
Active Asset Management	(160,000)	
New Housing System	319,000	
Capital Salaries	(6,000)	
		(1,569,730)
Indicative HRA Capital Outturn 2020/21		7,514,410

- 5.9 The revised funding for the HRA Capital programme for 2020/21 is detailed in the table below. Where budgets are slipping into next year, the funding is also going with them.

Table 6 – HRA Capital Programme Financing

	£
Use of Major Repairs Reserve	1,470,000
Right to Buy 'One for One' receipts	1,108,323
Other right to buy receipts	1,068,148
Section 106 Affordable Housing commuted sums	57,000
Revenue Contribution to Capital Outlay (RCCO)	934,000
Other usable capital balances	2,876,939
Total Resources used in 2020/21	7,514,410
Retained for future years	9,482,963

General Fund Capital Programme 2021/22 to 2025/26

- 5.10 The General Fund Capital Programme for 2021/22 to 2025/26 is detailed in Appendix 5b. This programme provides for a continuation of the current Disabled Facilities Grant Scheme and the Vehicle Replacement Programme.
- 5.11 Schemes shown as slippage from 2020/21 and carried forward to 2021/22 are detailed in the table in 5.4 above.
- 5.12 New schemes for 2021/22 (as detailed in the table below) are included in the capital programme for approval. The total funding requirement for the new schemes is £1.4 million. The majority of the new funding is the regeneration of Coalville.

Table 7 - General Fund Capital Programme 2021/22 to 2025/26

	£	£
Indicative Capital Budget 2021/22		8,104,310
New Schemes for 2021/22:		
We plan to invest £3 million over three years in the regeneration of Coalville. Included within the draft	£1,373,000	

<p>budget for 2021/22 was £1.2 million for Marlborough Square and £180,000 (and £1.8 million in total) for FHSF Public Realm. Since the announcement of the unsuccessful Future High Street Bids, the two schemes have been merged into one scheme and renamed as 'Coalville Regeneration'.</p> <p>Whilst our bid to MHCLG for Future High Streets Fund investment into the regeneration of Coalville has been unsuccessful, we believe it remains of critical importance to seek to deliver projects outlined within the bid.</p> <p>There has been insufficient time since hearing the outcome of our FHSF bid to work with all of our various partners to develop alternative delivery (funding) mechanisms for all the Coalville projects, but initial conversations lead us to be confident that some of the schemes may be able to proceed without council financial involvement.</p> <p>Other projects included in the FHSF bid may require council investment in order to be delivered. The extent of funding required is not anticipated to exceed that identified in previous reports, and therefore the values and profile of that funding has not changes since the draft programme.</p> <p>Specific allocation of capital funding to any of these projects will be subject to the prior presentation to Scrutiny and Cabinet with any changes beyond approved financial plans being referred to full Council in line with the council's own financial procedure rules.</p>		
<p>We plan to invest £50,000 on installation of a gate on the road leading to Breedon on the Hill Church. The investment will include obtaining planning permission, design and build of a gate on the road leading to Breedon church. This is a programme of work aimed at protecting a Grade 1 asset within the district that has been subject to long standing anti-social behaviour. The solution is to erect a gate and limit night time activity, an application has been made to the Department for Transport and also some design works and S278 in consultation with the County Council. The budget is to support this work to its conclusion. The Parish Council or the quarry would not have the expertise to be able to deal with the detailed negotiations and design works required.</p>	50,000	
		1,423,000
Changes to existing schemes for 2021/22:		
<p>We plan to invest an additional £75,000 in the existing Finance System Implementation programme. We currently have £100,000 in the</p>	35,000	

2020/21 capital programme and a £400,000 revenue reserve. The authority has engaged a consultant to assist with the procurement stage of the project and they have advised that our current budget will not be sufficient for the implementation of the new finance and cash receipting systems. It is estimated that additional capital funds of £35,000 will be required in 2021/22 and £40,000 in 2022/23. A portion of the implementation costs will be recharged to the HRA, however the accounting treatment for this is still being worked through. The amounts and recharge will be confirmed in the final budget.		
We plan to reduce the laptop replacement programme. There will be a reduction in the laptop replacement programme of £23,000 in 2021/22 due to additional spend in the current year to set up officers to be able to work from home during the pandemic – thereby effectively having brought forward the investment into the current financial year creating a saving next year. However, now that more officers have laptops these will require replacement every five years and so there will be an additional £150,000 over the 5 year period, but later in the 5 year programme.	-23,000	
We plan to amend the Fleet Programme. The majority of the increase is the vehicles required for the food waste recycling rounds and additional vans required within the housing service. More details in paragraph 5.13 below.	498,320	
We plan to re-profile the budget for the new Coalville and Whitwick Leisure Centre. Due to the delays with the project and the original budget was based on estimates, the planned spend has been re-profiled to reflect the forecast spend. Originally there was no budget for 2022/23. There are no savings just reallocation of budget over the years.	-3,004,125	
		-2,493,805
2021/22 Revised Budget		7,033,505

5.13 Fleet 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. Since November 2020, the current fleet replacement programme is on hold whilst officers investigate lower carbon options compared to the diesel vehicles currently being used. Once the review has been concluded, a report will go to Cabinet and, if required, Council to seek the necessary approvals on the preferred options.

- 5.14 Due to service requirements, approval will be sought to amend the previously agreed 2021/22 fleet budget from £865,000 to £1.36 million, a net increase of £498,000. The majority of this increase required is for the food waste recycling rounds and additional vans required within the housing service for new operatives commencing in April.

- 5.15 The total fleet budget for 2021/22 is now as follows, however, this may change following the lower carbon options review of fleet:

Table 8 – Fleet Programme

Vehicles / Plant & Equipment	Original Budget £	Revised Budget £
Refuse / Recycling Vehicles	220,000	240,000
Food Waste Vehicles	-	288,320
Market Vehicles / Cars	90,000	75,000
Vans Small	45,000	37,500
Vans Medium - Housing	32,000	198,000
Vans – Pickup	100,000	90,000
Sweepers	180,000	180,000
Digger/Misc Plant	130,000	172,000
Mowing	68,000	82,500
TOTAL	865,000	1,363,320

5.16 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 2025/26 and amounts revised based on the forecast grant to be received.

Special Expenses Capital Programme 2021/22 to 2025/26

- 5.17 There are no new schemes identified to commence on 2021/22 to 2025/26.

Housing Revenue Account (HRA) Capital Programme 2021/22 to 2025/26

- 5.18 The HRA Capital programme (Appendix 5c), covers in detail the capital schemes for the period 2021/22 to 2025/26 and how they are funded. The total expected spend over 5 years is £61.3 million, with a £12.1 million budget for 2021/22. In addition, there is an estimated £3.8 million of the 2020/21 HRA capital programme to be carried forward into future years.

- 5.19 The HRA Capital Programme for 2021/22 and onwards consists mainly of:

a) New Supply Programme

The New Supply programme amounts to £5.1 million for 2021-22. This is £1.0 million lower than originally expected during this year due to re-profiling based on the status of the new build programme. There is also a provision of £760,000 for the general purchase of land or properties, either from the open market, through buying back properties previously sold through right to buy, or to purchase new build properties built through section 106 agreements.

b) Home Improvement Programme (HIP)

This follows a review of the latest stock condition surveys, which have now been completed on over half the stock, to estimate the latest requirement to ensure our homes remain Decent. The planned work has been spread over a five year

£22.5m programme, or £4.5 million per year. This gives greater certainty over the level of work that will need to be completed by the in-house repairs team allowing for more effective resource planning and reducing the reliance on agency staff to adjust to peaks of workload.

c) Zero Carbon Programme

This is a new programme with an initial £250k set aside to pilot works to reduce carbon emissions from our properties and to allow the council to match contributions required by external grants, such as the recently announced Green Homes Grant Scheme funding. This will be a significant area of investment growth over future years.

d) Other Schemes/Miscellaneous

Other changes to the capital programme include:

- The Sheltered Housing Improvements Programme has been delayed a year. Initial design work will now begin in 2021-22 with a £50k budget provision.
- The Estate Improvement programme has reduced by £220k to £560k. this follows a review of deliverability of the capital programmes, with £50k of the reduction coming from the footpaths and un-adopted roads work and £170k from other estates projects.
- An additional member of staff will be recruited to support the delivery of the New Supply Programme.

CAPITAL RESOURCES

General Fund

- 5.20 Appendix 5b provides details on how the five year General Fund capital programme will be funded. The General Fund Capital Programme for 2021/22 will be funded by:

Table 9 – General Fund Capital Resources

	£
Disabled Facilities Grant	670,310
Capital Receipts	4,380,300
Reserves	1,628,482
Revenue	58,879
Unsupported Borrowing	13,427,945
Total (including forecast carry forward from 20/21)	20,165,916

- 5.21 Funding is in place for 2021/22 for the Disabled Facilities Grants Scheme of £670,310.
- 5.22 A capital receipt of £4.4 million has been identified for the Leisure Centre Project.
- 5.23 A contribution from reserves of £1.6 million for the Marlborough Square Project.
- 5.24 A revenue contribution of £59,000 for the electrical vehicle charging points.
- 5.25 The remaining schemes for 2021/22 (£13.4 million) can be funded by either unsupported borrowing or leasing depending on value for money and for which provision has been made in the 2021/22 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

- 5.26 Appendix 5c provides detail on how the five year Housing Revenue Account capital programme will be funded. In 2021/22, the funding streams are:

Table 10 – HRA Capital Resources

	£
Use of Major Repairs Reserve	5,538,801
Right to Buy 'One for One' Receipts	1,115,921
Other Right to Buy Receipts	1,207,609
Proceeds from Asset Disposals	1,072,750
Section 106 Affordable Housing commuted sums	270,875
Revenue Contribution to Capital Outlay (RCCO)	2,932,467
Other Usable Capital Balances	3,420,693
Total Resources used in 2021/22	15,559,116
Retained for future years	3,846,750

- 5.27 The amount retained for future years comprises of £2.9 million right to buy one for one receipts, which can only be used to acquire or build new housing stock. The remaining £1.0 million is unrestricted funding to fund future capital programmes.
- 5.28 Included in this year's Housing Revenue Account draft budget is a revenue contribution to capital of £3.65 million. This contribution is required to ensure there are resources to fund the HRA capital programme both this year and to smooth out future capital funding requirements. This level of RCCO is in line with predictions within the Medium Term Financial Plan reported to Cabinet and Council in February 2020.

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 20(1) and 20(2)

The amount in these recommendations are the Council Tax Base for 2021/22 year (Recommendation 20(1)) and the Council Tax Base for 2021/22 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 20(2)) both as shown in Table A Appendix 6.

6.3 Recommendations 21(1)

The amount at recommendation 21(1) is the Council's estimated gross expenditure for 2021/22 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:

Table 11 – Gross Expenditure 2021/22

	£
District Gross Expenditure	56,089,894
Parish Precepts	2,402,448
Surplus Income over Expenditure	1,102,407
Total	59,594,749

6.4 Recommendations 21(2)

This is the District Council's estimated gross income for 2021/22 from fees, charges rents, specific and general Government Grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

Table 12 – Estimated Gross Income 2021/22

	£
Fees and Charges, Rents, specific Government Grants	41,179,082
Formula Grant	0
National Non Domestic Business Rates	3,875,653
Business Rates Reserve	3,735,215
New Homes Bonus	2,452,094
Transfer from Collection Fund	(99,418)
Total	51,142,626

6.5 Recommendations 21(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 21(1) above gross income at 21(2) above. It is calculated as:

Table 13 – Council Tax Requirement 2021/22

	£
Gross Expenditure	59,594,749
Less Gross Income	51,142,626
Total	8,452,123

6.6 Recommendations 21(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:

$$\begin{aligned} & \underline{\underline{\pounds 8,452,123 \text{ (R)}}} \\ & \quad \pounds 34,841 \text{ (T)} \\ & \quad = \pounds 242.59 \end{aligned}$$

6.7 Recommendations 21(5)

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

Table 14 – Total Special Expenses and Parish Precepts

	£
Special Expenses	524,589
Parish Precepts	2,402,448
Total	2,927,037

6.8 Recommendations 21(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):

$$\begin{array}{r} \pounds 242.59 \quad - \quad \pounds 2,927,037 \\ \quad \quad \quad 34,841 \\ \hline = \pounds 158.58 \end{array}$$

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 Recommendations 21(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 21(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 21(6).

6.10 Recommendations 21(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 21(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 at Band D as follows:

Table 15 – Proportion of Basic Council Tax allocated at Band D

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 Recommendations 22

In issuing their precepts for the financial year 2021/22 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 Recommendations 23

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 Recommendations 24

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 2021/22 would be considered excessive if it is higher of either 2% greater than its relevant basic amount of Council Tax for 2020/21 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 affects a proportion of the district are all less than £5 **based on the basic amount of council tax**, there is no question of the basic amount of Council Tax for 2021/22 being determined as excessive. Table F Appendix 6 shows the percentage increases.

Policies and other considerations, as appropriate	
Council Priorities:	The General Fund, HRA, Special Expenses and Capital budgets help the Council to achieve all its priorities.
Policy Considerations:	The HRA budget sets out our rent policy for 2021/22, in line with national guidance.
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 the benefits of increased investment in our housing stock and the general benefit of a financially sustainable landlord service that can continue to offer 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

	<p>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.</p>
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 21 December 2020 and 7 February 2021 • Tenants, via the Performance and Finance Working Group and the Tenants and Leaseholders Forum.
Risks:	<p>The budgets will be monitored throughout the year to ensure savings are achieved and services delivered as planned.</p> <p>Separate risks relating to individual budgets are outlined in the report.</p>
Officer Contact	<p>Tracy Bingham Head of Finance and Section 151 Officer tracy.bingham@nwleicestershire.gov.uk</p>