

Summary of Budget Principles Applied in respect of Services and Government Funding

Appendix 3

	Cabinet 10 th January, Agenda Item 4, Report 1	Cabinet 7 th February, Agenda Item 4, Report 3 Appendix 2	Consideration		2022/23 Budget Impact	Impact over MTFS (2023/24 to 2026/27)	
	Paragraph etc Reference				£000 or as otherwise stated		
Budget Principles – Services							
Service Income & Savings							
Budget Challenge 2025	Table 2 Table 3	3.3 (i)	N/a	N/a	Tranche 2/3	(1,066)	Further savings start in subsequent years.
Vacancy Factor	Table 2	3.8	N/a	N/a	A savings amount to meet underspends between staff leaving and new starters. Factor increased because of updated modelling showing higher incidence of vacancy.	(60)	Same across MTFS.
General Service Income inflation	Table 2	3.5	N/a	N/a	General increase (4.9%) for income budgets not covered by BC25 of specific lines noted elsewhere.	(32)	Same across MTFS.
Interest & Investment Income	Table 2	3.5 (iii)	N/a	N/a	Additional Income from Medium-Term Investments	(167)	Same across MTFS.

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	Paragraph etc Reference						
General Service Savings	Table 2	3.3 (ii)	N/a	N/a	Review of pay establishment, deletion of vacant posts without impacting on service delivery.	(130)	Same across MTFS.
			Table 1	2.1 (i)		(36)	
TOM Service Efficiency	Table 2	3.3 (ii)	N/a	N/a	Review of the Councils Target Operating Model (how the Council will operate).	(353)	Same across MTFS.
Shared Services: Development Management	Table 2	3.3 (ii)	N/a	N/a	Participation in a shared service with another Leicestershire District Council.	(94)	Same across MTFS.
Removal of Contractor Costs	Table 2	N/a	N/a	N/a	Technical adjustment to remove double-count of savings included elsewhere in service budgets.	(165)	
Grant Support	Table 2	N/a	N/a	N/a	Technical adjustment to recognise “below the line” funding.	(64)	
Total Service Income & Savings						(2,131)	
Service Growth							
Contract and Contingency Budget Savings	Table 2	3.9			Waste contractor inflation.	219	Incremental contract changes based on agreed indexes and removal of “just
			Table 1	2.1 (i)	Additional waste contractor inflation following modelling based on December indexes.	131	

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	Paragraph etc Reference						
							in case” budgets.
Pay Inflation & Employers Oncost	Table 2	3.6 / 3.7	N/a	N/a	<ul style="list-style-type: none"> Cost of living increase , modelled at 1.75%. National insurance (incl. NIC Levy for Social Care) + Pensions. 	370	<ul style="list-style-type: none"> Rising to 2.5% in 2025/26 and 2026/27. Same across MTFS.
Council Approved Budget Growth	Approved by Council previously.				Leisure Contract	165	
Regulatory	Table 2	3.5 (i)			Reduction in Car Parking income as a consequence of CV19.	216	Gradual increase over MTFS to £1.5m by 2026/27.
Finance			Table 1	2.1 (i)	Net increase in partner contributions to the Leicestershire Revenues & Benefits Partnership	54	Same across MTFS.
Minor service changes	N/a	N/a	N/a	N/a	Small item adjustments in respect of budget reprofiling.	40	Same across MTFS.
Total Service Growth						1,010	
Capital Financing							
Capital Financing (MRP)	Table 8	3.37	N/a	N/a		506	
Total Capital Financing						506	

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Budget Principles - Government Funding							
Business Rates	Table 4	3.13			The expected level if business rates as per the NDR 1. The NDR 1 return considers potential growth, appeals and bad debts, s.31 grant and alloctions to Government and the Leicestershire Pool.	6,992 (a)	<ul style="list-style-type: none"> Reduces over MTFS due to removal of s.31 grant that is compensating for CV19 related adjustments. After the above, annual increases in NDR are based on the previous years + 0.6%.
			Table 2	2.1 (iii) NDR	Upon completion of NDR 1 (statutory return for NDR estimated), there was an Increase in NDR as a consequence of additional s.31 grant.	Additional £2,234. (b) <i>The resulting net NDR position is £9,226 (a)+(b)</i>	Marginal annual benefit of £24k per annum.
New Homes Bonus	N/a	3.14	N/a	N/a	1-year allocation of £1.8m and previously notified legacy payments (£557k).	2,332	Nil for each year thereafter.

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	Paragraph etc Reference						
Services Grant	N/a	3.16 (i)	N/a	N/a	A one-off grant to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government.	122	Nil for each year thereafter.
Lower Tier Services Grant	N/a	3.16 (ii)	N/a	N/a	A grant introduced in the 2021/22 local government finance settlement for lower tier authorities.	79	Nil for each year thereafter.
Fair Funding & NDR Revaluation	N/a	3.17	N/a	N/a	An adjustment to reflect the potential impact over the MTFS of the governments Fair Funding and NDR Revaluation.	Nil	£198k 2023/24, increasing to £495k by 2026/27.
Council Tax Base	N/a	3.18 / 3.19	N/a	N/a	Increase in the Council Tax Base to reflect future housing growth (agreed by Council in December 2021).	1,033.3 Band D Equivalent. Represents a 2.84% increase.	Follows the same profile as the 5-Year Housing Land Supply.
Council Tax	N/a	3.20	N/a	N/a	The Council can increase by the higher of 1.99% or £5 per Band D equivalent property.	Increase of £177.97 per Band D equivalent.	£5 notional increase each year of the MTFS.
Collection Fund Surplus/(Deficit)	N/a	3.21 / 3.24	N/a	N/a	2021/22 Estimated Collection Fund surplus/deficit.	Net deficit of £4,414. (c)	Reduction in deficit in 2023/24 and a

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					Reflects collection fund losses during the year and 3-year spreading (as agreed by government for 2021/22).	<ul style="list-style-type: none"> • Council Tax surplus: £235. • NDR deficit: £4,649. 	further reduction in 2024/25.
			Table 3	2.1 (iii) Collection Fund	Net worsening of Collection Fund position based on latest December performance.	Additional £1,136. © <i>The resulting net Collection Fund position is £5,551 (c)+(d)</i>	No change to future years deficits.

Reconciliation of Changes Due to Budget Principles			
Net Expenditure			
2022/23 Base Budget		12,036	(a)
<u>Budget Changes: Draft Budget</u>			
- Service Income & Savings	(2,131)		
- Service Growth	1,010		
- Capital Financing	506	(615)	(b)
<u>Budget Changes: Final Budget</u>			
- Service Income & Savings	(36)		
- Service Growth	185	149	(466)
2022/23 "Final" Net Expenditure Budget		11,570	(1)
Reserves			
2022/23 Draft Budget		479	(c)
Budget Changes: Final Budget		949	
2022/23 Final Budget		1,428	(2)
Government Funding			
2022/23 Draft Budget		(5,245)	(d)
Budget Changes: Final Budget			
- NDR	(2,234)		
- Collection Fund	1,136	(1,098)	
2022/23 Final Budget		(6,343)	(3)
Council Tax			
2022/23 Draft Budget		6,655	(a+b+c+d)
2022/23 Final Budget		6,655	(1+2+3)