

COUNCIL – 25TH FEBRUARY 2013

Report of the Cabinet

ITEM 7.3 2013/14 COUNCIL TAX BASE AND SPECIAL EXPENSES AND 2013/14 GENERAL FUND AND HRA REVENUE BUDGETS

Purpose of Report

To consider the recommendations of Cabinet regarding the proposed General Fund and HRA Revenue Budgets for 2013/14. These budgets represent the financial spending plans for all services of the Council and it is a legal requirement to set a balanced budget each financial year. The report also incorporates the proposed Council Tax levy which must be set by Council and the 2013/14 Original Budget for the Housing Revenue Account together with proposals to increase rent and service charges.

Recommendations and Reasons

The full Council Tax Recommendations, which the Council must consider in order to set a Council Tax Levy and General Fund and HRA revenue budgets for 2013/14, will be circulated once Leicestershire County Council has set its precept.

Policy Justification and Previous Decisions

The budget is essential to all policies of the Council and the setting of a Council Tax levy is a legal requirement of the Council. The rents also need to be within specified parameters set by the CLG.

At its meeting on 14th January 2013, Cabinet considered a report of the Head of Revenues & Benefits and Customer Services, under the provisions of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, the requirement of a billing authority to calculate its Council Tax Base in accordance with the regulations and the requirement to pass a resolution on the matter of Special Expenses. The calculations set out in that report have been used to develop the report of the Head of Finance and Property Services and will be incorporated into full Council Tax Recommendations. This report is attached as Annex 2.

Following this, a report of the Head of Finance and Property Services was considered by Cabinet at its meeting on 14th February 2013, which set out the proposed General Fund and HRA Revenue Budgets for 2013/14 and presented the 2013/14 Original Budget for the Housing Revenue Account together with proposals to increase rent and service charges. The draft budget was considered by the Budget Scrutiny Panel on 7th January 2013 and their comments are referred to later in the report of the Head of Finance and Property Services. The report is attached as Annex 1.

The Cabinet agreed to recommend to Council:

1. that an Original General Fund Revenue Budget for 2013/14 of £17,652,385 be approved;
2. that a Council Tax Base be set at £102.62 at Band D;
3. that the Loughborough Special Levy be set at £73.51;
4. that the Original HRA Budget for 2013/14, as set out in Appendix 5, be approved;
5. that the increases to weekly rents be approved in line with the Department of Communities and Local Government guidance on rent restructuring;
6. that the service charges be approved in accordance with the Department of Communities and Local Government guidance;
7. that the increases to shop rents by the Retail Price Index, the applicable rate of 2.6%, be approved;
8. that garage rents be increased by the Retail Price Index plus 0.5%, yielding 3.1%;
9. that the Leasehold Management and Administration charge be decreased by £9.35, 8.6%, to £100.00 per annum; and
10. that it be determined that the basic amount of Council Tax for 2013/14 was not excessive according to the principles set out by the Secretary of State; and
11. that the report of the Budget Scrutiny Panel be received and noted with thanks.

The reasons for the Cabinet's recommendations were as follows:

1. to ensure that the necessary finance would be approved to carry out services in 2013/14;
2. to set a Council Tax in accordance with legal and statutory requirements;
3. to set a Loughborough Special Levy in accordance with legal and statutory requirements;
4. to ensure sufficient funding for the Housing Revenue Account in 2013/14;
5. to ensure sufficient resources would be available to the Housing Revenue Account in 2013/14;
6. to ensure the correct alignment of costs and service charges for tenants in accordance with best practice;
7. to increase shop rents in line with inflation;
8. to ensure that garage rents reflect current market conditions;
9. to ensure sufficient recovery of the costs associated with operating the leasehold flat and shop services and to reflect savings on communication costs;
10. to comply with the requirements of section 52ZB of the Local Government Finance Act 1992; and
11. to recognise the work and effort of the Budget Scrutiny Panel when scrutinising the Medium Term Financial Strategy and the draft budget proposals.

(Cabinet Minute 103).

Implementation Timetable including Future Decisions and Scrutiny

Council is requested to consider the Cabinet report and the recommendations of Cabinet on 14th February 2013, alongside the full Council Tax Recommendations, which will be circulated once Leicestershire County Council has set its precept, in order to set a Council Tax Levy and General Fund and HRA revenue budgets for 2013/14.

The actual budgets will come into effect on 1st April 2013.

Report Implications

Financial Implications

The financial implications associated with the recommendations are set out in the report of the Head of Finance and Property Services to Cabinet, attached as Annex 1.

Risk Management

Risks associated with the recommendations are set out in the report of the Head of Finance and Property Services to Cabinet, attached as Annex 1.

Key Decision:	Yes
Background Papers:	No additional background papers.
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Report of the Head of Finance & Property

Lead Member: Councillor Tom Barkley

Part A

ITEM 9 **2013/14 General Fund and HRA Revenue Budgets**

Purpose of the Report

This report sets out the proposed General Fund and HRA Revenue Budgets for 2013/14. These budgets represent the financial spending plans for all services of the Council and it is a legal requirement to set a balanced budget each financial year. The report also incorporates the proposed Council Tax levy which must be set by Council at its meeting on 25 February 2013. The indicated Council Tax for Charnwood Borough Council as a whole is based on the budget to be recommended to Council and it is proposed that there is no increase in 2013/14.

In addition, this report presents the 2013/14 Original Budget for the Housing Revenue Account (HRA) together with proposals to increase rent and service charges.

Recommendations:

That Council are recommended:

1. To approve the Original General Fund Revenue Budget for 2013/14 at £17,652,385;
2. To set a base Council Tax at £102.62 at Band D;
3. To set the Loughborough Special Levy at £73.51;
4. To approve the Original HRA Budget for 2013/14 as set out in Appendix 5;
5. To approve the increases to weekly rents in line with the Department of Communities and Local Government (CLG) guidance on rent restructuring;
6. To approve the service charges in accordance with the CLG guidance;
7. To approve the increases to shop rents by the Retail Price Index (RPI), being the applicable rate of 2.6%.
8. That garage rents increase by RPI plus 0.5% yielding 3.1%;
9. That the Leasehold Management and Administration charge is decreased by £9.35, 8.6%, to £100.00 per annum.
10. That it be determined that the basic amount of Council Tax for 2013/14 was not excessive according to the principles set out by the Secretary of State.

Reasons

1. That the necessary finance is approved to carry out services in 2013/14.
2. That a Council Tax can be set in accordance with legal and statutory requirements.
3. That a Loughborough Special Levy can be set in accordance with legal and statutory requirements.
4. To ensure sufficient funding for the Housing Revenue Account in 2013/14.
5. To ensure sufficient resources are available to the Housing Revenue Account in 2013/14.
6. To ensure the correct alignment of costs and service charges for tenants in accordance with best practice.
7. In order that shop rents are increased in line with inflation.
8. In order that garage rents reflect current market conditions.
9. That there is sufficient recovery of the costs associated with operating the leasehold flat and shop services and to reflect savings on communication costs.
10. To comply with the requirements of section 52ZB of the Local Government Finance Act 1992.

Policy Justification

The budget is essential to all policies of the Council and the setting of a Council Tax levy is a legal requirement of the Council. The rents also need to be within specified parameters set by the CLG.

Implementation Timetable including Future Decisions and Scrutiny

This report will be available for consideration by the Overview Scrutiny Group on 11 February 2013 and, if approved by Cabinet, will be tabled for agreement by full council on 25 February 2013. The actual budgets will then come into effect on 1 April 2013.

The draft budget was also considered by the Budget Scrutiny Panel on 7 January 2013 and their comments are referred to later in this report.

Report Implications

Financial Implications

The effects of the adoption of these budgets are explained in Part B of this report.

Risk Management

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
One off expenditure that is dependent, to a greater or lesser extent, on specific external funding is susceptible to that funding either not being forthcoming or being reduced.	Unlikely	Minor	Expenditure will either be curtailed or scaled back and/or or alternative funding sought.
Failure to take account of the spending plans of the Council	Unlikely	Minor	Robust budget planning and control processes
Exceptional spending being required during the financial year	Unlikely	Major	The Working Balance is sufficient to manage normal and most one off events.
Continued shortfall of income due to the length/severity of the recession being worse than anticipated.	Unlikely	Minor	Revenue monitoring will identify such a trend and remedial action will be put forward.
Council Tax receipts are materially lower than the estimate following the change to Council Tax Support	Unlikely	Major	Receipt levels will be carefully monitored and provisions have been made to cover this eventuality.

Key Decision: Yes

Background Papers: 20 December 2012 Cabinet Reports on Draft 2013/14 General Fund and HRA Budgets

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Part B

1. General Fund Revenue Budget 2013/14

2. Appendix 1 shows the summary position of the General Fund and includes a comparison column comparing the Original budget being recommended to Council with the draft one reported to Cabinet on 20 December 2012. The primary changes are:

3. Decrease in Net Service Expenditure of £144k – this is primarily in respect of £72k of New Burdens Funding from the government regarding the administration etc of the new Council Tax Support scheme. This was notified after the Draft Budget was prepared. In addition there is an extra recharge of £50k to the HRA regarding one-off HR support.

4. Net Service Savings have decreased by £230k, and the main changes are explained in paragraphs 15 to 16.

5. Revenue Contributions to Capital have increased by £930k. The reason for this large increase is that the draft settlement from the government was better than anticipated as the potential cuts faced by the council were reduced through a ‘damping’ system used as part of the government’s process. This improvement is essentially only for one year as the government draft figures show a cut to the main grant of 12.9% in 2014/15. As the Council has sufficient reserves these one-off amounts will be used to fund expenditure that is also one-off rather than an ongoing commitment to the council. Capital schemes are ideally suited to this purpose and set out below are the items making up the £930k:

- The proposal is to establish a capital fund with Leicestershire County Council to support the implementation of the next phase of development of the Loughborough University Science and Enterprise Park. This is one of the Council’s key economic development priorities and Cabinet has already resolved that this is a key employment site in the Council’s emerging Local Plan.

A fund of £2m will be established with £1.5m contributed by Leicestershire County Council and £500k from the Borough Council.

This fund would be applied, together with any potential ERDF funding awarded, to finance necessary site infrastructure works and other interventions needed to enable the development of an Innovation Centre and a separate development for potential expansion of businesses already located at the Science Park. The amount of investment expected to be levered in is in the order of £14m to be invested over the next 2 years with an estimated number of jobs created of 300.

- The Council will contribute to the provision of high speed broadband to rural areas. This is subject to approval of a future report to Cabinet on the full business case for the scheme. The £200k will be funded from the Growth Support Fund which has been established mainly from the New Homes Bonus. This will result in a net contribution of £50k from the Growth Support Fund rather than a contribution of £150k to it in 2013/14.
- Funding of up to £150k will be provided to finance a complete refurbishment of Loughborough market with new stalls and improved infrastructure, especially the electricity supply.
- A sum of up to £80k will be set aside to enable works to be carried out on the Bleach Yard site next to the Granby Street car park in Loughborough as well as a sum for improved street furniture etc on the new Loughborough Inner Relief Road should it be required.

All these schemes are subject to the usual capital application and appraisal requirements of the Council and they will be included in a future Capital Plan Amendment report should those processes be successful.

6. Council Tax Support Grants to Parishes and Towns – this shows an increase of £206k compared to the Draft Budget. The government changed its advice on the treatment of parish and town councils in respect of the introduction of Council Tax Support, which will now impact their council tax bases. Accordingly, the Council will compensate each parish or town so that they are no better or worse off because of these changes. This is funded from a central government grant which is shown in the Net Central Government Grants amount of £1,087k. This latter increase of £277k is mainly because this grant has been grossed up whereas before it was net of the grant to parishes and towns.

7. Revenue Support Grant and NNDR – these show a net improvement of £616k mainly due to the damping as mentioned above.

8. The New Homes Bonus was £158k better than expected due to a combination of factors including more empty properties coming back into use and a higher amount for affordable homes than was estimated.

9. The council tax receipts of the Borough and Loughborough improved by a net increase of £6k as the final council tax bases are now known.

10. Consultation on the Budget

11. A programme of consultation commenced following the consideration of the draft budget by Cabinet in December. This involved partner organisations, scrutiny committees, staff and businesses. The following points were raised:

12. The Budget Scrutiny Panel commented that:

- The economic climate going forward is uncertain, reductions in funding over recent years may continue in future and that there are particular challenges/uncertainty relating to localisation of Council Tax Support and retention of Business Rates.
- The 2013/14 budget addresses the deficit identified for the year in the Medium Term Financial Strategy (MTFS).
- The 2013/14 draft budget will be sufficient to deliver agreed service plans and the priorities set out in the Council's Corporate Plan and the savings/pressures set out in the 2013/14 draft budget do not represent proposals to reduce current service levels.
- Following the Government funding announcement in December 2012 (provisional) and with that being more favourable than anticipated, the funding risk to the Council is reduced.
- The Council had worked hard to reduce its costs over recent years and had been successful in doing so.
- The Council had frozen Council Tax for the past two years and would do so again for 2013/14.
- At some point in the future, it might not be possible to continue to make savings without affecting front-line services or essential support for those services.
- The budget included provision for the specific risk relating to an anticipated increase in bad debt following welfare reform.
- The New Homes Bonus represented an increasingly significant element of the Council's funding and current house build projections would need to be met to secure that.
- The Senior Management Review had encouraged fresh thinking as to how services might be delivered and many services had been reviewed in recent years, with a particular focus on costs. That work was ongoing across the Council, an example being grounds maintenance costs and how those were allocated. Continual review of costs was required.
- The savings identified in relation to bringing the Council's housing service back under its direct control would need to be demonstrated to councillors in due course.

13. The Industrial and Commercial Ratepayers commented as follows on the budget:

- Concerns were raised about the collectability of council tax and Business Rates following the major changes that were due from 1 April 2013. It was explained that some residents would receive bills for the first time and defaults were expected. In respect of NNDR (Business Rates), officers did not anticipate any significant differences in the collection rates. However, it was acknowledged that there was currently a difficult business environment and should any large local companies fail NNDR income could be reduced.

- Welfare Reforms – the Council does not anticipate the Welfare reforms, in particular, Universal Credit, having a significant effect on the HRA Budget during 2013/14, when there would only be pilot schemes being introduced. Significant uptake to Universal Credit from October 2014 could result in problems arising during the following financial year
- Social Landlords had raised concerns, as some tenants might not view paying rent as a high priority. The Council recognised there would be challenges they would face, but extra bad debt provisions had been built into the budget.
- Specific reference was made to funding a part time regeneration post in 2012/13. Although the post holder had a new post, the support for regeneration would be retained and that funding be spent as appropriate.
- It was explained that the changes to the CCTV budget were the result of an improved maintenance and support contract. There were no plans to amend the CCTV coverage.

14. We would like to take this opportunity to thank all those who responded to the consultation.

15. Service Pressures and Savings

16. The main alterations to these are:

- A £100k extra provision in respect of the Welfare Changes due in 2013/14. This amount is one-off and may be used, if required, to fund additional costs as well as support to other bodies and partners plus individuals in respect of hardship.
 - £50k will be set aside as an addition to the general contingency amount due to the major changes in 2013/14 and to provide funds should additional assistance be needed.
 - A one-off £50k to cover additional Human Resources support to aid the integration of former CNH Ltd staff.
 - An ongoing amount of £30k has been included as a provisional sum regarding a possible salary supplement for lower paid staff.
 - A £15k one-off contribution from the police towards the cost of CCTV has been added.
 - £10k for improved 'Charnwood' road signs at the main access points to the borough has been included.

17. Loughborough Special Expenses (Appendix 3)

18. There have been no changes to these expenses since December's draft budget but the funding has changed. As with the other towns and parishes, part of the Council Tax Support Grant goes to Loughborough and this has increased

from £85k to £175k in line with the changes for the other towns and parishes. We are pleased to confirm that the proposed levy of £73.51 is the same as the previous two year's rate and this has been achieved through the use of the government's Council Tax Freeze grant.

19. Council Tax Base

The approved tax base has been used in the relevant calculations.

20. Precept Amount

The final grant settlement has not been received from the CLG and the draft settlement has been used in these calculations. Appendix 2 shows a nil increase on the Base Council Tax. The amount therefore stays at £102.62 for the base precept, which is the third year running that there has been no increase.

21. Parish and Town Councils and Other Precepts

All Parish and Town precepts have been received and are detailed in Appendix 4. Approved precept information has still to be received from the County Council, Police and Fire Authorities and the figures shown for them on Appendix 2 are provisional and will be updated in time for the main Council meeting on 25 February 2013.

22. Revenue Balances and Reserves

The General Fund Balances are included in Appendix 1 and the budget shows that £41k, being less than 0.25% of the budget, will be transferred to the Working Balance. This is £25k higher than the draft budget figure issued in December 2012 and is due to five non-material amendments to the base budget. The Working Balance is predicted to be £4,491k at the end of March 2014 which is above the minimum target level of £2m. There are no planned transfers to the Reinvestment Reserve at present but this may change during the year as demands are made on that reserve.

23. Robustness and Level of Reserves

The Local Government Act 2003, section 25, has a requirement for the Chief Financial Officer to report on the robustness of the budget, and the level of balances, to the members that take the decisions on the setting of the annual budget.

24. The Finance Act 1992 already required the authority to take due consideration before setting the budget as there is no recourse to setting a further levy during the year, and any unexpected financial event would have to be met from reserves, or by cutting expenditure on services.

25. This budget has been drawn up using the best estimates of the officers delivering the services, under the overall management of the Chief Financial Officer and the Finance staff. This has taken due account of the anticipated costs of delivering a set level of service together with new or amended services that have been approved by members. All known costs have been taken into account, as has the income level on these services that generate revenue to the Council.

26. However, during a period of eighteen months, from the start of the budget process until the end of that financial year, there are likely to be budgets that have pressures on spending; equally there are budgets that will under spend. The key is to ensure that the position is under control at any time and that effective action can be taken where budgets have particular problems. It is also necessary to have financial procedures in place to ensure that all decisions that affect spending are fully considered before committing the authority, and that effective monitoring is in place.

27. All spending plans are based on the service planning process that has been examined during the budget cycle and the use of reserves and balances used conforms to the specification as laid down and published in the Financial Strategy.

28. Therefore the Chief Financial Officer confirms that this budget, as set out above and on the attached appendices, is robust and meets the requirements of the Council for its current spending plans and conforms with the procedures agreed for the use of balances and the Revenue Contribution to Capital.

29. Medium Term Financial Strategy (MTFS)

The MTFS will be reviewed in September/October 2013 and act as a basis for the 2014/15 budget.

30. Housing Revenue Account (Appendix 5)

The Chief Financial Officer has set a target balance for the HRA of £110 per property which is approximately £641k. The balance at the end of March 2014 is estimated at £650k which is £111 per property.

31. There has been a reduction in estimated revenue contributions to capital of £288k since the draft 2013/14 budget. This is to ensure balances remain at the recommended target level. The reduction is largely due to an increase in revenue contributions to capital of over £300k within the 2012/13 financial year to finance improvements to sheltered schemes. However, the contribution to capital at £4.14m is still £1.43m higher than 2012/13, being an increase of over 52%. The remaining £122k of unfavourable variance includes an increase of

£30k in Council Tax payments for void properties due to anticipated changes for landlords with vacant properties and a further review of management recharges between the HRA and the General Fund, including a one-off cost of £50k in respect of additional Human Resources support.

32. Within 2013/14 the management and maintenance budgets for the former Charnwood Neighbourhood Housing Ltd have been absorbed within the Housing Revenue Account budget. These may be subject to a further review pending any restructuring of the housing service now that it is back in-house.

33. Rents and service charges will be collected on a 49 week basis (inclusive of 4 rent free weeks) for the 2013/14 year only. These charges are due each Monday and there are 53 Mondays during the 2013/14 year. This occurs once every seven years and allows the Council the opportunity to recuperate rental and service charge losses over the previous six years and is consistent with best practice.

34. Dwelling rents have increased by an average of 4.45% in line with the national formula for rents. There is a limit to individual rent accounts of RPI + 0.5% + £2.00. The increase reflects the RPI rate of 2.6% whilst the equivalent figure for 2012/13 was 5.6%. The level of voids (empty properties for which rent cannot be collected as a proportion of all properties) has been budgeted at 2.2%, the same as for 2012/13.

35. Service Charges are levied on a 'de-pooled' basis, which means that for someone living in a sheltered scheme the identified costs for their additional services are recharged. There have been some minor changes on service charges between the December 2012 draft budget and these are due to adjustments in respect of heating costs etc.

36. Capital Plan

The current Capital Plan for 2012/13 to 2014/15 will be reviewed in the autumn of 2013 and any revenue impacts from the current plan are included in this budget.

BUDGET SUMMARY 2013-14					
Actual 2011/12 £000	General Fund	Original Budget 2012/13 £000	Cabinet Version 20/12/12 £000	Original Budget 2013/14 £000	Variance 20/12/12 to 14/2/13 £000
25,368	General Fund Service Expenditure	18,382	18,791	18,647	144
(9,348)	Less: Capital Charges & Impairment of Assets	(1,745)	(2,001)	(2,001)	0
0	Net Pressures/(Savings)	38	(286)	(56)	(230)
16,020	Net Service Expenditure	16,675	16,505	16,590	(86)
718	Revenue Contributions to Capital	252	320	1,250	(930)
(39)	Heritable Bank Impairment of Investment	0	0	0	0
(7)	Item 8 Debit	0	0	0	0
0	Council Tax Support Grants to Parishes/Towns	0	0	206	(206)
234	Interest Paid	235	235	235	0
(319)	Less: Interest on Balances	(230)	(300)	(300)	0
16,607	Total Borough Expenditure	16,932	16,760	17,981	(1,222)
(81)	Contribution (from) Reinvestment Reserve	(81)	(78)	(78)	0
1,238	Contribution (from)/ to General Fund Balance	338	16	41	(25)
(136)	Contribution (from) LABGI Reserve	0	0	0	0
(171)	Council Tax Freeze Grant	(344)	(252)	(241)	(11)
0	Net Contribution to/(from) Growth Support Fund	150	150	(50)	200
(97)	Contribution (from)/to Other General Reserves	(48)	0	0	0
17,360	Precept Requirement	16,947	16,596	17,653	(1,058)
2,299	Revenue Support Grant	167	3,398	4,881	1,483
7,437	NNDR	8,426	4,163	3,296	(867)
5,618	Council Tax Receipts	5,666	5,071	5,153	82
1,237	Loughborough Special Levy	1,247	1,148	1,072	(76)
20	Collection Fund	20	0	0	0
105	Net General Government Grants	105	810	1,087	277
644	New Homes Bonus	1,316	2,006	2,164	158
17,360	Precept Income	16,947	16,596	17,653	1,057
	Council Tax for Band D	£p	£p	£p	£p
102.62	Base Borough Council Tax	102.62	102.11	102.62	-0.51
73.51	Loughborough Special Levy	73.51	74.69	73.51	1.18
£000	REVENUE BALANCES	£000	£000	£000	£000
	Working Balance				
3,274	Balance at 1 April	3,274	4,450	4,450	0
1,238	Transfer (to)/ from General Fund	338	16	41	25
(400)	Transfer (to) Reinvestment Reserve	(400)	0	0	0
4,112	Balance at 31 March	3,212	4,466	4,491	25
	Reinvestment Reserve				
635	Balance at 1 April	505	643	643	0
(81)	Transfers (to) General Fund	(81)	(78)	(78)	0
400	Transfers From General Fund	400	0	0	0
954	Balance at 31 March	824	565	565	0
	LABGI Reserve				
252	Balance at 1 April	84	0	0	0
(136)	Transferred (to) General Fund	0	0	0	0
116	Balance at 31 March	84	0	0	0
	Growth Support Fund				
0	Balance at 1 April	0	150	150	0
0	Net Transfer from/(to) General Fund	150	150	(50)	(200)
0	Balance at 31 March	150	300	100	(200)
	Earmarked Revenue Reserves				
507	Balance at 1 April	465	304	304	0
(97)	Transferred (to)/from General Fund	(48)	0	0	0
410	Balance at 31 March	417	304	304	0
5,592	TOTAL BALANCES	4,687	5,635	5,460	(175)

COUNCIL TAX ANALYSIS 2013/14						
2012/13			2013/14		%	Per
55,212.6		TAX BASE (at CBC collection rate)	50,212.1		Change	Head
16,967.6		LOUGHBOROUGH TAX BASE	14,583.2		Per Band D	Population:
£	£ p		£	£ p	%	£ p
16,947,215	306.94	TOTAL BUDGET REQUIREMENT	17,652,385	351.56	14.53	102.42
(1,247,368)	(22.59)	Less: Loughborough Special Levy	(1,072,011)	-21.35	-5.50	-6.22
15,699,847	284.35		16,580,374	330.21	16.13	96.20
(166,657)	(3.02)	Less: Revenue Support Grant	(4,881,240)	(97.21)	3120.60	-28.32
(1,316,393)	(23.84)	New Homes Bonus	(2,163,658)	(43.09)	80.73	-12.55
(8,425,940)	(152.61)	NNDR	(3,295,600)	(65.63)	-56.99	-19.12
(105,070)	(1.90)	Other Government Grants	(1,087,110)	(21.65)	1037.69	-6.31
5,685,787	102.98		5,152,766	102.62	-0.35	29.90
(19,922)	(0.36)	Collection Fund	0	0.00	-100.00	0.00
5,665,865	102.62	BASIC BOROUGH PRECEPT	5,152,766	102.62	0.00	29.90
		<u>OTHER PRECEPTS</u>				
2,730,332	49.45	Parishes	2,730,332	54.38	9.96	15.84
58,690,925	1,063.00	Leicestershire County Council	58,690,925	1,168.86	9.96	340.54
2,947,050	53.38	Combined Fire Authority	2,947,050	58.69	9.96	17.10
9,600,091	173.88	Leicestershire Police Authority	9,600,091	191.19	9.96	55.70
73,968,398	1,339.70		73,968,398	1,473.12	9.96	429.19
1,247,368	73.51	SPECIAL LEVY (LOUGHBOROUGH)	1,072,011	73.51	0.00	
80,881,631	1,464.91	TOTAL REQUIREMENT	80,193,175	1,597.09	0.00	465.31
79,634,263	1,442.32	AVERAGE PARISH PRECEPT	79,121,164	1,575.74	9.25	
78,151,299	1,466.38	LOUGHBOROUGH PRECEPT	77,462,843	1,594.87	8.76	

NOT FINAL AMOUNTS

LOUGHBOROUGH SPECIAL EXPENSES		
2012/13		2013/14
Original Budget	Service	Original Budget
£		£
65,600	Loughborough CCTV	59,300
56,900	Community Grants - General/ Fearon Hall / Gorse Covert	54,600
22,000	Marios Tinenti Centre	22,600
7,700	Charnwood Water Toilets	8,400
-15,700	November Fair	-15,600
	<u>Parks:</u>	
546,000	Loughborough - including Loughborough in Bloom	420,800
4,100	Gorse Covert and Booth Wood	9,600
	<u>Sports Grounds:</u>	
90,000	Derby Road	132,300
27,500	Lodge Farm	36,200
71,800	Nanpantan	110,100
26,100	Park Road	33,300
61,700	Shelthorpe Golf Course	103,300
114,300	Loughborough Cemetery	133,700
36,300	Allotments - Loughborough	34,600
9,900	Carillon Tower	10,100
51,600	Festive Decorations and Illuminations	51,200
91,000	Town Centre Management	69,600
1,266,800		1,274,100
42,536	Adjustments from Year 2010/11	0
0	Adjustments from Year 2011/12	16,012
-30,784	Council Tax Freeze Grant - 4 Years from 1 April 2011	-30,784
-31,184	Council Tax Freeze Grant - 2012/13 only	0
0	Council Tax Freeze Grant - 2013/14 only	-12,040
0	Council Tax Support Grant	-175,277
1,247,368	AMENDED TOTAL	1,072,011
Divided by 16,967.60	Council Tax Base	Divided by 14,583.20
<u>73.51</u>	Special Council Tax	<u>73.51</u>

2013/14 Council Tax - Parish Precepts

Parish/Meeting/Town Council	Precept Requirement	Council Tax Base	Parish/ Special Requirement at Band D
	£		£
Anstey	194,029	2,071.4	93.67
Barkby / Barkby Thorpe	7,257	151.5	47.90
Barrow-upon-Soar	185,203	2,138.6	86.60
Beeby	0	33.0	0.00
Birstall	334,912	4,008.2	83.56
Burton-on-the-Wolds, Cotes, & Prestwold	25,825	524.3	49.26
Cossington	26,836	217.4	123.44
East Goscote	53,418	839.0	63.67
Hathern	37,012	755.2	49.01
Hoton	10,119	142.6	70.96
Mountsorrel	161,817	2,586.7	62.56
Newtown Linford	37,621	506.8	74.23
Queniborough	35,317	904.6	39.04
Quorndon	176,104	2,159.8	81.54
Ratcliffe-on-the-Wreake	2,500	86.6	28.87
Rearsby	18,008	454.3	39.64
Rothley	90,977	1,735.6	52.42
Seagrave	16,363	258.9	63.20
Shepshed	284,741	4,154.9	68.53
Sileby	147,174	2,269.3	64.85
South Croxton	8,669	123.7	70.08
Swithland	2,500	150.9	16.57
Syston	352,058	3,875.6	90.84
Thrussington	4,527	250.2	18.09
Thurcaston & Cropston	32,629	920.2	35.46
Thurmaston	271,862	2,548.1	106.69
Ulverscroft	0	63.4	0.00
Walton-on-the-Wolds	3,479	126.3	27.54
Wanlip	2,000	84.9	23.56
Woodhouse	61,779	928.1	66.57
Wymeswold	18,192	558.8	32.56
	2,602,927	35,628.9	73.06
Loughborough (Special Expenses)	1,072,011	14,583.2	73.51
Total	3,674,938	50,212.1	
Average			73.19

2011/12 Actual	Summary of HRA Original Budget	2012/13 Original Budget	2013/14 Cabinet Version 20/12/12	2013/14 Original Budget	Variance 20/12/12 to 14/202/13
£000		£000	£000	£000	£000
	Expenditure				
1,157	Supervision and Management	1,255	5,726	5,784	(58)
0	Repairs and Maintenance	0	4,178	4,178	0
9,092	Charnwood Neighbourhood Housing Management Fee	9,120	0	0	0
33	Rents, Rates and Other Charges	38	33	63	(30)
7	Rent Rebates	6	4	4	0
125	Provision of Bad or Doubtful Debts	112	255	255	0
4,181	Depreciation	5,513	5,529	5,548	(19)
16,742	Revaluation losses on dwellings	0	0	0	0
79,190	Self financing payment to CLG	0	0	0	0
33	Debt Management Expenses	33	7	18	(11)
110,560	Expenditure sub-total	16,077	15,732	15,850	(118)
	Income				
18,382	Dwellings Rent Income	19,825	21,125	21,086	(39)
324	Rent of Income from Shops, Land and Garages	337	353	341	(12)
645	Warden Service Charges	644	653	647	(6)
257	Central Heating and Communal Charges	256	264	321	57
64	Leasehold Flat and Shop Service Charges	66	69	77	(8)
20	Hostel Service Charges	22	19	23	(4)
15	Council Tax recharged	15	16	13	3
(7,739)	HRA Subsidy	-	0	0	0
3,782	Major Repairs Allowance	0	0	0	0
15,750	Income Sub-total	21,165	22,499	22,508	(9)
94,810	Net (Income)/Cost of Services	(5,088)	(6,767)	(6,658)	(109)
(72)	Transfer from General Fund - Grounds Maintenance	(74)	(80)	(81)	1
420	Amortised Premiums	412	236	236	0
43	Interest Payable	3,050	2,812	2,826	(14)
(44)	Investment Income and Mortgage Interest	(5)	(22)	(22)	0
95,157	Net Operating Expenditure/(Income)	(1,705)	(3,821)	(3,699)	(122)
9	Revenue Contributions to Capital	2,714	4,427	4,139	288
4	Pension Adjustment	0	0	0	0
2	Accumulated Absence Adustment	0	0	0	-
(79,190)	Self financing reversal	0	0	0	-
(16,736)	Revaluation losses on dwellings	0	0	0	0
(406)	Appropriations: Transfer from Major Repairs Reserve	(395)	(418)	(440)	22
(96,317)	Appropriations	2,319	4,009	3,699	310
(598)	HRA Balance at Beginning of Year	(1,758)	(650)	(650)	0
0	Charnwood Neighbourhood Housing Reintegration costs and anticipated 2012/13 Housing surplus	494	0	0	0
(1,160)	(Surplus)/Deficit for the Year - Actual/Budget	614	188	0	188
(1,758)	HRA Balance at end of Year	(650)	(462)	(650)	188

				Appendix 6
Charnwood Borough Council 2013-14 Pressures and Savings				
Change	2013-14 Ongoing	2013-14 Oneoff	2013-14 Total	
	£	£	£	
<u>General Fund</u>				
Corporate				
Review of External Printing	(15,000)	0	(15,000)	
Use Lagan applications more widely across the Council	(2,000)	0	(2,000)	
Contact Centre Review - more services using the Contact Centre	(10,000)	0	(10,000)	
Provisional salary supplement for lower paid staff	30,000	0	30,000	
Subtotal for Corporate	3,000	0	3,000	
Head of Housing - D. Harris				
HMO Licenses Renewal - No income in years 4 and 5 as licences are for 5 years.	0	(2,000)	(2,000)	
Small restructure in Housing Strategy Service Unit	(31,900)	0	(31,900)	
Bed and Breakfast - increase in costs due to rising homelessness applications	15,000	0	15,000	
Saving from phased retirement in Housing Renewal	(13,100)	0	(13,100)	
Subtotal for Head of Housing	(30,000)	(2,000)	(32,000)	
Head of Planning & Regeneration - R. Bennett				
Development Control service review efficiencies	(10,000)	0	(10,000)	
Sustainability Officer reduction in hours to Part Time	(15,000)	0	(15,000)	
Reduction in maintenance costs for Hummingbird document management system	(15,000)	0	(15,000)	
Regeneration Services - additional support for one year	0	22,500	22,500	
Local Development Framework - additional cost	0	5,200	5,200	
Contribution to Business Link at Ark no longer required	(4,100)	0	(4,100)	
Replacement of Borough Signs at borough boundaries	0	10,000	10,000	
Subtotal for Head of Planning & Regeneration	(44,100)	37,700	(6,400)	

				Appendix 6
Charnwood Borough Council 2013-14 Pressures and Savings				
Change	2013-14 Ongoing	2013-14 Oneoff	2013-14 Total	
	£	£	£	
<u>General Fund</u>				
Head of Regulatory Services - A. Twells				
Car Park Charges - Additional income at Beehive Lane	(20,300)	0	(20,300)	
Reduced car park fines due to Pinfold Gate closure and pay on foot at Granby Street	40,000	0	40,000	
Other changes to Car Park income at Beehive Lane, Browns Lane, Southfields, Southfields Extension and Granby Street	9,500	0	9,500	
Net administration saving across Occupational Health service	(5,900)	0	(5,900)	
Net savings from flexible retirement/pay amendment in Street Management	(5,700)	0	(5,700)	
Subtotal for Head of Regulatory Services	17,600	0	17,600	
Head of Cleansing & Open Spaces - N. Greenhalgh				
Additional Income from crematorium	(10,000)	0	(10,000)	
Garden waste - increase in income from higher annual charge for customers on Direct Debit, from £15 to £17 per annum.	(50,000)	0	(50,000)	
Additional Grounds Maintenance costs for adoption of land near Grange Park Amenity Open Space.	45,000	0	45,000	
Subtotal for Head of Cleansing & Open Spaces	(15,000)	0	(15,000)	
Head of Leisure & Culture - S. Wright				
Town Hall-Realisation of catering improvements plus staffing review and other income generation made possible with dual building use and additional stock sales. Plus additional income/savings with £13.3k in 2013/14 relating to the additional expenditure of £18.5k below.	(34,300)	0	(34,300)	
Investment in Public Address system for hire, web site for gallery, hanging system for balcony Gallery and new display cabinets - will produce £25.3k extra income in a full year.	0	18,500	18,500	
Arts Post - Net effect of reorganisation	(14,000)	0	(14,000)	
Leisure Centres - anticipated profit share	0	(10,000)	(10,000)	
Museum - more focus placed on income generation and possible further savings from the arts post reorganisation. Sales increase with extra stock lines being added.	(5,000)	0	(5,000)	
Rival Markets' Licences decline due to change in legislation and reduction in Car Boot Sales	4,100	0	4,100	
Subtotal for Head of Leisure & Culture	(49,200)	8,500	(40,700)	

Charnwood Borough Council 2013-14 Pressures and Savings			
Change	2013-14 Ongoing	2013-14 Oneoff	2013-14 Total
	£	£	£
<u>General Fund</u>			
Head of Neighbourhood Services - J. Robinson			
Strategic Partner Grants- proposed 5% reduction to Strategic Partners for further one year agreement	(10,000)	0	(10,000)
Leisure Services - Reduction in Contribution Budget	(4,600)	0	(4,600)
Sport and active recreation - additional fees	(5,400)	0	(5,400)
CCTV savings from renegotiated Maintenance Contract and additional income.	(20,000)	0	(20,000)
Communities & Partnerships - saving on vacant administration hours	(3,200)	0	(3,200)
Police Contribution towards CCTV costs	0	(15,000)	(15,000)
Subtotal for Head of Neighbourhood Services	(43,200)	(15,000)	(58,200)
Head of Strategic Support - A. Ward			
New:	0	0	
Council subscriptions	(4,000)	0	(4,000)
Charnwood News now self funded from advertising	(6,100)	0	(6,100)
Reduction in JNC salary progression budget	(8,900)	0	(8,900)
Emergency planning savings from joining the Resilience Partnership	(8,000)	0	(8,000)
Individual Electoral Registration estimated additional costs - postage, printing etc	30,000	0	30,000
Additional HR support in respect of the integration of former CNH Ltd staff.	0	50,000	50,000
Insurance additional tender savings	(35,600)	0	(35,600)
Subtotal for Head of Strategic Support	(32,600)	50,000	17,400
Head of Finance and Property Services - J. Casey			
Salary Savings Accountancy	(17,000)	0	(17,000)
Salary Savings Payroll	(18,000)	0	(18,000)
Net additional rent and service charges due to higher occupancy rates at Meadow Lane, The Ark, The Oak and Woodgate Chambers industrial and business units.	(44,600)	0	(44,600)
Increase in General Contingency Fund	0	50,000	50,000
Subtotal for Head of Finance and Property Services	(79,600)	50,000	(29,600)

Charnwood Borough Council 2013-14 Pressures and Savings			
Change	2013-14 Ongoing	2013-14 Oneoff	2013-14 Total
	£	£	£
<u>General Fund</u>			
Head of Revenues, Benefits and Customer Services - D. Platts			
Reduction in hours on Revenues and Benefits contract monitoring officer posts.	(11,600)	0	(11,600)
General provision for Welfare Changes to cover possible increased costs and support to other bodies and individuals.	0	100,000	100,000
Subtotal for Head of Revenues, Benefits and Customer Services	(11,600)	100,000	88,400
Grand Total	(284,700)	229,200	(55,500)
<u>HRA</u>			
Head of Housing - D. Harris			
Charging Registered Social Housing landlords for advertising on the Council's Choice Based Lettings website	(10,000)		(10,000)
Subtotal for Head of Housing	(10,000)	0	(10,000)
HRA Grand Total	(10,000)	0	(10,000)

CABINET – 14TH FEBRUARY 2013

Report of Scrutiny Management Board

ITEM 9a 2013-14 GENERAL FUND AND HRA REVENUE BUDGETS -
REPORT OF SCRUTINY

Purpose of Report

To consider the report of the Budget Scrutiny Panel, attached as an Annex, detailing their conclusions following their consideration of the draft budget for 2013/14

Policy Justification and Previous Decisions

Overview and Scrutiny Procedure Rule 8(d) sets out the procedures by which a report of a Scrutiny Committee should be considered by Cabinet.

The Scrutiny Management Board, on 30th January 2013, endorsed the content and conclusions in the Budget Scrutiny Panel report and resolved to submit them for consideration by Cabinet.

In accordance with Overview and Scrutiny Rule 9(b), background information and officer advice has been provided to enable Cabinet to make a decision without undue delay.

Implementation Timetable including Future Decisions and Scrutiny

In accordance with Overview and Scrutiny Rule 9(b), Cabinet must respond to Scrutiny Management Board indicating what (if any) action it proposes to take within two months of receiving the report. Scrutiny Management Board will review the implementation of any recommendations at an appropriate time, usually after six months.

Report Implications

Implications are as set out within the Panel report, attached as an Annex.

Key Decision: No

Background Papers: As detailed in the Panel's report, attached as an Annex.

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REPORT OF THE BUDGET SCRUTINY PANEL – 2013/14 DRAFT BUDGET

1. Background

Following decisions of the Scrutiny Management Board at its meetings on 18th July and 12th September 2012, a standing Budget Scrutiny Panel was established to enable effective scrutiny of the Council's budget by councillors.

2. Panel Membership

Chair: Councillor Miah

Vice-chair: Councillor Jukes

Councillors Carter, Gaskell, Harris, K. Jones, S. Jones, Seaton, Sharp, Shepherd, M. Smith and S. Smith

3. Meetings and Terms of Reference

The Scrutiny Management Board agreed a budget scrutiny process for the Panel setting out the timing of its meetings and discussion topics as follows:

Panel Meeting 1

October 2012, following publication of the draft Medium Term Financial Strategy (MTFS)

Panel discussion topics

- How the MTFS was constructed for 2013/14
- Key assumptions and sensitivities within the MTFS
- Projected financing shortfall projected within the MTFS
- The proposed approach being adopted in constructing the draft 2013/14 budget (to be presented to Cabinet in December)

Possible outcomes of Panel discussion

- Recommendations to Cabinet regarding changes to the MTFS to be considered when the final version of the MTFS is submitted in December 2012 after consultation
- Recommendations to Cabinet regarding preparation of the draft 2013/14 budget

Informal Meeting/Discussion (All members of the Panel)

December 2012, following publication of the Cabinet report setting out the draft budget for 2013/14

Discussion topics

- Potential areas where the Panel may wish to focus its scrutiny of the draft budget

- Invitees for the next formal meeting of the Panel (to ensure appropriate Directors and Heads of Service of impacted areas are in attendance)

Panel Meeting 2

January 2013

Discussion topics

- General Fund service areas identified as being significantly impacted by draft budget proposals (with relevant Heads of Service and Directors in attendance)
- Housing Revenue Account – overview of budget
- Any proposed uses of reserves (balances)
- Proposed changes to the Borough's Council Tax rates
- Proposed changes to the constituent components of the Loughborough Special Expenses (LSX)
- LSX – overview of budget
- Other matters identified in the course of the informal meeting with the Chair / Vice-Chair of the Panel in December

Possible outcomes of Panel discussion

- Recommendations to Cabinet regarding changes to the budget to be considered when the final version of the 2013/14 budget is submitted in February 2013 after consultation
- Recommendations to Cabinet regarding changes to the process for developing the budget in future years

In accordance with the above, the Budget Scrutiny Panel met formally on 10th October 2012 and 7th January 2013 and informally on 10th December 2012. It also held an additional formal meeting on 26th November 2012 for the purpose of consulting with Loughborough councillors in respect of the Loughborough Special Rate budget.

4. Information and Officers

The Panel considered the following information in undertaking its scrutiny:

- Report of the Head of Finance and Property Services setting out the draft Medium Term Financial Strategy 2013/14 to 2015/16 considered by Cabinet on 27th September 2012;
- Report of the Head of Finance and Property Services setting out the Medium Term Financial Strategy 2013/14 to 2015/16 considered by Cabinet on 20th December 2012;

- Report of the Head of Finance and Property Services setting out the draft General Fund and HRA 2013/14 Budgets considered by Cabinet on 20th December 2012;
- Details of the current 2012/13 Loughborough Special Rate Budget;
- Officer responses to issues relating to the Loughborough Special Rate raised by the Panel at its meeting on 26th November 2012.

Background reading was also made available to the Panel as follows:

- Details of the Council's current General Fund and HRA Budgets (2012/13).

All of above information available at:

http://info.charnwood.local/sites/Budget_Scrutiny_Panel/default.aspx

The Panel was also informed of the Cabinet's decisions on 20th December 2012 in respect of the draft General Fund and HRA 2013/14 Budgets (Cabinet Minute 83 2012/13).

The Panel spoke with the following officers in undertaking its scrutiny:

- A. Twells - Head of Regulatory Services;
- D. Harris – Head of Housing;
- S. Wright – Head of Culture and Leisure;
- N. Greenhalgh – Head of Cleansing and Open Spaces.

The Panel was supported by S. Jackson - Strategic Director of Corporate Services and J. Casey - Head of Finance and Property Services.

5. Summaries of Panel Meetings

The following summarises the matters considered at each meeting of the Panel:

A. 10th October 2012

The Panel noted its Terms of Reference and the Council's overall budgetary process. In particular, the draft Medium Term Financial Strategy 2013/14 to 2015/16 considered by Cabinet on 27th September 2012 was discussed. The Panel had no recommendations in respect of the draft Strategy or the preparation of the draft 2013/14 budget.

B. 26th November 2012

The Panel met with Loughborough councillors to discuss the Loughborough Special Rate budget for 2013/14, assisted by details of the current 2012/13 Loughborough Special Rate budget. Action points were agreed for further consideration by the Panel, in summary relating to

November Fair costs, Town Centre Management and the Loughborough BID, Sports Ground Charges, Toilet Costs/Provision, Festive Lights, Parks and Loughborough Cemetery costs and repair costs Southfields Park (Circus).

C. 10th December 2012 (informal meeting)

The Panel identified potential areas where it might wish to focus its scrutiny of the draft 2013/14 budgets and invitees for its formal meeting on 7th January 2013, to ensure appropriate Heads of Service were in attendance. To assist that, the Panel considered the draft 2013/14 General Fund and HRA Budgets report and the Medium Term Financial Strategy 2013/14 to 2015/16 report due to be considered by Cabinet on 20th December 2012.

The Panel agreed that it would be asking the following generic questions in respect of the draft General Fund and HRA Budgets 2013/14, with particular focus on identified saving:

- (i) Does the budget deliver agreed service plans/enable the Council to deliver the priorities set out in the Corporate Plan?
- (ii) What are the risks/are they being managed?

The Panel also agreed specific issues to discuss with identified Heads of Service at its formal meeting on 7th January 2013, that meeting also to include officer responses to issues raised previously in respect of the Loughborough Special Rate budget.

D. 7th January 2013

The Panel combined its scrutiny of previously identified issues relating to Loughborough Special Rate and of the draft 2013/14 General Fund and HRA Budgets before discussing and agreeing how its report should be structured and the conclusions it should contain. It was assisted by the Strategic Director of Corporate Services and the Head of Finance and Property Services, together with the Head of Regulatory Services, the Head of Housing, the Head of Culture and Leisure and the Head of Cleansing and Open Spaces.

More detail of the matters considered and issues discussed at formal meetings of the Panel is set out in the minutes of those meetings, attached as an appendix to this report.

6. Future Budget Scrutiny

The Panel considered that the budget scrutiny process had been valuable in both providing a more structured approach and through increasing councillors'

knowledge and understanding of the budget, both of which would enable improved budget scrutiny moving forward. In particular, the Panel considered that input from Loughborough councillors in respect of the Loughborough Special Rate budget had provided useful discussion and responses from officers and that should be continued as part of the budget scrutiny process in the future. It might also be useful to commence the budget scrutiny process earlier, if possible.

7. Conclusions

Following its scrutiny of the draft General Fund and HRA 2013/14 Budgets and discussions with officers, the Panel came to the following conclusions:

1. The economic climate going forward is uncertain, reductions in funding over recent years may continue in future.
2. There are particular challenges/uncertainty relating to localisation of Council Tax Support and retention of Business Rates.
3. The 2013/14 budget addresses the deficit identified for the year in the MTF5 (central case assumption).
4. The 2013/14 draft budget will be sufficient to deliver agreed service plans and the priorities set out in the Council's Corporate Plan.
5. The savings/pressures set out in the 2013/14 draft budget do not represent proposals to reduce current service levels.
6. Following the Government funding announcement in December 2012 (provisional) and with that being more favourable than anticipated, the funding risk to the Council is reduced*.
7. The Council had worked hard to reduce its costs over recent years and had been successful in doing so.
8. The Council had frozen Council Tax for the past two years and would do so again for 2013/14.
9. At some point in the future, it might not be possible to continue to make savings without affecting front-line services or essential support for those services.
10. The budget included provision for the specific risk relating to an anticipated increase in bad debt following welfare reform.
11. The New Homes Bonus represented an increasingly significant element of the Council's funding and current house build projections would need to be met to secure that.

12. The Senior Management Review had encouraged fresh thinking as to how services might be delivered and many services had been reviewed in recent years, with a particular focus on costs. That work was ongoing across the Council, an example being grounds maintenance costs and how those were allocated. Continual review of costs was required.
13. The savings identified in relation to bringing the Council's housing service back under its direct control would need to be demonstrated to councillors in due course.

*** At the request of the Chair and Vice-chair of the Panel after the Panel's final meeting, the following information has been provided by the Head of Financial and Property Services to illustrate the funding position for 2012/13 and 2013/14:**

	2012-13 Actual £'000	2013-14 Forecast £'000	Difference %
Formula Grant and Redistributed NNDR	8,593	4,881	-43.2%
Business Rates	0	3,296	100.0%
Council Tax Freeze Grant	344	241	-29.9%
Net General Government Grants	105	882	740.0%
New Homes Bonus	1,316	2,164	64.4%
Total	10,358	11,464	10.7%

7. Background Papers

No further papers to those already identified in/appended to this report.

January 2013

BUDGET SCRUTINY PANEL 10TH OCTOBER 2012

PRESENT: The Chair (Councillor Miah)
Councillors Carter, Gaskell, Harris, K. Jones,
Jukes, Seaton, and S. Smith

APOLOGY: Councillors Sharp, Shepherd and M. Smith

The Strategic Director of Corporate Services and the Head of Finance and Property Services attended to assist the Panel.

1. APPOINTMENT OF VICE-CHAIR

RESOLVED that Councillor Jukes be appointed Vice-chair of the Panel for the 2012/13 Council year.

2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

3. DECLARATIONS – THE PARTY WHIP

No declarations were made.

4. QUESTIONS UNDER COUNCIL PROCEDURE RULES 29(ii) AND 39

No questions were submitted.

5. TERMS OF REFERENCE

The Terms of Reference for the Panel agreed by Scrutiny Management Board at its meeting on 12th September 2012 were submitted (item 6 on the agenda filed with these minutes).

RESOLVED that the Terms of Reference be noted.

Reason

It was necessary for the Panel to understand its remit so that its scrutiny was correctly focused. The Panel did not have any amendments to the Terms of Reference that it wished to propose to the Scrutiny Management Board.

6. DRAFT MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2015/16

A report of the Head of Finance and Property Services was submitted setting out the draft Medium Term Financial Strategy (MTFS) 2013/14 to 2015/16, which had been agreed by Cabinet on 27th September 2012 for consideration by this Panel (item 7 on the agenda filed with these minutes).

The process for scrutiny of the budget by the Panel, agreed by Scrutiny Management Board, set out Panel discussion topics for this meeting and possible outcomes. Those were stated on the agenda for the Panel's assistance.

At the request of the Chair, the Strategic Director of Corporate Services and Head of Finance and Property Services briefly outlined the Council's overall budgetary process. That process culminated in the balanced budget which the Council was required to achieve. The draft MTFS provided a starting point, identifying the shortfall which needed to be addressed.

Further to the report, the Head of Finance and Property Services stated that the draft MTFS assumed no Council Tax Freeze Grant would be available in the period. It was now known that a new grant would be available for 2013/14 and 2014/15 and appropriate adjustments would need to be made in that respect, depending on whether members wished to accept the grant. Before the final version of the MTFS was submitted to Cabinet in December 2012, a number of the assumptions made would need to be revisited by officers, for example a better indication of salary increases might be available by that stage.

The following provides a brief summary of the discussion at this meeting:

- (i) Central case assumption that Central Government Grants would reduce by 12%, 10.5% and 5% respectively over the three years of the MTFS was based on information from a number of sources, details of which were outlined. Government expected to make announcement regarding funding in December. Brief reference was made to assumptions made regarding Central Government Grants reductions for previous years' budgets and whether those had proved accurate.
- (ii) Predicted budget shortfall for 2012/13 had been around £300,000.
- (iii) The draft MTFS assumed that bringing the housing service back under the Council's direct control would have a neutral effect on the Council's General Fund finances. Most of the activity in the service related to the Housing Revenue Account, not the General Fund. Any redundancy payments would be funded from Housing Revenue Account reserves.
- (iv) The draft MTFS assumed planning fees and charges increase in line with inflation at 2.5%.
- (v) Concern was expressed that savings from outsourcing were being sufficiently tracked, also that contract renewals in 2013/14 did not result in increased costs for the Council. In response, no major contract renewals were due in 2013/14. Majority of existing contracts had built in inflationary increase and no more. Increased contract costs usually related to request to vary contract in some way, add extras, therefore

tried to adhere to agreed scope/statutory service that was quantifiable. Performance of outsourced services was monitored, including consideration by Performance Scrutiny Panel. Reference was made to the likely invoking of the break clause in Revenues and Benefits contract (February 2015) as a result of introduction of Universal Credit, would need to consider how best to provide that service under different benefits regime.

- (vi) Concern that Council would experience higher levels of Council Tax arrears if economic climate did not improve.
- (vii) New Homes Bonus (NHB) related to both new houses completed and for which Council Tax was then paid and existing houses brought back into use and for which Council Tax was then paid. The figure was net, so any houses taken out of use would reduce the amount. Assumptions in respect of NHB based on what planning officers expected in terms of new build, further discussion of expectations in respect of NHB for Charnwood over coming years, including position in year 7 and impact of higher or lower new build numbers than predicted in the period.
- (viii) Retention of 50% of business rates by Council from April 2013, partly replacing Formula Grant funding. Council did not yet know baseline for that or rules that would apply. Information from Government in that respect expected in December. Concern that demise of any major employer in Borough would significantly affect position.
- (ix) In respect of HRA, confirmed that source of further additional borrowing over next three years was at lower rate of interest than was being earned on reserves. HRA borrowing undertaken on basis of fixed rate loans as current interest rates low. Also in respect of HRA, query regarding stated £9.1m management fee to CNH when organisation would no longer exist in November. Most of that fee comprised spending on providing housing service to tenants and would continue, for example repairs, staff, rent collection.
- (x) Majority of reserves were “cash in bank”, all reserves invested in line with Council’s Treasury Management Strategy.
- (xi) Anticipated that annual rent increase would be lower than in recent years as to be based on September’s inflation rate.
- (xii) MTFs assumed no changes to items included in Loughborough Special Rate (LSR). Loughborough councillors would meet in November and January to discuss the LSR 2013/14. Chair referred to possibility of that consultation group reporting to this Panel, might provide more structured approach for input from Loughborough councillors on the LSR element of the budget.

- (xiii) Reference in the MTFS to the importance of avoiding material over or under spending did not mean that identifying efficiencies was not encouraged.
- (xiv) Concern that resources identified for Growth Support Fund in past two years and for 2013/14 were used.

RESOLVED that the draft MTFS 2013/14 to 2015/16 be noted.

Reasons

The Panel was content with the draft MTFS following its scrutiny of the matter and had no recommendations it wished to make to the Scrutiny Management Board either in respect of the draft Strategy or the preparation of the draft 2013/14 budget.

7. FURTHER PANEL MEETING DATES 2012/13

The Panel considered further meeting dates in 2012/13, to accord with the process for scrutiny of the budget agreed by Scrutiny Management Board.

The Chair suggested that, following the meetings set out below, the Panel may decide to hold a further informal meeting in March 2013 to discuss how the process for scrutiny of the budget had worked and whether it could be improved for future years.

The Panel noted that the Cabinet report setting out the draft 2013/14 budget would be published on 7th December 2012, so would be available to consider at the Panel's informal meeting in December 2012 (agreed below). For information, it was agreed that details of the 2012/13 budget be sent to members of the Panel.

RESOLVED that further meetings of the Panel be held as follows in 2012/13 (both at 6.00pm):

Monday, 10th December 2012 (informal meeting);
Monday, 7th January 2013.

Notes:

1. No reference may be made to these minutes at the Council meeting on 12th November 2012 unless notice to that effect is given to the Team Leader – Democratic Services and Mayoralty by five members of the Council by no later than noon on the fifth working day following the publication of the minutes.
2. These minutes are subject to confirmation as a correct record of the Panel's decisions at the next meeting of the Panel.

**BUDGET SCRUTINY PANEL
26TH NOVEMBER 2012**

PRESENT: The Chair (Councillor Miah)
The Vice-chair (Councillor Jukes)
Councillors Carter, Gaskell, Harris, K. Jones, S. Jones
Seaton, Sharp, Shepherd, M. Smith and S. Smith

APOLOGIES: Councillors Bradshaw, Choudhury, Forrest. Morgan and Williams

Loughborough Councillors attended this meeting, as witnesses (in addition to those who were members of the Panel) as follows:

Councillors J. Hunt, M. Hunt, B. Newton, Smidowicz and Youell

8. MINUTES

The minutes of the meeting held on 10th October 2012 were confirmed.

9. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

10. DECLARATIONS – THE PARTY WHIP

No declarations were made.

11. QUESTIONS UNDER COUNCIL PROCEDURE RULES 29(ii) AND 39

No questions were submitted.

12. LOUGHBOROUGH SPECIAL RATE BUDGET – CONSULTATION WITH LOUGHBOROUGH COUNCILLORS

The Panel consulted with Loughborough Councillors in respect of the Loughborough Special Rate Budget 2013/14. To assist with consideration of the item details of the current 2012/13 Loughborough Special Rate Budget were submitted.

The Strategic Director of Corporate Services and the Head of Finance and Property Services attended the meeting to assist the Panel with the consideration of the item.

The Chair welcomed witnesses to the Panel meeting. He explained that the meeting had replaced the informal Loughborough Special Rate (LSR) Consultation meetings Loughborough Councillors had in previous years with the Leader of the Council, as the process had been formalised within the terms of reference for the Panel. He stated that issues raised at the meeting

would be considered and those matters referred to officers for further information would be fed back to the next Panel meeting, to be held on 7th January 2013. The Panel would take the final decision to recommendations in respect of the Loughborough Special Rate within its final report.

At the invitation of the Chair, the Head of Finance and Property Services introduced the report submitted to the meeting, detailing Loughborough Special Expenses 2012/13 and stated that there were no plans to add or remove any items for the budget for 2013/14, with the only amendments being due to inflation etc.

The following provides a brief summary of the discussion at the meeting:

- (i) The Show People made a profit from the November Fair from people throughout the Borough and beyond. However, it was noted that the Fair did make a net contribution of £15k to the LSR and any changes to the budget for the November Fair should ensure that it did not result in higher charges for the rides.
- (ii) It was suggested that charges for the November Fair be compared with those at Ilkeston Fair. Should they be similar, it could be assumed that the charges were fair.
- (iii) While considering the budget for the current year, there had been discussions in respect of income from Sports Grounds, with suggestions for increased charges. Further information was sought in respect of whether those increases had been made and whether there were plans for further increases next year?
- (iv) Some members present voiced the view that the Sports Grounds funded by the LSR were used widely by people from across the Borough, whereas those funded by Council Tax in Parishes had parochial usage, although that view was not accepted by many of those present.
- (v) The costs to maintain the Lodge Farm playing fields appeared to be high for the size of the area.
- (vi) With the introduction of the Business Improvement District (BID), consideration could be given to reducing budgets for Town Centre Management and opportunities to reduce costs, though it was noted that the activities of the BID were to be in addition to the services provided by the Council and not instead of those services.
- (vii) While acknowledging that savings would be required elsewhere, Members continued to request that the public toilets in the town centre be funded through the LSR.

- (viii) The festive lights and quality of the lights for 2012 were disappointing, with fewer lights than in 2011. Although only lit for a day many of the lights appeared not to be working, for example along Churchgate. The festive lights were to attract people to the town, to shop in a festive atmosphere. There was no festive feeling in the town centre. As the lights were to attract people to shop in the town, it was suggested that businesses contribute towards the costs.
- (ix) It had been noticeable that the only Diwali lights for 2012 had been at the Town Hall. That situation should be addressed in future years.
- (x) There appeared to be no equity with the LSR. For example car parking charges were not part of the LSR, but the LSR had to provide for the festive lights.
- (xi) A breakdown of the £546,000 funding for Parks was requested.
- (xii) Reference was made to the change in bins at allotments and the added costs that would be incurred.
- (xiii) Reference was made to recharges and proper cost centres.

In response to issues raised and questions, officers stated:

- (a) Material changes to the Loughborough CCTV budget in 2013/14 were not expected.
- (b) In respect of the November Fair, the budget looked to cover costs and was not a primary source of income, looking to be cost neutral rather than making a profit. The matter could be discussed with officers in Cultural Services.
- (c) Charges for the use of Sports Grounds were set at a competitive rate that was acceptable to the teams. It was important to encourage activity as part of the Well-being agenda and a balance be made between the two.
- (d) The input into Town Centre Management by the Council was different to that provided by the BID, which was additional funding.
- (e) Income of between £45,000 and £50,000 a year was received from toilets in the town centre. To allow free usage of those facilities there would need to be savings to that value.
- (f) Concerns in respect of the Festive lights would be referred to officers in Cultural Services. The erection, removal and storage of the festive lights had been put out to competitive tender resulting in reduced costs.
- (g) Officers would look into costs for Lodge Farm Sports Ground and parks.

- (h) In respect of the damage caused to the grass on Southfields Park by the circus, officers would provide a written response as to whether the bond paid by the circus would cover the repair costs or if the money was taken from the LSR.
- (i) Loughborough Cemetery figures were for on going costs.
- (j) Officers did not expect Community Grants to be cut again and should at least retain the current level.

Councillor Shepherd made reference to areas that could be debated at the next meeting of the Panel as follows:

- Whether specific items should be included or not in the LSR;
- Whether the items within the LSR offered value for money.

RESOLVED

1. that the following action points be considered further by the Panel:
 - A. November Fair – Compare with Ilkeston Fair, which had similar rides and was of a similar size. Compare charges of both Councils, costs to service providers, price of rides. Members did not wish to see an increase in the cost of rides to the public.
 - B. Town Centre Management – Input from the Borough Council and the BID. What the Council and the BID paid for.
 - C. Sports Grounds Charges – Officers look into costs for the Lodge Farm Sports Ground. Compare charges with other larger Parish/ Town Councils in the Borough. Invite officers from Green Spaces to the next meeting of the Panel, to explain the costs.
 - D. Free Toilets – Analyse income and costs in 2011/12 to allow free access to toilets. Raise issue of opening times for the toilets in Biggin Street, at the current time they closed before the shops closed and were not open on Bank Holidays and the Sunday Shopping Days.
 - E. Festive Lights – Review, consider additional lights and investment. Request comparative spend for the previous five years, recent investment and ongoing costs and maintenance.
 - F. Parks – Request a breakdown of the budget, with headings to indicate spending.
 - G. Loughborough Cemetery – Request an explanation of the costs.

2. In respect of CCTV and Community Grants no further consideration of those matters is required;
3. that officers provide a written response as to whether the bond paid by the circus held on Southfields Park would cover the repair costs to the grass or if the money was taken from the LSR.

Reasons

- 1 A. The Panel considered the Ilkeston Fair to be of a similar size to the November Fair, with the same assortment of attractions and would be a good comparison.
 - B. To ensure there was no duplication of work with the BID.
 - C. To understand the costs for the Lodge Farm Sports Ground, compare costs with local Parish/Town Councils and provide officers with an opportunity to explain the costs.
 - D. To consider options to allow free toilet facilities in Loughborough and to ensure the toilets were available at all times when members of the public were shopping.
 - E. Concerns had been raised in respect of the quality and number of festive lights 2012 and how they had been stored and maintained.
 - F. In order that the Panel could consider areas where the money had been allocated.
 - G. The costs appeared to be high compared with other cemeteries in the Borough that were making a profit.
2. The Panel was satisfied with officer responses to issues raised in respect of CCTV and Community Grants and no further consideration of those areas was required.
3. To inform the Panel of the repair costs on Southfields Park following the recent circus held on it and to confirm who had paid for the repairs to the grass.

Notes:

1. No reference may be made to these minutes at the Council meeting on 14th January 2013 unless notice to that effect is given to the Team Leader – Democratic Services and Mayoralty by five members of the Council by no later than noon on the fifth working day following the publication of the minutes.

2. These minutes are subject to confirmation as a correct record of the Panel's decisions at the next meeting of the Panel.

**BUDGET SCRUTINY PANEL
7TH JANUARY 2013**

PRESENT: The Chair (Councillor Miah)
The Vice-chair (Councillor Jukes)
Councillors Carter, Gaskell, Harris, K. Jones, S. Jones
Seaton, Shepherd, M. Smith and S. Smith

APOLOGY: Councillor Sharp

13. MINUTES

The minutes of the meeting held on 26th November 2012 were confirmed as a correct record and signed.

14. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

15. DECLARATIONS – THE PARTY WHIP

No declarations were made.

16. QUESTIONS UNDER COUNCIL PROCEDURE RULES 29(ii) AND 39

No questions were submitted.

17. DRAFT GENERAL FUND AND HRA BUDGETS 2013/14 (INCLUDING ISSUES RELATING TO LOUGHBOROUGH SPECIAL RATE)

The Panel considered the draft General Fund and HRA Budgets 2013/14 report considered by Cabinet on 20th December 2012, together with the action points in respect of the Loughborough Special Rate from its meeting on 26th November 2012 and officer responses to those (items 6 and 7 on the agenda filed with these minutes). The Panel was also informed of the Cabinet's decisions on 20th December 2012 in respect of the draft General Fund and HRA Budgets 2013/14 (Cabinet Minute 83 2012/13).

The Strategic Director of Corporate Services and the Head of Finance and Property Services attended the meeting to assist the Panel. In accordance with the request of the Panel at its informal meeting on 10th December 2012, the Head of Regulatory Services, the Head of Housing, the Head of Culture and Leisure and the Head of Cleansing and Open Spaces also attended to assist the Panel. The Panel had also agreed at its informal meeting on 10th December to ask the following generic questions in respect of the draft General Fund and HRA Budgets 2013/14, with particular focus on identified savings:

- (i) Does the budget deliver agreed service plans/enable the Council to deliver the priorities set out in the Corporate Plan?
- (ii) What are the risks/are they being managed?

The following provides a brief summary of the discussion at this meeting:

Head of Regulatory Services

- (i) At the request of the Panel, the Head of Regulatory Services briefly outlined the services for which he was responsible.
- (ii) At its informal meeting on 10th December 2012, the Panel had identified car parks as a particular issue it wished to focus on (car park income, car park strategy, views as to whether services could be provided differently, opportunities relating to car park income in the wider Borough). Therefore, the car parks operated by the Council (both owned and leased) in Loughborough and the wider borough were listed, together with details of the charging methods for those (where they were charged for), including any planned changes in that respect, for example Granby Street to pay on foot. All of the car parks outside of Loughborough (rural car parks) were free. Income from Loughborough car parks significant, but costs in operating/maintaining, that information available if required. Council's Car Park Strategy (2007) available on Council's Website, details of how that had been developed and its focus (provision to assist vitality of town) briefly outlined, together with Street Wardens' role.
- (iii) In response to a question, decisions on how much car parking space required in settlements was a matter for Local Plans, Regulatory Services were working with the Planning Service in relation to LDF Core Strategy and how that could link in with car park provision across the Borough.
- (iv) The usage of car parks was monitored, including rural car parks, many of those well used. Surveys of users were also ongoing, further details of which were outlined.
- (v) In response to a question, there was not a policy relating to provision of additional car parking for the purpose of income generation.
- (vi) Brief discussion regarding evening tariff on Loughborough town centre car parks, how that was decided and how it affected users, including those using town centre hotels.
- (vii) View expressed that parking more customer-friendly in Loughborough than Leicester, residents of settlements such as Birstall choosing to come to Loughborough for shopping for that reason.

- (viii) Pay on foot car parks more user-friendly than pay and display, but costs related to changing system to pay on foot and to managing/maintaining pay on foot, further details of which were outlined.
- (ix) In response to comments regarding significant incomes received by other local authorities from car parking and question as to whether this Council operated its car parks on principle of neutral return, stated that tariffs set on basis of being competitive but reasonable.
- (x) In response to a question regarding how loss of income would be mitigated from closure of Pinfold Gate, Loughborough car park (for inner relief road) and from loss of overstaying charges at Granby Street when it changed to pay on foot, stated that additional income was being generated as a result of increasing tariffs a couple of years ago, that would offset loss to some extent, also hoped to increase usage of car parks which were not currently operating to capacity (hotel custom, increase visitors).
- (xi) View expressed that Council might explore the possibility of minimal charges at rural car parks given the income that could provide.
- (xii) View expressed that income from Loughborough car parks could reasonably be retained within Loughborough Special Rate budget. In response, not considered correct to do so, use by many who did not live in Loughborough. Capital costs of car parks not charged to Loughborough Special Rate. View expressed that general inconsistency in respect of what was and wasn't included in Loughborough Special Rate, needed to be reviewed at some stage. In response, aimed to reflect costs which parishes picked up as part of their precept.

Head of Housing

- (i) At the request of the Panel, the Head of Housing briefly outlined the services for which he was responsible, including how those areas were funded in relation to the General Fund/HRA.
- (ii) Reference was made to service savings for HRA of £10,000 which was new income from Registered Social Landlords advertising on the Council's Choice Based Lettings website.
- (iii) In response to a question regarding whether the savings identified in relation to bringing the Council's housing service back under its direct control would be realised, stated that draft General Fund and HRA Budgets 2013/14 report considered by Cabinet on 20th December 2012 did not include any savings in relation to that, those savings would be reported to Cabinet over the coming months. For 2013/14, former CNH budget added to HRA budget.

- (iv) In response to a question concerning the Choice Based Lettings scheme, stated that Housing Allocations Scrutiny Panel due to report shortly. Head of Housing considered that scheme was proving to be successful, giving choice for prospective tenants, although fortnightly cycle having small effect on relet performance. Proposed changes to structure of team and co-location with lettings team were aimed at addressing that, together with proposals for the Allocations Policy review coming forward in next few months.
- (v) Brief discussion regarding cost to Council of empty council properties, in particular difficult to let properties. Brief outline was given of current remodelling programme/targets for those properties, which were mainly bedsits in sheltered schemes. View was expressed that considerable loss of income in light of savings Council needed to make. It was noted that some properties often carried several refusals and more than one bidding cycle to let them, reasons for that discussed, very infrequently related to condition of property. Choice Based Lettings allocations policy currently being reviewed in light of experience to date, aimed at control measures to address some of issues identified. Voids performance regularly discussed, problem properties identified. Council properties allocated on basis of priority need.
- (vi) In response to a question regarding Right to Buy, stated that there had been an increase in uptake in current year as a result of Government enhancing the discounts and officers were monitoring position. Uptake still affected by economic climate, reduced availability of mortgages without large deposit. Capital receipt (25% to General Fund, 75% to Government), but decreased Council's social housing stock.
- (vii) In response to a question, further details were outlined of how services could be maintained following the saving identified in the Private Sector Housing team.
- (viii) In response to a question regarding service pressure for Bed and Breakfast budget, stated that costs had been reduced considerably over recent years, but the national trend now was one of increasing use and, as the service was demand led, Council needed to make adequate provision to reflect current economic climate.
- (ix) In response to a comment regarding single tenants in family-sized Council houses, stated that, although figures not available at this meeting, a question on the matter of under occupancy/the new "Bedroom Tax" had been submitted to Council on 14th January 2013, expected that response to that would provide information required. Brief summary was given of what "Bedroom Tax" involved.

Head of Culture and Leisure

- (i) At the request of the Panel, the Head of Culture and Leisure briefly outlined the services for which she was responsible.
- (ii) In response to question regarding areas of Loughborough town centre not currently included in festive lights scheme, stated that Loughborough BID looking to enhance Council's provision by installing festive lighting in some of those areas in future years. Loughborough BID could not use its funds to replace Council provision of services. Provision of festive lighting in A6 area held up by inner relief road work. Council re-tendering for its own festive lighting, working alongside BID to incorporate BID enhancements to scheme within that process. In response to a further question, it would not be possible to say whether efficiency savings could be made with the festive lighting until that re-tendering process had been completed.
- (iv) A brief outline was given of maintenance and repair arrangements for Loughborough town centre festive lights, including the contract terms in that respect, together with problems experienced with the electricity supplies and the measures taken to address those.
- (v) Brief discussion regarding particular lights which had not been working/had been partially working for most of the Christmas period 2012/13. It was noted that, in some cases, lights were not installed because businesses had not given required permission. Overall, lights had been of good standard/very attractive to look at.
- (vi) In response to an observation that the cost of Loughborough town centre festive lights had contracted significantly over years since 2007/08, stated that reduction was due to change in contract and improved storage facilities. View expressed that that reduction in costs should be commended. In response to a question regarding particularly low electricity costs for lights in 2010/11, likely that figure was inaccurate and resulting from cost being coded elsewhere.
- (v) Reference was made to specific problems with lighting at Queen's Park toilets and door at Charnwood Museum.
- (vi) In response to a question concerning premises element of Public Conveniences budget (M700) and what that comprised, a breakdown of that amount was briefly outlined. Nature and level of use meant that premises required significant maintenance, and budget was for several toilet premises.
- (v) Brief discussion regarding likely costs of opening Biggin Street, Loughborough toilets seven days a week, also possibility of opening Market Place, Loughborough toilets later to match shop opening hours, including how opening hours related to staffing arrangements.

- (vi) Appropriate arrangements were in place to ensure collection of monies from toilets was done as safely/securely as possible.
- (vii) Reduction in Loughborough town centre management budget achieved through changes to staff duties in town centre/more appropriate allocation of costs, further details of which were outlined.
- (viii) Reference to Diwali lights, were not provided as usual in 2012 due to clash with date of fair. Required mounting on poles which could not be in situ during fair. A "Happy Diwali" banner had been provided to compensate. Looking at how lights could be installed in future years to prevent problem. Dates of Diwali and fair were not always the same.

Head of Cleansing and Open Spaces

- (i) At the request of the Panel, the Head of Cleansing and Open Spaces briefly outlined the services for which he was responsible.
- (ii) In response to a question, split of responsibility between borough and county councils in relation to street cleansing/maintenance briefly outlined.
- (iii) Explanation of differences between 2012/13 and 2013/14 budgets for Loughborough Sports Grounds provided on final page of Cabinet report. In response to a question, further explanation provided of the change to accounting requirements in that respect (lease of land income not changed significantly, but now accounted for centrally rather than within service).
- (iv) Discussion regarding Loughborough cemetery budget, whether loss being made overall. Further details of fleet and its uses were provided. View expressed that maintenance cost considerable, important to control costs. In response, maintained to high standard and included old part of cemetery, three dedicated members of staff. Aware costs relatively high, review of service 12 months ago, further review currently being undertaken. Reference to historical basis of cost allocations in service overall, relating to old contracts. Work being done to achieve more accurate reflection of costs was briefly outlined, soft market testing. It was difficult to assess whether service was being provided efficiently under current cost allocation arrangements.
- (v) Loughborough Cemetery income was from purchase of plots, burial fees. Crematorium was a separate operation. Reference was made to burial fees charged by parishes being more than fees charged at Loughborough, consideration should be given to that.
- (vi) Premises element of Loughborough Parks budget included structures such as walls and railings as well as buildings.

- (vii) View expressed that proposed increase to charge for garden waste bins for those paying by direct debit could reasonably be higher given the useful service received for that. In response, balance needed to ensure usage and associated recycling credits, costs associated with storing bins which might no longer be required.
- (viii) In response to a question, confirmed that Council maintained only its own land in areas outside of Loughborough, unless contracted to undertake work by parish for which payment received.
- (ix) Reference to recharges applied to budgets in general, operating budget of service significantly less than budget costs as a result of those, confirmed that those recharges were correctly apportioned. Local authority accounting rules meant that recharges had to be made in that way.

The Chair thanked officers for attending to assist with the Panel's scrutiny process.

RESOLVED that a report of the Panel be drafted to outline the work it has undertaken and incorporating the following conclusions of the Panel, for submission to Scrutiny Management Board at its meeting on 30th January 2013:

1. The economic climate going forward is uncertain, reductions in funding over recent years may continue in future.
2. There are particular challenges/uncertainty relating to localisation of Council Tax Support and retention of Business Rates.
3. The 2013/14 budget addresses the deficit identified for the year in the MTFS (central case assumption).
4. The 2013/14 draft budget will be sufficient to deliver agreed service plans and the priorities set out in the Council's Corporate Plan.
5. The savings/pressures set out in the 2013/14 draft budget do not represent proposals to reduce current service levels.
6. Following the Government funding announcement in December 2012 (provisional) and with that being more favourable than anticipated, the funding risk to the Council is reduced.
7. The Council had worked hard to reduce its costs over recent years and had been successful in doing so.
8. The Council had frozen Council Tax for the past two years and would do so again for 2013/14.

9. It would not be possible to continue to make savings in the future without at some point affecting front-line services or essential support for those services.
10. The budget included provision for the specific risk relating to an anticipated increase in bad debt following welfare reform.
11. The New Homes Bonus represented an increasingly significant element of the Council's funding and current house build projections would need to be met to secure that.
12. The Senior Management Review had encouraged fresh thinking as to how services might be delivered and many services had been reviewed in recent years, with a particular focus on costs. That work was ongoing across the Council, an example being grounds maintenance costs and how those were allocated. Continual review of costs was required.
13. The savings identified in relation to bringing the Council's housing service back under its direct control would need to be demonstrated to councillors in due course.

Reason

The Scrutiny Management Board established the Budget Scrutiny Panel to enable effective scrutiny of the Council's budget by councillors and the Panel was required to report back to the Board once it had undertaken that scrutiny.

Notes:

1. No reference may be made to these minutes at the Council meeting on 25th February 2013 unless notice to that effect is given to the Team Leader – Democratic Services and Mayoralty by five members of the Council by no later than noon on the fifth working day following the publication of the minutes.
2. These minutes are subject to confirmation as a correct record of the Panel's decisions at the next meeting of the Panel.

**Report of the Head of Benefits Revenues and Customer Services
Lead Member: Councillor Jenny Bokor**

Part A

ITEM 6 COUNCIL TAX AND NNDR BASE 2013/14 AND SPECIAL EXPENSES

Purpose of Report

Under the provisions of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (hereinafter referred to as “the regulations”) a billing authority is required to calculate its Council Tax and NNDR Bases in accordance with the regulations. It is also necessary to pass a resolution on the matter of Special Expenses.

Recommendations

That it be recommended to Council

1. that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Charnwood Borough Council as its Council Tax for the year 2013/14 shall be as shown at Appendix A and NNDR Baseline for the year 2013/14 shall be as shown at Appendix C; and
2. that the expenses incurred by the Council in performing in Loughborough a function performed elsewhere in its area by a parish council or the chairman of a parish meeting are treated as special expenses for the purposes of Section 35 of the Local Government Finance Act 1992, as currently approved by Council.

Reasons

- 1 To set the Council's 2013/14 Council Tax and NNDR Base.
- 2 . To determine Special Expenses in Loughborough.

Policy Justification and Previous Decisions

The Collection of Council Tax and NNDR is a statutory requirement. The regulations require a billing authority to produce a Council Tax Base for its area each year and similarly for NNDR from 2013. In relation to Council Tax the regulations require a billing authority to produce a Council Tax Base for its area by first converting the total of all properties in the valuation list into terms of Band D and also taking into account the number of discounts and exemptions allowable. The resultant figure is then multiplied by the estimated collection rate for the forthcoming year to produce the Council Tax Base. This process is conducted and the result agreed by Council annually.

Implementation Timetable including Future Decisions and Scrutiny

The Council Tax and NNDR calculation will inform the budget setting process and will be considered by Council with the budget in February 2013. These changes all come into effect from 1st April 2013

Report Implications

The following implications have been identified for this report.

Financial Implications

As noted above the calculation of the Council Tax and NNDR bases are critical in the process of setting the council tax and creation of the budget. There are no direct financial implications from setting the Council Tax and NNDR bases.

Risk Management

There are no risks identified in this report.

Key Decision: Yes

Background Papers:

Minute 413 P & F Committee 15th November 1983.
Minute 567 P & F Committee 23rd November 1999.
Business Rates Pooling Cabinet item 27 Sept 2012
Localisation of Council Tax Support Cabinet Item 22 November 2012

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Part B

Background

1. Every residential property falls within one of 8 Council Tax Bands, A to H, as determined by the Valuation Office. The Council Tax charge for each band is calculated as a proportion in ninths of the Band D charge for the relevant parish. For instance, the charge for a Band A property will be 6/9 (2/3) of the Band D charge, while the Band H charge in the same parish will be 18/9 (double) the Band D charge. The table below shows the relevant proportions for all bands:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
6/9 (2/3)	7/9	8/9	9/9 (1)	11/9	13/9	15/9	18/9 (2)

2. Depending on individual circumstances, each property may qualify for Council Tax exemption, discount, Council Tax reduction, or disability reduction (the difference between the charge for the allocated band and the band below).
3. Taking into account the fact that not all properties pay a full charge, we must determine how many 'Band D equivalent' properties there are in the borough in order to calculate how much each property will be charged. This is broken down further into parishes as each parish has their own precept that needs splitting between the charge payers. For each band; the number of properties that receive a 25% reduction is multiplied by 0.75, the number of properties that receive a 50% reduction is multiplied by 0.50, and the totals are then added to the number of properties paying the full charge (properties that receive an exemption are excluded). This total is then converted into band D equivalents by dividing by 9 and multiplying as necessary (e.g 6 for a band A). The total for each band is added together to get the total number of Band D equivalents for that parish. A final adjustment is then made to take account of the estimated amount of Council Tax reduction applicable for properties in each parish.
4. A snapshot of the property bands and reductions for every property in Charnwood is taken in early December of the year proceeding the relevant charge year, and each entry is converted, using the above method, to a Band D equivalent. The resulting figure is then multiplied by the estimated collection rate for the forthcoming year to produce the Council Tax Base for the year. From the table below, you will see that the estimated collection rate is 98.0%
5. The Council Tax Base figures are used to calculate the charge payable for each band of property in order to collect sufficient revenue to meet the requirements of the precepting authority. Any applicable reduction would also be applied to the account before issuing annual bills
6. The tables in appendix A show how this has been calculated for the parishes, the special expense area of Loughborough and Charnwood Borough Council as a whole and the products of all these calculations are shown in the recommendations below. Appendix B shows the

effect of estimated Council Tax reductions for 2013/14 (paid through the Council's new Council Tax support scheme) on each Parish Council Tax base. Further details of the financial impact on individual parishes will be included in the Councils main budget documents. The Charnwood B C Council Tax Base figure shown at the foot of the table in appendix A will be used to calculate the Band D Charnwood precept for 2013/14.

Special Expenses

7. It is also necessary at this time for the Council to pass a resolution where the expenses incurred by the Council in performing, in part of its area, a function performed elsewhere by a Parish Council or the Chairman of a parish meeting shall be special expenses.

Class A & C Discount Amendments

8. The Local Government Finance Act 2012 allows Local Councils to undertake some technical changes as agreed by Cabinet on 22nd November 2012 as part of the Localisation of Council Tax Support item. These changes will take effect from 1st April 2013.

National Non-Domestic Rates

9. Councillors will also be aware of the changes that are also affecting the way NNDR will be administered from 1st April 2013. This was detailed in the Business Rates Pooling Cabinet item of the 27 Sept 2012.
10. Rather than the Council passing on all the NNDR collected to the national pool for and element of it to be redistributed via the Local Government Settlement, the Council will now retain a proportion of that collected with the balance being paid to the major preceptors, Leicestershire County Council Fire and Police, and the Government.
11. As part of the changes the Council needs to formally approve the information that will set the Councils NNDR baseline, similar to the council tax base process prior to the 31st January 2013. The NNDR base for 2012/13 and for 2013/14 is shown in appendix C. The base figures are calculated on specific questions stipulated by Government relating to the total number of NNDR properties at 30th Sept 2012. We are then required to estimate of anticipated collection rate for 2013/14. Whilst the actual number of properties has reduced the multiplier on which we are required to undertake the calculation has increased.

Appendices

Appendix A – Banding Analysis Report 3rd December 2012

Appendix B – Total Council Tax Benefit awarded in 2012 shown by Parish

Appendix C – NNDR Baseline

Appendix A - Banding Analysis Report

<u>Parish, etc</u>	<u>Band D Equivalent Properties</u>	<u>Benefit Band D*</u>	<u>Adjusted Band D Figure</u>	<u>Collection Rate</u>	<u>Council Tax Base 2013/14</u>
Anstey	2368.4	254.7	2113.7	98.0%	2071.4
Barkby	150.1	10.5	139.6	98.0%	136.8
Barkby Thorpe	16.4	1.4	15.0	98.0%	14.7
Barrow-upon- Soar	2371.2	189.0	2182.2	98.0%	2138.6
Beeby	35.5	1.8	33.7	98.0%	33.0
Birstall	4466.1	376.1	4090.0	98.0%	4008.2
Burton-on-the- Wolds	502.7	9.3	493.4	98.0%	483.5
Cossington	233.1	11.3	221.8	98.0%	217.4
Cotes	13.1	1.7	11.4	98.0%	11.2
East Goscote	930.7	74.6	856.1	98.0%	839.0
Hathern	826.4	55.8	770.6	98.0%	755.2
Hoton	150.9	5.4	145.5	98.0%	142.6
Mountsorrel	2922.9	283.4	2639.5	98.0%	2586.7
Newtown Linford	532.6	15.5	517.1	98.0%	506.8
Prestwold	31.9	1.7	30.2	98.0%	29.6
Queniborough	984.1	61.0	923.1	98.0%	904.6
Quorndon	2315.8	111.9	2203.9	98.0%	2159.8
Ratcliffe-on- the-Wreake	90.9	2.5	88.4	98.0%	86.6
Rearsby	481.3	17.7	463.6	98.0%	454.3
Rothley	1868.5	97.5	1771.0	98.0%	1735.6
Seagrave	274.8	10.6	264.2	98.0%	258.9
Shepshed	4690.9	451.2	4239.7	98.0%	4154.9
Sileby	2605.7	290.1	2315.6	98.0%	2269.3
South Croxton	131.6	5.4	126.2	98.0%	123.7
Swithland	157.7	3.7	154.0	98.0%	150.9
Syston	4470.8	516.1	3954.7	98.0%	3875.6
Thrussington	266.5	11.2	255.3	98.0%	250.2
Thurcaston & Cropston	973.0	34.0	939.0	98.0%	920.2
Thurmaston	3038.0	437.9	2600.1	98.0%	2548.1
Ulverscroft	64.7	0.0	64.7	98.0%	63.4
Walton-on-the- Wolds	132.9	4.0	128.9	98.0%	126.3
Wanlip	91.2	4.6	86.6	98.0%	84.9
Woodhouse	1000.1	53.1	947.0	98.0%	928.1
Wymeswold	597.5	27.3	570.2	98.0%	558.8
Loughborough	17411.1	2530.3	14880.8	98.0%	14583.2
Charnwood	57199.1	5962.3	51236.8	98.0%	50212.1

* See Appendix B for details of calculation

Appendix B – Total Council Tax Benefit awarded by Parish

Parish	Current Years Benefit	Band D Charge	Equivalent Band D Properties	Equivalent Band D Properties @ 95%
Anstey	397,381.32	1482	268.1	254.7
Barkby	15,859.68	1441	11	10.5
Barkby Thorpe	2,144.95	1441	1.5	1.4
Barrow-upon-Soar	290,448.42	1460	198.9	189.0
Beeby	2,658.12	1393	1.9	1.8
Birstall	586,299.15	1481	395.9	376.1
Burton-on-the-Wolds	14,140.68	1442	9.8	9.3
Cossington	17,119.01	1443	11.9	11.3
Cotes	2,523.75	1442	1.8	1.7
East Goscote	114,104.32	1453	78.5	74.6
Hathern	84,603.44	1442	58.7	55.8
Hoton	8,156.52	1432	5.7	5.4
Mountsorrel	434,012.31	1455	298.3	283.4
Newtown Linford	23,913.17	1467	16.3	15.5
Prestwold	2,560.61	1442	1.8	1.7
Queniborough	91,746.57	1430	64.2	61.0
Quorndon	173,026.91	1469	117.8	111.9
Ratcliffe-on-the-Wreake	3,673.02	1422	2.6	2.5
Rearsby	26,711.01	1433	18.6	17.7
Rothley	148,417.86	1447	102.6	97.5
Seagrave	16,258.85	1453	11.2	10.6
Shepshed	694,265.16	1462	474.9	451.2
Sileby	445,201.79	1458	305.4	290.1
South Croxton	8,388.52	1461	5.7	5.4

Swithland	5,471.30	1410	3.9	3.7
System	806,270.64	1484	543.3	516.1
Thrussington	16,574.87	1410	11.8	11.2
Thurcaston & Cropston	51,025.33	1427	35.8	34.0
Thurmaston	689,903.82	1497	460.9	437.9
Ulverscroft	-	1393	0	0.0
Walton-on-the- Wolds	5,944.64	1416	4.2	4.0
Wanlip	6,734.96	1417	4.8	4.6
Woodhouse	81,403.83	1456	55.9	53.1
Wymeswold	40,886.65	1425	28.7	27.3
Loughborough	3,904,639.72	1466	2663.5	2530.3
	9,212,470.90		6275.9	5962.1

Appendix C – NNDR Baseline

NNDR base 2012/13 = 4573 properties	£42,430,794
NNDR base 2013/14 = 4509 properties	£44,182,458