



<b>Policy, Finance and Development Committee</b>	<b>Tuesday, 06 December 2022</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **2023/24 Draft Revenue Budget, Medium Term Financial Plan and 2023/24 – 2025/26 Draft Capital Programmes**

**Report Author(s):** **Tracy Bingham (Strategic Director of Finance /Section 151 Officer)**

<b>Purpose of Report:</b>	For Policy, Finance and Development Committee to recommend to Council the General Fund and Housing Revenue Account (HRA) revenue budget proposals and the Draft Capital Programmes for consultation.
<b>Report Summary:</b>	<p>The report outlines the draft budget position for the 2023/24 year for the Council's General Fund, which is an anticipated deficit position of £517k which will need to be met through the use of reserves.</p> <p>The report also presents the draft Housing Revenue Account which is a small surplus of £20k.</p> <p>The proposed Capital Programme for 2023/24 is £1.26m and £4.04m on the General Fund and HRA respectively. The indicative position for 2024/25 and beyond is also presented.</p>
<b>Recommendation(s):</b>	<p><b>That the Committee:</b></p> <ul style="list-style-type: none"><li><b>A. Approve a recommendation to increase Council Tax by the core referendum limit of 2.99%, from the options as set out in Table 4;</b></li><li><b>B. Approve a recommendation to increase Rents by the maximum social rent level of 7%, from the options as set out in Table 5;</b></li><li><b>C. Having approved the recommendations as set out above, recommend to Council the draft revenue budgets for 2023/24 and Draft Capital Programmes 2023/24 – 2025/26 for statutory consultation; and</b></li><li><b>D. Note the indicative assurance statement provided by the Section 151 Officer.</b></li></ul>
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<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Customer Focus (V5)
<b>Report Implications:</b>	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out throughout this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments --</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<a href="#">Exempt Report and Minutes entitled 'Budget Proposals (2023/24) (Exempt)' to Policy, Finance and Development Committee on 15 November 2022</a>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. General Fund Revenue Budget Proposals</li> <li>2. Draft 2023/24 General Fund Budget</li> <li>3. Housing Revenue Account (HRA) Budget Proposals</li> <li>4. Draft 2023/24 HRA Budget</li> <li>5. Proposed 2023/24 Scale of Fees and Charges</li> <li>6. Draft 2023/24 – 2025/26 Capital Programmes</li> </ol>

## 1.0 Introduction

1.0 This report recommends that Policy, Finance and Development Committee (PFDC) recommend to Council that the consultation on budgets for 2023/24 commences and that the outcome of this consultation exercise is fed back into the subsequent reports to PFDC and Council to seek approval of the final budget in February 2023.

1.1 The draft budgets and information contained within this report builds upon the exempt report presented to the Committee in November, which sought feedback on early budget proposals and which was also designed to provide members with an opportunity to feed suggestions into the process. A link to the minutes of this meeting are included in the background papers to

this report. The main areas of feedback from the meeting, along with a status update are set out below:

**Table 1 – Feedback from Policy, Finance and Development Committee, 15 November 2022**

Feedback	Status Update
<p><b>Council Tax increase</b></p> <p>That the council should pursue the maximum Council Tax increase within the referendum limit.</p>	<p>Since the meeting the Chancellor of the Exchequer confirmed that the council tax referendum limit for Shire Districts for 2023/24 is the highest of 2.99% or £5.</p> <p>The additional council tax funding, because of the 1% referendum limit increase, is £40k.</p> <p>Further work to forecast the likely level of growth in the Council’s tax base has now concluded and there is also now more funding assumed due to increase in the base.</p> <p>Please see paragraph 4.9 for more detail.</p>
<p>Green Waste</p> <p>That the net cost of providing the Green Waste service is presented to Members, and that this takes account of the recent change in service provision from a 12 month to a 9month basis.</p> <p>Additionally, Members expressed concern over the value for money offered to new residents who wished to purchase a permit in year and asked officers to explore and present back options around this</p>	<p>A review of the costs of providing the service has been undertaken and this is detailed in paragraph 4.13 below.</p> <p>This is detailed at 4.14 below.</p>
<p>Car Parking</p> <p>That the Council would not raise car parking charges on the basis that the car parking trading account shows an in-year surplus position which is intended to recover the historic deficit on the car parking trading account.</p> <p>Members were not minded therefore to take forward a suggestion to increase a £1 fee that is incurred on the administration of residential permits.</p> <p>The idea around a new service for second permits should be presented.</p>	<p>An increase in charges for car parking are not included in this report based on this position and request from PFD on 15/11/2022.</p> <p>This proposal is now not included in the budget, based on this position and request from PFD on 15/11/2022.</p> <p>Similarly, this proposal has not been taken forward and will be considered once a review of car parking is undertaken within the new financial year.</p>

1.2 The contents of this report will be presented to Council on 13 December. Feedback from the PFDC meeting will be provided to Council by way of an additional paper that will be circulated after the PFDC meeting and before Council. Specifically, this additional paper will include the recommended option in respect of those which are set out in this report.

1.3 Between (circa) the 14 December 2022 and 25 January 2023 consultation will take place, including features of the draft budget being made publicly available via the Council's website for consultation. The final budget will be presented to PFDC in February 2023 who will recommend it to Council for final approval in the same month.

## **2.0 Budget approach**

2.1 The principles that have guided the preparation of the budgets contained within this report are as agreed with PFDC and Council in September 2022, which were–

- 2.1.1 Savings should be delivered;
- 2.1.2 Revenue growth should be self-funding; and
- 2.1.3 Capital growth should have a revenue payback OR be essential for the maintenance of service delivery

2.2 As part of ongoing improvement around the Council's financial management and governance culture and adherence to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code, the process for setting the budget has been reviewed and reinvigorated.

2.3 The Council has returned to an incremental budgeting approach this year following the budget being set at high level only last year. Service Managers have been heavily involved in the budget setting process, including them taking on new financial responsibilities for their service areas as part of the Council's new 'finance business partnering' approach and have identified numerous changes that ensure service budgets are fit for purpose.

2.4 Managers also took part in a "Value for Money Challenge". The main reason for this was for the organisation to gain greater insight into the Council's finances as a whole and to generate ideas for where savings could be made. These objectives were met – evident in the large scale changes managers are proposing to make to their budgets to make them fit for purpose. Additionally, £140k of savings proposed are as a direct result of this challenge.

2.5 The effect of the changes in the budgets setting approach this year have resulted in a significantly high number of budget proposals proposed by officers and reviewed internally.

2.6 Noting the significant numbers of revenue changes proposed, only those with a value of above £5k are presented on an individual basis. All revenue budgetary changes below £5k are detailed as "de-minimus" changes.

2.7 Proposals are categorised as follows -

- 'Funding' – changes to core funding (council tax, business rates, government grant and new homes bonus for the General Fund and Rental Income and service charges for the HRA);
- 'Savings' – savings identified through either a reduction in budgeted expenditure or an increase in income; or
- 'Cost Pressures' – where additional budget provision is required to cover unavoidable cost increases.

2.8 Capital investment proposals have been developed in line with investment plans and ongoing asset maintenance requirements. Capital proposals are also subject to change as further and more detailed work is undertaken to refine proposals and their resultant values in the coming weeks.

2.9 The draft budget and proposals set out in this report are, generally, in line with the budget principles set out in paragraph 2.1 above. However, it has not been possible to mitigate all

cost pressures with savings in full and this is because there are a number of high-impact budgetary areas that are exposed to inflationary pressure and which the Council has little to no influence, without commencing service redesign. Detail around the plans in respect of service reviews is covered under paragraph xx.

### 3.0 Sustainability Programme

- 3.0 Within the Medium Term Financial Strategy, a Sustainability Plan was approved for delivering savings. This plan also sets the approach that will be taken to explore, identify and deliver savings over the life of the plan. Savings totalling £976k over the 5 years are included and the council's Senior Leadership Team continue to mobilise the Sustainability Plan Programme and associated projects.
- 3.1 To date, work across the Senior Leadership Team has focussed on agreeing leads for each theme in the Sustainability Plan (these are now included in the plan below). Project leads are now preparing the scope, milestones, and review of deliverability and timing of savings for their respective areas.
- 3.2 On Financial Management, the Strategic Director and Section 151 Officer has reviewed the earmarked reserves and a one-off contribution to general reserves of £422k in-year (against a target of £200k) has been delivered (subject to ratification by PFD on another agenda item at this meeting).
- 3.3 For the Service Review project, the Strategic Director has commenced the development of a framework for carrying out reviews, following consultation with the Services Delivery Committee at its meeting on 29 November 2022. Work will now progress to programme and start service reviews. Of the savings set out for 2023/24, the service review target of £50k is budgeted but contingent on member decisions that will be brought forward in the year for decision.
- 3.4 The Head of Law and Governance has developed a brief for engaging property expertise to assist in the review of the Council's assets. This specialist support will assist officers in assessing the current value in use of assets against other commercial and divestment options, so that a range of recommendations can be presented to Members for decision.
- 3.5 The target of £15k in respect of new income generation is confirmed in the budget at £28k, following PFDC and Council decision in September on Community Lottery and schemes.
- 3.6 Finally, work to shape how the Council might deliver savings by maximising the management of its contracts is underway.

**Table 2 – Sustainability Plan**

Project		Lead	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Financial Management</b>	Review of earmarked reserves (one-off)	Strategic Director and S151 Officer	200,000				
<b>Service Review</b>	Savings achievable through review of key services and alteration of service levels	Strategic Director		50,000	150,000	150,000	150,000
<b>Outcome Based Budgeting</b>	Assumed 0.5% reduction in overall service costs as a result of an outcome based budgeting exercise in 2023	Strategic Director / Head of Finance			47,000	47,000	47,000

<b>Asset Management</b>	Targeted reduction in expenditure/increase in income as a result of review of assets and rationalisation	Head of Law and Governance and Monitoring Officer			25,000	25,000	25,000
<b>Income Generation</b>	New income schemes (assumed increase in existing already in plans)	Head of Finance and Deputy S151 Officer		15,000	15,000	15,000	15,000
<b>Contracts</b>	Pending review	Head of Customer Services & Trans / Head of Built Environment					
	<b>Total</b>		<b>200,000</b>	<b>65,000</b>	<b>237,000</b>	<b>237,000</b>	<b>237,000</b>

### 3.7 UK Fiscal Policy and the Autumn Statement 2022

3.8 On 17 November, the Chancellor of the Exchequer delivered his Autumn budget which set out the governments planned spending and revenue position for the next two years. There were a range of fiscal policy measures outlined. Below sets out those most relevant to local government and district councils in particular:

- 3.8.1 There will be no cuts to the funding allocations announced in the Spending Review 2021. This means that the Settlement Funding Assessment (SFA) should remain unchanged for 2023/24 and 2024/25. SFA relates to the local share of business rates and revenue support grant (the Council no longer receives the latter).
- 3.8.2 Greater flexibility to raise Band D Council Tax by 2.99% (or £5, whichever is higher).
- 3.8.3 A freeze on the Business rates multiplier in 2023-24 and an extension of Retail, Hospitality and Leisure (RHL) reliefs into 2023-24, plus a Supporting Small Business Scheme (SSBS). Local authorities "will be fully compensated for the loss of income as a result of these business rates measures".
- 3.8.4 A new 7% cap on rents for social housing in 2023-24 (which is higher than the government's original 5% proposal).
- 3.8.5 The 1.25% increase in National Insurance Contributions (Health and Social Care Levy) was cancelled in September's Mini Budget, and the reversal has now been implemented. Funding was provided to public bodies by the Treasury and the Chancellor confirmed that Funding will now be clawed back – this is expected in the form of an adjustment to the Services Grant.

3.9 Full details of the allocation of funding within core spending power will be announced in the 2023-24 provisional local government finance settlement – expected on or around 21 December.

3.10 There are still several issues remaining to be resolved, even though there is no change in the overall allocations for local government on the whole. This includes confirmation of the levels of Lower Tier Services Grant (LTSG), Services Grant and New Homes Bonus (NHB). The Council is budgeting to receive a combined total of £388k across these funding streams and certainty will not be provided until the settlement is received.

### 4.0 GENERAL FUND

4.0 The draft net revenue expenditure position for the 2023/24 year is estimated to be £7.48m and funding is anticipated to be £6.96m. A deficit of in the region of £517k would be achieved on this basis. The draft General Fund Budget Summary can be found in Appendix 2.

4.1 This position represents a net increase in the net revenue expenditure of £1.07m and an increase in funding of £445k compared to the position in 2022/23.

4.2 Since the Council budgets on an incremental basis, the individual changes compared to the 2022/23 position are set out in Appendix 1. The combined position of changes proposed to the 2022/23 position are:

- 4.2.1 Funding – additional funding of £445k
- 4.2.2 Savings - £1.548m
- 4.2.3 Cost pressures - £2.43m

4.3 Across the range of proposals in Appendix 1, cost pressures generally relate to areas where additional budgetary provision is required to continue to provide critical services. There are no proposals that represent developments of service areas or that could be classified as voluntary additional expenditure, except for spend already incurred in relation to non-statutory services.

### Staffing

4.4 Staffing costs represent a significant amount of expenditure on the General Fund, with broadly three quarters of all spend relating to staffing. The table below sets out the budgetary pressures in relation to staffing.

4.5 Included in the assumptions is a turnover saving. This is based on the likely level of staff turnover within a financial year for non-critical services and represents a saving likely to crystallise over the course of the year.

4.6 Members should note that the assumed pay award for 2023/24 is now included at 3.5% following consultation work commencing by unions and sources suggesting the claim could be in the region of inflation + 2%. On this basis, the Strategic Director and S151 Officer deems it necessary to include a provision of a minimum of 3.5%.

**Table 3 – Staffing Costs**

<b>Area</b>	<b>Amount</b>	<b>Detail</b>
2022/23 Pay Award	£317k	The pay award for 2022/23 was confirmed in early November and has had the effect of increasing costs compared to the budget position because the Council had just 2% (£127k) built in to the base budget for the 2022/23 year and the actual charge is £317k (meaning an additional charge of £190k).
2023/24 Pay Award	£202k	The assumed pay award for 2023/24 is 3.5%. At the time of writing this report, speculation around the pay award level for next year is subject to union discussions and it may be that a different percentage can be confirmed when the budget is taken to draft budget stage in December 2022.
Incremental grade movements	£130k	To cover the cost of staff progressing through the contracted salary increments.
Budget Adjustments	£82k	These adjustments were made to correct/realign historic budgets.
Other budget movements	£39k	Movements on grade within 2022/23
Turnover Saving	(£118k)	This is a target savings budget based on historical vacancy data of 2% of the total establishment budget.
<b>TOTAL</b>	<b>£652k</b>	

## Funding

- 4.7 At the meeting on 15 November, the Committee confirmed its intention to raise Council Tax by the maximum level before a referendum is required and that this is in order to ensure that services are protected. As a result, council Tax funding is forecast to be £4.44m next year.
- 4.8 This is a more favourable position than originally anticipated and is due to actual housing growth achieved in 2022 being more than forecast, as well as finance re-assessing growth for 2023/24 with the planning team. Additionally, there is more funding because of the 1% referendum limit increase. The overall effect is that there is now £220k in additional council tax funding compared to 2022/23 (rather than £127k as reported in the 15 November PFD report).
- 4.9 The following sets out the options around the council tax increase, assuming increases are within or below the new referendum limit. Given the feedback already received from members, the budget is based on the maximum position, which is 2.99% (which is the highest of 2.99% or £5) and the Committee is asked to confirm his position.

**Table 4 – Council Tax increase options**

<b>%</b>	<b>New Council Tax Band D (currently £239.50)</b>	<b>Additional Council Tax Funding (compared to 2022/23) *</b>
1%	£241.90	£135,178
1.99%	£244.27	£177,825
2.99%	£246.66	£220,903
£5	£244.5	£182,033

*\* it is important to note that the total additional income is also affected by the overall tax base, which has increased due to confirmation of growth.*

- 4.10 Business Rates is budgeted at £2.18m and this will be confirmed by the provisional settlement. Growth on rates achieved is expected, but is assumed to be low. The resultant position represents a £270k increase on the 2022/23 budget position, most of which is anticipated to be through the compensation that the government pay to local authorities in light of the multiplier freeze. Further work to determine the rates position for 2023/24 will be undertaken as part of determining the "NDR1" in January 2023, which sets the business rates taxbase for the following year.
- 4.11 Lower Tier Services Grant is budgeted at £61k, Services Grant at £80k and New Homes Bonus at £247k. These funding streams and certainty will not be provided until the settlement is received. The Section 151 Officer has assessed the position and acting on the advice of the Council's financial advisor, Pixel Financial Management, recommends that these areas of funding are budgeted for.



## **Income**

- 4.12 Since the PFD meeting on 15 November, officers have progressed with Members request to determine the net cost of providing the green waste service against the income generated.
- 4.13 To do this, the forecast budgetary position for 2023/24 was established for the waste service, and an apportionment exercise carried out to attribute direct and indirect relevant costs. After allowing for the recovery of corporate costs such as vehicle depreciation, insurance and organisational overheads, the service costs approximately £450k per annum. With the income position expected to be in the region of £550k, this means that the service is currently generating an operating surplus, which is used to offset the deficit on the General Fund. As such, officers are not proposing to vary the charges for 2023/24 and for these to be maintained at £50.
- 4.14 At the request of the Committee, the Strategic Director and finance have undertaken a review of the ability for the service to be offered on a pro-rata basis and has confirmed that the rationale for annual permits was at a saving to the Council of £20k and that to move away from this would now reintroduce additional officer administration time and external costs through the green waste sticker supplier (since stickers have been negotiated on an annual basis for scale of charging).
- 4.15 Car parking charges are frozen within this budget, based on Member feedback with relevance to the surplus anticipated on the car parking trading account in-year. However, it is important to recognise that the overall car parking trading account, which allows for the apportionment of income against costs in the preceding four years, represents a deficit position and is likely to do so until around 2027.

## **Summary of Changes since 15 November 2022 PFD**

- 4.16 The following sets out all of the changes in this draft budget, since it was presented to PFD on 15 November:
- 4.16.1 Staffing costs – increase in the assumed pay award from 2% to 3.5%
  - 4.16.2 Audit fees – following clarification of the likely audit fee position in 2023/24, the additional funding required is expected to be in the region of £48k as opposed to the £172k initially budgeted.
  - 4.16.3 Change in Employers National Insurance (as per paragraph 3.8.5 above)
  - 4.16.4 Removal of the increase in car parking fees following discussion at the PFDC meeting on 15 November and with relevance to the surplus anticipated on the car parking
  - 4.16.5 Removal of new proposed additional service to allow for the purchase of 2<sup>nd</sup> permits – this will be considered as part of the car parking review in Q1 2023/24.
  - 4.16.6 A revision to financing costs (minimum Revenue Provision – MRP) based on changes to the timing of projects in the 2022/23 capital programme
  - 4.16.7 An increase in costs relating to fuel, based on the 12p per litre increase confirmed by the Office for Budget Responsibility (OBR) in the Autumn Statement
  - 4.16.8 The additional income on green waste charges has been removed, as set out above.

## **Impact on reserves**

- 4.17 The below shows the impact of the proposed draft budget on the level of General Fund unallocated reserves. The position forecast at March 2023 is based on current reserves (which

includes the amounts reallocated detailed in 3.2 above) adjusted for the forecast outturn on the 2022/23 General Fund which will need to be met through reserves.

Type of Reserve	1 April 2022 Opening Balance £000s	Adjustments made in year	Balance November 2022	Used to close budget/i n-year variance £000s	1 April 2023 Estimated Balance £000s	Estimated Use of Reserves 23/24 £000s	31 Mar 2024 Estimated Balance £000s
General Fund	1,144	407	1,551	-611	940	-517	423
Earmarked Reserves	1,672	-798	874		874	-108	766
<b>Total Usable Revenue Reserves</b>	<b>2,816</b>	<b>-391</b>	<b>2,425</b>	<b>-611</b>	<b>1,814</b>	<b>-625</b>	<b>1,189</b>
Capital Reserves	806	-806	0		0	1,705	1,705
Capital Grants Unapplied	25		25		25	0	25
<b>Total Usable Capital Reserves</b>	<b>831</b>	<b>-806</b>	<b>25</b>	<b>0</b>	<b>25</b>	<b>1,705</b>	<b>1,730</b>
Ringfenced - Covid 19; Disabled Facilities and S31 Monies	387	-364	23		23	0	23
<b>Total General Fund Reserves</b>	<b>4,034</b>	<b>-1,561</b>	<b>2,473</b>	<b>-611</b>	<b>1,862</b>	<b>1,080</b>	<b>2,942</b>

## 5.0 HOUSING REVENUE ACCOUNT

5.0 The draft net cost of service position for the 2023/24 year is estimated to be a balanced position, with a small surplus of £20k. Appendix 4 sets out the HRA budget summary.

5.1 This position represents a net improvement of £70k compared to the budgeted position in 2022/23.

5.2 The individual changes compared to the 2022/23 position are set out in Appendix 3. The combined position of changes proposed to the 2022/23 position are:

5.2.1 Savings and Income Growth - £435k

5.2.2 Cost pressures - £365

### Rent and other charges

5.3 In the proposals presented to PFD in November, the consultation outcome on social rents had not been announced. 5% was assumed at the time as this was the government's preferred position.

5.4 Rental income is now assumed to be in line with the confirmed maximum rent policy position set out by government, of 7%. This equates to additional funding of £356k compared to 2022/23. By increasing rents by the maximum level available, the Council will ensure it maximises its funding position and ensure essential repairs and maintenance are undertaken, including investment in energy efficiency measures to a selection of properties as part of the Social Housing De-Carbonisation Fund.

5.5 The following sets out some options around the rent increase, assuming increases are within or below the new cap on social rents. The Committee is recommended to approve the recommended option of a 7% increase.

**Table 5 – Rent increase options**

%	Average Rent per property (currently <b>£88.97</b> )	Additional Rental Income (compared to <b>2022/23</b> ) *
3%	£92.10	£153k
5%	£93.90	£254k
7%	£95.70	£356k

5.6 In line with rental income; garages, service charges and shop rents are proposed to increase by 7%. The net effect of this is £3k.

**Summary of Changes since 15 November 2022 PFD**

5.7 The following sets out all of the changes in this draft budget, since it was presented to PFD on 15 November:

- 5.7.1 Staffing costs – increase in the assumed pay award from 2% to 3.5% as per the General Fund;
- 5.7.2 An increase in interest charges on the HRA as a result of a more detailed review of HRA borrowing;
- 5.7.3 Additional rental income and income from other garage and housing charges as a result of confirmation of the 7% rent cap.

**Impact on reserves**

5.8 The below shows the impact of the proposed draft budget on the level of General Fund unallocated reserves. The position forecast at March 2023 is based on current reserves (which includes the amounts reallocated detailed in 3.2 above) adjusted for the forecast outturn on the 2022/23 General Fund which will need to be met through reserves.

Type of Reserve	1 April 2022 Opening Balance  £000s	Adjustmen ts made in year	Balance Novemb er 2022	Used to close budget/in- year variance  £000s	1 April 2023 Estimat ed Balanc e £000s	Estimat ed Use of Reserv es 23/24 £000s	31 Mar 2024 Estimat ed Balanc e £000s
HRA	1,155		1,155	-154	1,001	20	1,021
Earmarked Reserves	730		730		730	0	730
<b>Total Usable Revenue Reserves</b>	<b>1,885</b>	<b>0</b>	<b>1,885</b>	<b>-154</b>	<b>1,731</b>	<b>21</b>	<b>1,751</b>
Capital Reserves	677	-500	177		177	0	177
<b>Total Usable Capital Reserves</b>	<b>677</b>	<b>-500</b>	<b>177</b>	<b>0</b>	<b>177</b>	<b>0</b>	<b>177</b>
Ringfenced - Major Repairs Reserve	449	0	449	342	0	-449	342
<b>Total HRA Reserves</b>	<b>3,011</b>	<b>-500</b>	<b>2,511</b>	<b>188</b>	<b>2,699</b>	<b>-429</b>	<b>2,270</b>

## 6.0 Scale of Fees and Charges

6.1 The Council charges for a number of its services that are provided to the public. All fees and charges are reviewed on an annual basis as part of the budget process. Charges set by the Council are increased in line with inflation or other factors taken in to consideration, in line with the Corporate Charging Policy:

- Statutory obligations
- Policies objectives of the Council;
- Local market research and competition (where relevant);
- The impact of price changes on activity level of demand;
- Changes in taxation;
- Budget position and any associated gap;
- The cost of providing the service.

6.2 Included at Appendix 5 is the proposed charge position, together with of explanation of changes to individual charges.

## 7.0 CAPITAL PROGRAMMES

7.1 The proposed draft Capital Programme position for 2023/24 and indicative position for 2024/25 – 2027/28 is set out in Appendix 6.

### General Fund Capital Programme

7.2 Proposals funded through 'unsupported borrowing' on the General Fund impact the 'Minimum Revenue Provision' (MRP) estimate for future years, which effectively is a method of calculating the estimated repayment of that internal borrowing. MRP is funded through revenue, and so an increase in capital expenditure plans funded through unsupported borrowing, increases expenditure on the General Fund in respect of MRP. The proposals below constitute new capital schemes only.

7.3 The total General Fund programme for 2023/24 is £1.258m, consisting of slippage and new schemes.

7.4 Slippage of £781k is assumed on the General Fund: £300k Brocks Hill construction, £350k "Invest to Save" (pending the identification of suitable projects) and £51k originally set aside for capital maintenance of Bushloe House and the car park, which has now been reprofiled into future years for the purposes of maintaining Brocks Hill.

7.5 The total of the General Fund new schemes will increase the pre-agreed capital programme for next year by a further £573k.

7.5.1 **£35k for Multi use basketball / football court at Freer Park, Carlton Drive, Wigston** - This budget request is a health and safety provision due to the poor condition of the current play equipment. The funds will be utilised for the installation of an all-weather, fenced, level surfaced basketball and football combination play area and has been proposed by a member of the public supported by their ward councillor.

7.5.2 **£15k for Tree Works – All Saints and St Wistans Churchyards** - All Saints and St Wistans churchyards are 'closed churchyards' and fall to OWBC to maintain. The trees in both churchyards require pollarding (where appropriate) or reducing in height to maintain their lifespan and to prevent them outgrowing their allotted space.

Pollarding should be carried out every few years but has not been carried out on these trees for some time.

- 7.5.3 **£5k for Repairs to Roll of Honour** - OWBC is responsible for the Roll of Honour situated in All Saints Churchyard in Wigston. The Roll of Honour commemorates service personnel who died during World War 1 and is in a poor state of repair.
- 7.5.4 **£7.5K for Partial Replacement of Christmas Lights** - The partial replacement of the Christmas Lights used in the three town centres will complete the latest round of upgrading the lights for displays. They do, over time, deteriorate, become dimmer and inefficient and there is therefore a need to replace them. Replacement is done in stages to spread the cost over different financial years. The lights displays are placed in Oadby, Wigston and South Wigston town centres. This budget also covers installation of new electric points to ensure that the lights continue to work efficiently and that points are not over capacity. Any additional lights required for areas not already covered will be funded from this budget.
- 7.5.5 **£510k for Vehicle Refurbishment** - Following on from a Fleet Management Review, it was determined that there is a requirement to replace vehicles that have come to the end of their useful life every five to seven years. It is important to know that when ordering a new vehicle, there is a lead time for delivery of up to 6 months. It is therefore imperative that a rolling capital budget is made available every financial year for the vehicle refurbishment and purchase of new vehicles. This includes provision for HRA caretaking vehicles. The capital provision for 2024/25 – 2027/28 is set to allow the service to order vehicles in time, allowing for lengthy lead-in times, however the provision for these years remains indicative only and is subject to further detailed work which will be undertaken in setting the budget for 2024/25.

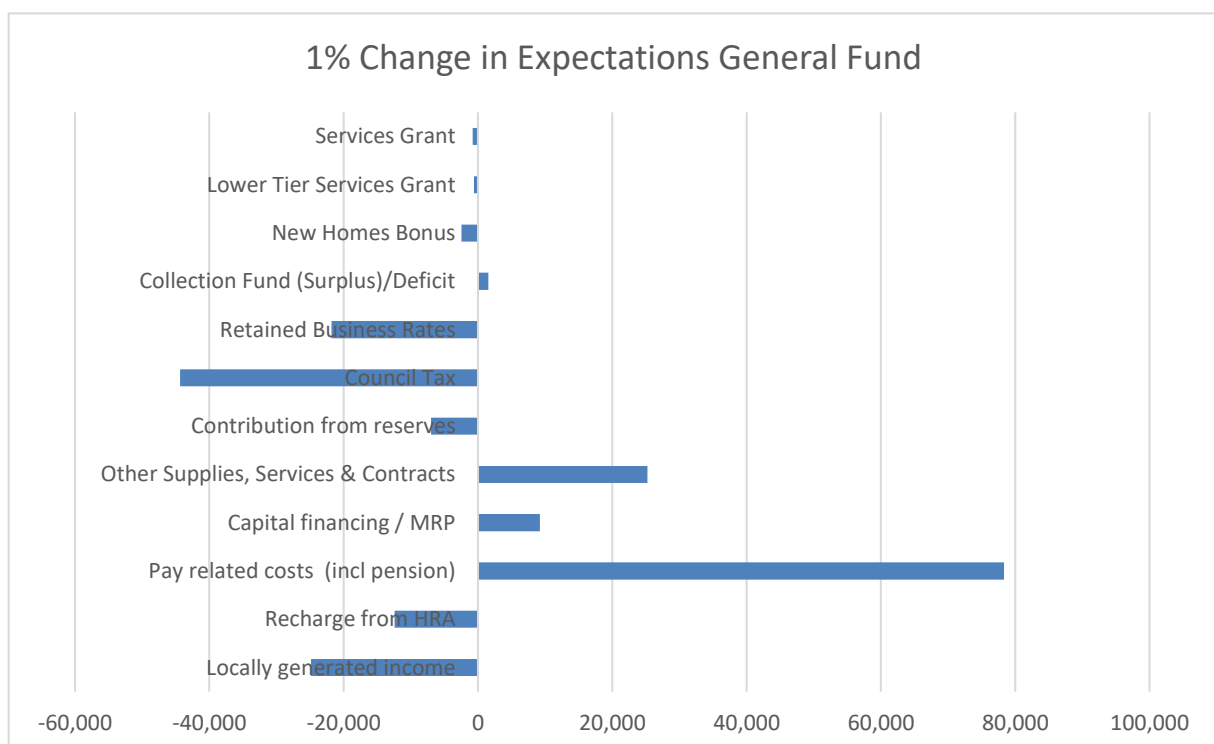
## **Housing Revenue Account Capital Programme**

- 7.6 The total HRA Capital Programme for 2023/24 is proposed to be £4.04m.
- 7.7 £2.44m of this represents slippage from the 2022/23 year.
- 7.8 The new proposals below total £2.01m.
- 7.8.1. **£0.501m of the slippage to match fund the Social Housing Decarbonisation Fund** to upgrade approximately 130 of the Council's housing stock which is currently below Energy Performance Certificate (EPC) C. The properties are all bungalows. The retrofit measures undertaken will improve and deliver warm energy efficient homes, reduce carbon emissions and tackle fuel poverty. This will be achieved through: Loft and solid floor insulation (this is to enhance existing cavity works that have been completed in the past); Draughtproofing; Ventilation works; Double glazing; and install of Solar PV arrays on (where properties are suitable).
- 7.8.2 **£1.5m** - Annual HRA Program of Works for maintaining the decent homes standard and will include elemental replacements such as kitchens, bathrooms, roofs, windows and doors and so on. This was included in the MTFS. The exact allocation of funds between specific schemes will not be determined until the full Stock Condition Survey is complete around April 23.
- 7.8.3 **£100k for Stock Condition Survey & Business Plan review** - The last stock condition survey was carried out in 2011. Changes in legislation, services and information has resulted in the need for an up to date survey and review of the business plan. As per the above this will inform the exact allocation of funds for the annual HRA Programs of Works.

## 8.0 Robustness of estimates and adequacy of reserves: Draft Budget 2023/24

- 8.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 The Section 151 Officer considers that the estimates which form the General Fund and Housing Revenue Account are robust and prudent, and the proposals are deliverable for 2022/23. Sustainability Programme savings as set out in this report, are built into the General Fund for 2023/24. Members should note that these savings will pose a challenge for both officers and members in 2023/24 and further in the future when savings required increase. The delivery of savings will be instrumental to the Council's financial resilience.
- 8.1 Based on current estimates for 2022/23 outturn and the 2023/24 year, the Council has an adequate level of reserves to balance the budget in 2023/24 on its General Fund. However, these estimates project the closing reserves to be £400k (£1.2m including earmarked reserves).
- 8.2 The Section 151 Officer has revisited the reserves risk assessment undertaken as part of the Medium Term Financial Strategy in September and concludes that the Council's general fund reserves position is now outside of the safe tolerance level.
- 8.3 Furthermore, the Council is susceptible to volatility in budgetary estimates. A relatively small change in the underlying assumptions can produce significant changes. The below sets out the impact of a 1% change in assumptions within the 2023/24 budget:

**Chart 2 – Annual impact of a 1% change**



- 8.4 If forecasts for the current or 2023/24 year are less favourable than projected, the Council could be in a position where it has exhausted all of its reserves. If this situation occurred, urgent corrective action would need to be undertaken and if such action is not successful, a

section 114 notice issued and a period of spending prohibition begins (where new spend agreements are effectively halted).

- 8.5 As detailed within this report, the Council has shaped how it intends to deliver savings through its Sustainability Programme. This programme is now instrumental in ensuring that savings are delivered and that both planned and unplanned use of reserves is minimised.
- 8.6 Looking further ahead, 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. Changes in grant funding will present a further significant risk to the Council. Work on the Medium Term Financial Plan will be presented to Members as part of the final budget in February 2023.
- 8.7 The Housing Revenue Account position in contrast remains in a more sustainable position, particularly now that the rent cap is confirmed at 7%. However, financial risks exist around: rising interest rates and the fact that the service needs to refinance debt on a regular basis and is therefore exposed to further increases in this regard; energy costs; rent collection rates, which are highly susceptible to economic conditions and the level of properties sold through right to buy.