

Title of Report	BUDGET AND COUNCIL TAX 2022/23	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	<p>Draft Budgets 2022/23 - Corporate Scrutiny Minutes – 8 December 2021</p> <p>Coalville Special Expenses Minutes 2022/23 - Coalville Special Expenses Working Party – 14 December 2021</p> <p>Council Tax Base 2022/23 – Cabinet – 11 January 2022</p> <p>Draft Budget and Council Tax 2022/23 – Cabinet – 1 February 2022</p> <p>2022-2027 Medium Term Financial Plans – Cabinet – 1 February 2022</p>	Public Report: Yes
Financial Implications	<p>This report sets out the General Fund, Housing Revenue Account, Special Expenses Revenue and Capital Programme for 2022/23, which are needed for the Council to continue to deliver its services to residents, tenants and businesses.</p> <p>It also seeks approval for a wide range of fees and charges for 2022/23, including Council Tax, rents and other charges. These are set out in the recommendations section and accompanying appendices.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>None.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>The report and its appendices set out plans to create new posts and remove vacant posts from the establishment.</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	To allow the Council to approve the 2022/23 budgets and the appropriate Council Tax setting resolution.	

Recommendations

COUNCIL IS RECOMMENDED:

1. TO NOTE THE S151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES (SET OUT IN PARAGRAPH 1.3), AS REQUIRED BY SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003.
2. TO NOTE THE MEDIUM-TERM FINANCIAL PLAN APPROVED BY CABINET ON 1 FEBRUARY 2022 AS DETAILED IN PARAGRAPH 1.2 AND THE ASSOCIATED BACKGROUND PAPER.
3. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2022/23 AS SUMMARISED IN SECTION 2 OF THIS REPORT. THIS INCLUDES:
 - a. FREEZING THE DISTRICT COUNCIL'S SHARE OF COUNCIL TAX IN 2022/23
 - b. CHANGES TO THE FEES AND CHARGES AS DETAILED IN APPENDIX 1B, EFFECTIVE FROM 1 APRIL 2022
4. TO APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2022/23 AS SUMMARISED IN SECTION 3 OF THIS REPORT. THIS INCLUDES:
 - a. INCREASING RENTS BY UP TO 4.1%
 - b. CHANGES TO FEES AND CHARGES AND SERVICES CHARGES, AS DETAILED IN APPENDICES 2B AND 2C
5. TO APPROVE THE PROPOSED GENERAL FUND AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES FOR 2022/23 AND PLANNED FINANCING, AS SET OUT IN SECTION 4 OF THIS REPORT.
6. TO APPROVE THE FLEET REPLACEMENT PROGRAMME FOR 2023/24, TO ALLOW VEHICLES TO BE ORDERED IN ADVANCE.
7. TO APPROVE THE REMAINING ELEMENTS OF THE GENERAL FUND AND HRA CAPITAL PROGRAMMES 2023/24 – 2026/27 FOR INDICATIVE PURPOSES ONLY.
8. TO APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2022/23 AS SUMMARISED IN SECTION 5. THIS INCLUDES:
 - a. SETTING THE SPECIAL EXPENSE BAND D COUNCIL TAX AT THE LEVELS DETAILED

IN TABLE FIVE OF THIS REPORT.

9. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2022/23 IN ACCORDANCE WITH REGULATION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

(1) 35,581 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.

10. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2022/23 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

**(1) DISTRICT/PARISH GROSS EXPENDITURE
£60,111,517 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEM SET OUT IN SECTION 31A (2) OF THE ACT.**

**(2) INCOME
£51,365,280 BEING THE AMOUNT BY 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
£8,746,237 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 10(1) ABOVE EXCEEDS THE AGGREGATE AT 10(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)
£245.81 BEING THE AMOUNT OF 10(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.

(5) PARISH PRECEPTS/SPECIAL EXPENSES

£3,103,803 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 10(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 10(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 10(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 10(6) AND 10(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

	<p style="text-align: center;">TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.</p> <p>11. <u>MAJOR PRECEPTING AUTHORITIES</u> 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 2022/23 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.</p> <p>12. <u>COUNCIL TAX BASE – ALL BANDS</u> THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 10(8) (TABLE C APPENDIX 6) AND 11 (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 2022/23 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.</p> <p>13. <u>REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u> TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2022/23 IS NOT EXCESSIVE.</p>
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1.0 BACKGROUND

1.1 This report presents Members with the Council's proposed budgets for 2022/23 and sets out how the council tax will be set. The report is structured as follows:

- The 2022/23 General Fund budget (Section 2)
- The 2022/23 Housing Revenue Account budget (Section 3)
- The Council's five-year Capital Programme, covering both the General Fund and Housing Revenue Account Capital Programmes (Section 4)
- The 2022/23 Special Expenses budget (Section 5)
- Feedback from the statutory consultation (Section 6)
- Detail on setting the council tax, which is required by legislation to be considered by Council (Section 7)

- 1.2 In developing the budget, officers and members have been aware of the Council's Medium Term Financial Plans. These plans set out the uncertainty facing the Council's budgets in the medium term, particularly with regards to the General Fund's funding position due to planned reviews of Local Authority financing by Government. As a result, structural deficits are expected to occur in the medium term. Further detail can be found in the Medium Term Financial Plan, which is listed as a background paper to this report.
- 1.3 The Local Government Act 2003 requires the section 151 officers to comment on the robustness of the budget estimate and on the adequacy of the proposed reserves. The Section 151 officer considers that:
- The budget estimates within this report are robust, although particular attention should be paid to the Journey to Self Sufficiency saving targets built into the General Fund and Housing Revenue Account Budgets. These pose a significant challenge for both officers and members, but will be instrumental to the Council's financial resilience in the medium term.
 - The Council has an adequate level of reserves to ensure financial sustainability in the short term. However, as noted in paragraph 2.5.2, the Council's general fund is now in a position where the reserves set aside to mitigate against the risk of adverse funding changes in the future are now expected to be fully used during the 2024/25 financial year. The Journey to Self Sufficiency Programme is being developed to address financial sustainability in the medium term.

2.0 GENERAL FUND BUDGET 2022/23

2.1 Funding

- 2.1.1 The general fund budget funding position reflects the Local Government Finance Settlement, which was finalised by Government on Monday 7 February, and the latest council tax base calculations. The key funding changes, compared to the previous year, are:
- **Reduction in New Homes Bonus.** Government announced that the new homes bonus will continue for 2022/23, with the Council due to receive £2.218 million. This is £234,000 lower than in previous years, although much greater than previously expected following Government's decision to introduce an additional year of reward.
 - **Reduction in the Lower Tier Service Grants.** This grant was introduced last year to effectively provide transitional support and ensure no authority received a reduction in spending power. This years' Settlement also aims to maintain spending power, although this has been achieved through the continuation of the New Homes Bonus for a year. As a result, the lower tiers service grant has reduced by £349,000 to £201,000.
 - **New Support Service grant of £166,000.** This is a new one-off grant announced by Government through the Settlement, with a view to supporting council services.
 - **Increase in Business rates.** Growth in the district is expected to result in a significant increase in business rate income, from £5.9 million currently forecast for this year to £8.6 million for 2022/23, an increase of £2.7 million. As a result

of this growth, the use of the business rates reserve is reduced to £0, with a forecast £3.0 million remaining set aside within the reserve to offset future business rate volatility.

- **Council Tax income is assumed to increase by £117,000.** This is caused by growth in the district and represents growth of 2.1% since the previous year.

The value of the district's share of council tax remains frozen. Had the council tax been increased by the maximum amount, which is £5 on a band D property including special expenses, then the Council would receive an additional £178,000 in council tax.

- 2.1.2 The net impact is an increase in anticipated funding of £1.0 million compared to the previous year's budget (see table 1 below). This is in line with previous forecasts within the medium term financial plan. However, the financial settlement is a one year settlement, meaning the uncertainty and potential adversity surrounding the general fund's funding position in the medium term remains.

Table 1: Changes to the General Fund funding position from the previous year

	2021-22 Budget £'000	2022-23 Budget £'000	Change
Council Tax	5,525	5,642	2.1%
Business rates (including use of volatility reserve)	7,611	8,626	13.3%
New Homes Bonus	2,452	2,218	-9.5%
Lower Tier Services Grant	550	201	-63.5%
Services Grant	0	166	New
Transfer from/(to) Collection Fund	(99)	153	-254.5%
Total	16,039	17,006	6.0%

2.2 Budget Proposals

- 2.2.1 Appendix 1a sets out the most significant planned changes to the general fund budgets for 2022/23. The proposals include:

- **Cost pressures totalling £1.4 million.** The most significant cost pressure relates to our current staffing costs, which are due to increase by £861,000, due to a combination of increases in national insurance and pension contributions, assumed 2% pay award in 2022/23, additional anticipated staff cost increases in the 2021/22 year and the need for market supplements on some posts.
- **Changes to income, which see income increase by £397,000.** The most significant changes include higher income from the sale of recycling materials and the introduction of fees for additional garden waste bin collections.
- **Budget savings totalling £330,000.** This is where the council has identified areas where budgets can be decreased.
- **Service Developments totalling £162,000.** Service developments are where there are planned improvements to a service which bring additional costs.

Considering the funding position, these developments have been kept to a minimum.

2.3 Fees and charges

2.3.1 The council provides a large number of services to local residents that incur a fee. Appendix 1b sets out key changes to fees and charges for 2022/23 and whether those fees are expected to generate a surplus or are subsidised by the general fund.

2.3.2 As noted above, there is a new fee for 2022/23, which will see properties with more than one garden waste bin charged £45 for each additional bin they have. This is estimated to increase the net income by £210,700 during the year. Income estimates are based on assessment of the number of people who have a garden waste bin who will elect to have a second bin with the extra charge.

2.4 General Fund Budget Summary

2.4.1 Appendix 1c shows the summary general fund budget position for 2021/22 and 2022/23. Table 2 below highlights that the net revenue expenditure has increased by £1.2 million whilst the anticipated funding has increased by £1.0 million. This means the funding received is £301,000 more than planned expenditure. However, anticipated savings made through the Journey to Self Sufficiency Programme over the coming year, totalling £895,000 will see a contribution to reserves of £1.2 million by the end of the year if they are achieved.

Table 2: Changes to the General Fund budget from the previous year

	2021/22 £'000	2022/23 £'000	Movement £'000
Total Funding	(16,039)	(17,006)	(967)
Net Revenue Expenditure	15,506	16,705	1,199
Funding (surplus)/deficit	(533)	(301)	232
Targeted J2SS savings	(570)	(895)	(325)
Contributions to/(from) reserves	1,103	1,196	93

2.4.2 The budget position shows a surplus position of about £1.2 million in 2022/23 assuming that J2SS savings are made. This surplus should be viewed in the context of the medium term which although remaining uncertain in terms of detail is likely to see significant reductions in funding income as and when business rates growth retention is reset. It is for this reason that decisions made in this year's budget process will impact upon the authority's ability to achieve medium term financial sustainability.

2.4.3 Further work is ongoing with CLT and budget holders to challenge the base budget and find additional savings and income, in order to meet the ambitious J2SS savings targets.

2.5 General Fund Reserves

2.5.1 The General Fund has both the journey to self-sufficiency reserve and business rates reserve to help manage deficits and funding volatility. The combined value of these

reserves is forecast to be £9.4 million on 31 March 2022 and will rise to £10.6 million by 31 March 2023 based on the current budget.

- 2.5.2 As noted in the medium-term financial plan, these reserves are anticipated to be used within the medium term when funding falls, predominantly as a result of an anticipated reset in business rates baseline. The revised figures, shown within appendix 1c, indicate that the general fund reserves will be fully used during 2024/25 based on our current plans. The Journey to Self Sufficiency Programme is being developed to address financial sustainability in the medium term.

3.0 HOUSING REVENUE ACCOUNT BUDGET 2022/23

3.1 Funding

- 3.1.1 As a self-financing account, the Housing Revenue Account's main source of income is the rents tenants pay for their home. The proposed increase in rents for 2022/23 is 4.1%, which is the maximum increase allowed under the current social rent policy, set by Government. It will increase rental income by £437,000 next year, to give a total rental income of £17.9 million.
- 3.1.2 The council will maintain its policy of capping rents at the level of the relevant Local Housing Allowance. This means all our properties will be covered by relevant benefit payments if the tenant is eligible for them. Officers estimate that around 59% of our current tenants receive either housing benefit or universal credits to support their rent payments.
- 3.1.3 The average weekly rent will increase from £84.45 to £87.91, an increase of £3.46 per week. Currently 34% of our socially rented properties are below the maximum charge for that property (known as the formula rent), resulting in £175,000 of lost income for 2022/23. Government's current social rent policy does not allow for supplementary increases to rents to catch-up with formula rent, meaning rents below the formula rent level can only be returned to formula rent when a property is relet.
- 3.1.4 Rents are now 4.2% higher than they were in 2015/16 in nominal terms, which was the year before the four years of 1% rent reductions. Had rents kept pace with inflation since 2015/16 they would be 7.6% higher than they currently are, and the Housing Revenue Account would benefit from an additional £1.4 million in rental income in 2022/23.

3.2 Budget Proposals

- 3.2.1 Appendix 2a summarises the proposed changes to the HRA budgets that exceed £15,000. This includes:

- **Changes in income totalling £511,600.** This is largely due to the increased rental income described in paragraph 3.1.1.
- **Cost Pressures of £951,500.** This largely relates to the increase in costs from the in-house repairs team, which is run as an internal trading account. This account is seeing its income fall as a result of a smaller home improvement programme, but it also seeing costs increase due to covid-safe working practices and increasing material prices. There are also increasing staffing costs, mirroring the cost pressure on the general fund (see paragraph 2.2.1).

- **Service developments of £321,000.** The majority of this development is to reintroduce the cyclical painting programme, which looks to ensure external areas of properties are painted where required, as part of a preventative maintenance programme. There are also three new positions proposed to support service delivery.
- **Budget savings of £317,500.** This is mainly due to the reduced interest charges following the repayment of £13 million of loans, scheduled for March 2022.

3.3 Fees and charges

3.3.1 As with the general fund, the HRA has a number of fees and charges. Some properties have service charges, on top of the rent, to pay for specific services relevant to their properties. These are listed in appendix 2b, and the key changes to note are:

- **Increase in utility costs of 20%.** This is based on well documented rising energy costs.
- **Grounds maintenance costs increase of 3%.** This charge was reduced by 14.7% in 2021/22 as the pandemic reduced the frequency of the services tenants received in 2020. These services have still not recovered to their previous level, so the service charge has not been increased back to its previous levels, with the estimated income from grounds maintenance costs increasing by £2,800 to £97,000. Had this disruption not occurred, the current income would be around £20,000 higher.

3.3.2 In addition to this, there are a number of fees and charges for additional services we provide. These are subject to inflationary uplifts, except for the central heating charges which are increasing by 20% as per the service charges. A full list of the fees and charges are provided in appendix 2c.

3.4 Housing Revenue Account Summary

3.4.1 Appendix 2d sets out the summary HRA budget for 2022/23. As shown in table 3, the increase in income from additional rents is offset by additional expenditure. This is balanced by a planned increase to the journey to self-sufficiency savings targets and lower revenue contributions to capital outlay, which balances the budget with a £65,000 surplus.

Table 3: Changes to the Housing Revenue Account budget from the previous year

	2021/22 £'000	2022/23 £'000	Movement £'000
Income	(18,059)	(18,521)	(462)
Operating Expenditure	14,599	15,231	632
Operating (surplus)/deficit	(3,460)	(3,290)	170
Targeted J2SS savings	(225)	(325)	(100)
Revenue contributions to capital outlay	3,650	3,550	(100)
Net (surplus)/deficit	(35)	(65)	(30)

3.4.2 The table above shows that significant revenue contributions to the capital programme remain in place. This is required to fund the Housing Capital Programme, and more detail is provided in section 4.2 and 4.3.

3.5 Housing Revenue Account Reserves

3.5.1 The Housing Revenue Account is forecast to have working balances of £6.0 million at the end of the 2021/22 financial year. In order to fund the HRA Capital Programme, £5.0 million of that working balance will be transferred to fund capital works, with £3.4 million transferred in 2022/23 and the remaining £1.6 million in 2023/24. This approach delays the anticipated borrowing requirement that is set out in paragraph 4.3.2 and minimises the costs to the HRA. A minimum working balance of £1.0 million will be retained to ensure the HRA has reserves for unexpected events.

4.0 CAPITAL PROGRAMMES 2022/23 TO 2026/27

4.1 General Fund Capital Programme

4.1.1 The proposed General Fund capital programme is outlined in appendix 3a. The five-year programme totals £17.1 million, which is a reduction of £1.8 million from the previous 5-year programme, which is largely a result of the earlier expected completion of the new leisure centre. Key changes include:

- **Introduction of a new £3 million regeneration programme for Coalville.** This multiyear investment will be used for regeneration projects for Coalville. These projects will be subject to the approval of full business cases for the individual projects. At its meeting on 15 February 2022, Cabinet allocated £853,000 from this programme to Marlborough Square, following higher than expected tendering costs. This new programme brings the total planned investment in Coalville up to £9.8 million over the next five years.
- **Updates to the investment in our IT and systems.** This updated programme of works brings anticipated capital spend on ICT and systems to £0.7 million over five years.
- **New projects to provide new vehicle weighbridges at our depot, as well as a project to replace CCTV across Ashby and Coalville.** These projects add £99,000 to the capital programme and will introduce the latest technology to improve service performance.
- **An additional £151,000 for electric vehicle charging points at the Whitwick Business Centre.** Following approval of the Fleet Strategy and its associated action plan, work has identified a need for 8 charges at the Whitwick business centre. This figure includes allowance for upgrading the electricity supply to allow for further expansion in the future. However, it does not have provision for additional costs if the local substation requires upgrading – further option appraisals will be undertaken if that is the case given the potential large expense.

4.2 HRA Capital Programme

4.2.1 The proposed HRA capital programme is outlined in appendix 3b. Over the five-year period, the total programme comes to £67.3 million, an increase of £6.0 million over the previous five-year programme.

4.2.2 Key changes include:

- **Allocating £20.5 million over five years to work towards a zero-carbon programme.** Following the completion of a pilot programme of works to reduce carbon emissions on 56 of our properties in the current financial year, this five-year programme is expected to fund works to reduce the carbon emissions from over 2,000 council homes.
- **Reducing the size of the new build and supply programme by £13.6 million.** This helps to release funding for the zero-carbon programme. The remaining £13.0 million programme, when combined with carrying forward any underspends from the current years budget, is estimated to deliver 99 new affordable rented homes over the five-year period.

The new build and supply programme includes provision to begin a regeneration project, which will see 30 existing dwellings demolished and replaced with new dwellings that better serve the needs of tenants with lower carbon emissions. This will be subject to consultation with the affected tenants.

- **Reduction in the estate improvement programme by £932,000 over the five years.** This reduction predominantly comes from the other estates project line, which is used for projects such as largescale fencing replacements, and footpaths and unadopted roads budgets. A programme of £2.2 million remains to complete estate improvement works over five years, and the off-street parking element of the programme has increased by £119,000 in 2022/23.
- **Supporting Housing Improvements works have been brought forward to 2022/23.** This has the effect of increasing the budget for 2022/23 by £630,000, although the five-year programme has reduced by £420,000.
- **Additional spend of £43,000 is planned Fire Risk Assessment Remedial Works in 2022/23.**

4.3 Funding the Capital Programmes

4.3.1 Each capital programme is funded from a variety of sources, including revenue, grants and borrowing. Table 4 below summarises the funding sources for each year of the general fund and housing revenue account capital programme.

4.3.2 The housing revenue account capital programme shows a need to borrow £9.1 million over five years from 2023/24. This is due to the introduction of the £20.5 million zero carbon capital programme, which cannot be fully funded through current reserves or revenue contributions currently. The scale of the borrowing has been minimised and will be delayed for as long as possible, to minimise borrowing costs.

4.3.3 Table 4 does not include potential external funding for the Zero Carbon work in the HRA capital programme. If additional funding is received, for instance from the Government's Social Housing Decarbonisation Fund (SHDF), the borrowing need will reduce.

Table 4: Sources of funding for the capital programmes

	2021/22 Forecast Carry Forward £'000	2022/23 Budget £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
General Fund Capital Programme						
Capital Receipts	30	0	0	0	0	0
Government Grants	0	670	670	670	670	670
Reserves	1,649	36	2	0	0	0
Section 106 contributions	0	0	0	0	0	0
Revenue contributions	5	22	0	0	0	0
Leasing/Unsupported Borrowing	2,766	10,117	2,341	619	592	49
General Fund Total	4,450	10,845	3,013	1,289	1,262	719
	2021/22 Forecast Carry Forward £'000	2022/23 Budget £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
Housing Revenue Account Capital Programme						
Capital Receipts	1,303	2,471	2,670	2,257	2,184	2,241
Government Grants	0	208	207	207	180	117
Reserves	1,208	8,581	5,086	3,195	3,258	3,339
Section 106 contributions	268	219	601	12	0	0
Revenue contributions	600	3,550	4,250	4,364	4,390	4,590
External Borrowing	0	0	2,700	2,200	2,200	2,000
Housing Revenue Account Total	3,379	15,029	15,514	12,235	12,212	12,287
Total Capital Programme Funding	7,829	25,723	18,527	13,524	13,474	13,006

5.0 SPECIAL EXPENSES 2022/23

5.1 The Council operates a number of special expense accounts where it provides additional services specific to some areas. Appendix 4 sets out the five-year budgets for these accounts as they currently stand and show an aggregated net cost of service for special expense areas of £787,000, which will be funded from the precepts, reserves and the Localisation of Council Tax Support Grant.

5.2 Table 5 sets out current Special Expenses council tax increases for a band D property, which is based on an assessment of expected costs that need to be funded over the five year period.

Table 5: Changes to Special Expenses Council Tax for a band D property

	21/22	Increase	22/23
Coalville	£67.72	£6.09	£73.81
Whitwick	£8.87	£0.68	£9.55
Hugglescote	£18.45	-£3.18	£15.27

Coleorton	£9.22	£1.41	£10.63
Lockington & Hemington	£11.92	£1.80	£13.72
Measham	£1.73	£0.14	£1.87
Oakthorpe & Donisthorpe	£5.13	£0.97	£6.10
Ravenstone with Snibston	£1.03	£0.26	£1.29
Stretton-en-le-Field	£67.49	£5.62	£73.11
Appleby Magna	£6.05	£1.03	£7.08

6.0 CONSULTATION

6.1 Consultation with members

6.2 The corporate scrutiny committee has already considered the proposals within this report at their meeting on 8 December 2021. Members asked a number of questions around the proposals, and more detail can be seen in the minutes for the meeting, which are included as a background paper to this report. The main suggestions coming from the discussion were:

- **Whether the £10 million of reserves, noted in paragraph 2.5.1, could be better used to invest in the district.** These reserves are the Journey to Self Sufficiency Reserve and business rates volatility reserve. Both are considered necessary to manage the risk from the fair funding review, which is expected to significantly reduce the council's funding in the medium term as outlined in section 2.1. The reserves will help to protect existing services within the district over the medium term.
- **To defer the garden waste charge for additional bins and explore other options, such as keeping the second bin free of charge.** There was some concern from members about how many residents would pay the new charge and whether it would increase fly tipping. The proposal remains in the budget, as it builds on work and learning since March 2021, when Cabinet approved introducing garden waste charges when residents requested new additional bins.

6.3 The Coalville Special Expenses Working Party discussed the planned special expenses budgets for Coalville in their meeting on 14 December 2021. Members debated the planned council tax increase, along with planned expenditure that falls to the Coalville special expense account. In response to the Working Party's comments, the need for an accessible toilet at Coalville Cemetery has been reviewed and removed from the capital programme.

6.4 Public Consultation

6.5 As part of the budget consultation, the Council launched an online survey on 12 January to seek the views of residents and businesses on the main changes within the budget. The survey was promoted via social media and set out the key changes to the budget and asked responders to state the extent to which they supported the proposed change. Residents could also provide additional comments if they wanted to.

6.6 Appendix 5a provides a summary of the responses received. In total, 147 people have expressed their views on the general fund and special expenses budgets. This is a small proportion of businesses and residents within North West Leicestershire, so care should be taken when drawing inferences from the data. The key themes from the survey are:

- **There is strong support for the freezing of council tax.** Over 70% of respondents were supportive or very supportive of the move. Increasing cost of living was the most frequent comment from respondents that left a comment, with 12 mentions. Of those that were unsupportive or very unsupportive, 11 left comments to suggest council tax should increase and 4 were concerned by potential service reductions.
- **Overall respondents were not supportive of the new garden waste charge.** Around 60% of respondents were unsupportive or very unsupportive of the charge, whilst around 30% were supportive or very supportive. Where respondents left additional comments: 30 (30%) cited concerns about fly tipping; 16 had questions about how the charge would operate in practice; 15 considered the charge unfair, either because of the amount of council tax already paid or because the County Council turns the garden waste into compost to generate an income; 18 believe garden waste recycling levels will fall; and 6 were concerned about the cost. The Council also received a letter from a member of public following a news article relating to the introduction of garden waste charges. This letter raised a series of question about how the charge would operate in practice and whether it would result in additional fly tipping.
- **Opinions on changes to other fees and charges were mixed.** Most respondents (35%) suggested they were neutral on the changes although more were unsupportive or very unsupportive (43%) than supportive or very supportive (22%). Where respondents left comments, the most common responses were concerned about increasing car parking charges (28 respondents), burial fee increases (12 respondents) and football pitch price increases (7 respondents).
- **Respondents were neutral on planned service developments.** The most frequent answer was to be neutral on these plans. The £65,000 funding for a feasibility study for regenerating Coalville drew the most comments, with 23 comments questioning the need and size of the expense. There were also 15 comments raising general concerns about value for money from the council.
- **Views on the General Fund Capital Programme were balanced.** The most frequent answer was neutral, with 33% of responses, although those supportive and very supportive and those unsupportive or very unsupportive are balanced at 34% and 32% respectively. The most frequent comments were on the accommodation project, with respondents questioning the size and the need for the project.

6.7 As part of the budget consultation, officers also wrote to representatives of the trade unions, parish and town councils and the federation of small businesses. These groups were asked to provide written comments or to complete the online survey. Two responses were received:

- Whitwick Parish Council stated: *“Parish Councillors were disappointed that residents will be charged for a second waste bin, which members felt could lead to an increase in fly tipping. There were also concerns that this could potentially be counter productive as the black bins may be used instead to avoid payment for a second bin.”*
- Ashby de la Zouch Town Council noted the intention to remove free parking on Saturdays over the Christmas period, and stated: *“The Committee strongly oppose this proposal as Ashby relies heavily on shoppers visiting its town and shops around the festive period. The town also has an annual Christmas fair that draws in visitors from the East Midlands and beyond. The Committee believes that footfall would be greatly reduced in December if parking is chargeable on Saturdays. The Committee*

requests that this suggestion is removed from the budget.” The committee would also like to see more car parking provided in Ashby.

6.8 Consultation with tenants

6.9 As part of developing the budget, the Performance and Finance Working Group (a small group of involved tenants specialising in reviewing the performance and finances of our housing service) reviewed the Housing Revenue Account budget proposals. Key points of discussion amongst the group were:

- The grounds maintenance service charge, as tenants had not received the full service this year. The service charge remains lower as a result of the lower service, as noted in paragraph 3.3.1.
- Tenants were positive about the £20.5 million zero carbon programme, with particular interest in having solar panels installed on properties.
- The proposed rent increase of 4.1% was discussed, although there were no strong views expressed at the time.

6.10 Involved tenants were also invited to complete the consultation on the Housing Revenue Account, which ran alongside the general fund consultation and was also advertised via social media. In total 15 responses were received, 7 of which came from tenants. The numbers are small compared to the number of tenants we have, so care should be taken when drawing inferences from this survey. Appendix 5b provides a summary of the comments, with the key themes being:

- **Support for the increase in rent.** Over half of respondents were supportive or very supportive. Of the tenants that responded, 43% were either supportive or very supportive, citing that it will help maintain housing. Two tenants were unsupportive due to affordability concerns.
- **Support for the spending plans on both the capital and revenue budgets.** All spending plans detailed in the consultation were supported by the majority of respondents with the exception of the New Supply capital programme, where 53% of respondents were unsupportive or very unsupportive. Three tenants fell into this category, with two commenting that funding should be focused on existing properties.

7.0 SETTING THE COUNCIL TAX

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

7.2 Recommendations 9(1) and 9(2)

The amount in these recommendations are the Council Tax Base for 2022/23 year (Recommendation 9(1)) and the Council Tax Base for 2022/23 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 9(2)) both as shown in Table A Appendix 6.

7.3 Recommendations 10(1)

The amount at recommendation 10(1) is the Council's estimated gross expenditure for 2022/23 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 6 – Gross Expenditure 2022/23

	£
District Gross Expenditure	56,387,295
Parish Precepts	2,528,167
Surplus Income over Expenditure	1,196,055
Total	60,111,517

7.4 Recommendations 10(2)

This is the District Council's estimated gross income for 2022/23 from fees, charges rents, specific and general Government Grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

Table 7 – Estimated Gross Income 2022/23

	£
Fees and Charges, Rents, specific Government Grants	40,001,210
Lower Tier Grant	200,977
2022/23 Services Grant	165,699
Business Rates - baseline	2,403,617
Business Rates – Retained Growth & Renewables	6,222,377
Business Rates Reserve	0
New Homes Bonus	2,218,274
Transfer from Collection Fund	153,126
Total	51,365,280

7.5 Recommendations 10(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 10(1) above gross income at 10(2) above. It is calculated as:

Table 8 – Council Tax Requirement 2022/23

	£
Gross Expenditure	60,111,517
Less Gross Income	51,365,280
Total	8,746,237

7.6 Recommendations 10(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 10(3) above

T is the Council Tax Base

Therefore:

$$\begin{aligned}
 & \underline{\underline{\pounds 8,746,237(R)}} \\
 & \quad 35,581 (T) \\
 & = \pounds 245.81
 \end{aligned}$$

7.7 Recommendations 10(5)

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

Table 9 – Total Special Expenses and Parish Precepts

	£
Special Expenses	575,636
Parish Precepts	2,528,167
Total	3,103,803

7.8 Recommendations 10(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 10(4) the sum of the Special Expenses plus Parish Precepts (Recommendation 10(5) divided by the District Council Tax base):

$$\begin{aligned} \text{£ } 245.81 - & \underline{\underline{\text{£}3,103,803}} \\ & \underline{\underline{35,581}} \\ & = \text{£}158.58 \end{aligned}$$

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.

7.9 Recommendations 10(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 10(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 10(6).

7.10 Recommendations 10(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 10(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 10(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 10 – 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

7.11 Recommendations 11

In issuing their precepts for the financial year 2022/23 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.

7.12 Recommendations 12

This amount is calculated by adding together the amounts in recommendation 10(8) and the amounts in recommendation 11. 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.

7.13 Recommendations 13

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 2022/23 would be considered excessive if it is higher of either 2% greater than its relevant basic amount of Council Tax for 2022/23 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 2022/23 being determined as excessive. Table F Appendix 6 shows the percentage increases.

Policies and other considerations, as appropriate	
Council Priorities:	The budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	We have considered the impact of these budget proposals on protected characteristics defined within the Equalities Act. No material impacts have been identified.
Customer Impact:	Customers are likely to be impacted by the changes to fees and charges and special expenses precepts set out in this report.
Economic and Social Impact:	The General Fund capital programme allocates £9.8 million to investing in Coalville Regeneration Projects over five years.
Environment and Climate Change:	The budget sees substantial new investment in reducing our carbon emissions from our council homes, totalling £20.5 million over five years.
Consultation/Community Engagement:	Public consultation was completed in January 2022, with the results detailed in this report.
Risks:	The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered.
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