

**Commentary on Application of Budget Principles Applied in respect of Services and Government Funding (significant items shown only)**

**Appendix 3**

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
<b>BUDGET PRINCIPLES – SERVICES</b>							
<b>SERVICE CHANGES</b>		<b>Total</b>				<b>2,300</b>	
• Draft Budget: Annual Budget Process service review	3.2, Table 2 3.3, Table 3	Appendix 3	N/a	N/a	Total review to reflect current in service pressures along with integration of political priorities.	2,015	Further savings start in subsequent years along with growth in respect of waste procurement and new contract.
• Final Budget Changes	N/a	N/a	2 Table 1	Table 1 Appendix 1	Service change and further prioritisation post Draft Budget	285	Average of £199k per annum (non-cumulative)
<b>1. General Service Income &amp; Savings</b>		<i>(significant items only)</i>					
Service Income inflation: statutory	3.5	Table 2 (net)	N/a	N/a	Principle increase is for 2024/25 is Development Management	(242)	Same across MTFS.

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
Service Income inflation: discretionary	3.6	Table 2 (net)	N/a	N/a	General increase (6.7%) Draft Budget, Para 3.6 includes commentary on exemptions.	(19)	Same across MTFS.
Interest & Investment Income	3.7	Table 2 (net)	N/a	N/a	Additional Income from Medium-Term Investments	(691)	Decreases over MTFS as base rates decline.
TOM Service Efficiency + other service savings.	3.8	Table 2 (net)	N/a	N/a	Implementation of the savings for Councils Target Operating Model, Enforcement and HR Terms & Conditions delayed for 1-year.	384	Expectation that savings achieved from 2025/26 onwards.
<b>2. Employment Related Costs</b>							
Pay Inflation & Employers Oncost	3.9 / 3.10	Table 2 (net)	N/a	N/a	<ul style="list-style-type: none"> <li>Cost of living increase, modelled at 3.5%.</li> <li>2023/24 increase of £1,925 per fte up to grade 10, 3.88% for grades 11 to 14 and 3.5% for Chief Executive.</li> <li>No change to employers' oncosts (National Insurance &amp; Employers Pension).</li> </ul>	183	<ul style="list-style-type: none"> <li>Cost of Living remaining at 3.5% for MTFS.</li> </ul>

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
Vacancy Factor	3.11	N/a	N/a	N/a	A savings amount to meet underspends between staff leaving and new starters. No change in factor.	Nil	Same across the MTFS.
<b>3. Service Inflation and Growth</b>							
Inflation – Utility Costs	3.12 (i)	Table 2 (net)	N/a	N/a	Increase in the cost of utilities.	83	General reduction over the MTFS.
New Leisure Contract – Utility Costs	3.12 (ii)	Table 2 (net)	N/a	N/a	From the new contract the Council will be liable for the utility costs up to an agreed threshold. Further, the management fee is determined as net nil as it includes payments for capital financing. Following review of capital financing, potential to achieve additional surplus from the management fee.	(81)	Same across the MTFS.
<b>FCC Contract</b>							
• Inflation	3.12 (iii)	Table 2 (net)	N/a	N/a	Increase in the cost of the FCC Environmental & Waste contract (5.6%)	300	An annual increase of £178k-£198k for each year of the MTFS.

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
• 2-year extension	3.12 (iii) (a)	N/a	N/a	N/a	Commence 2025/26	0	400 (non-cumulative)
• Procurement,	3.12 (iii) (b)	N/a	N/a	N/a	N/a	50	2025/26: 100 2026/27: 75 2027/28: 75
• New contract	3.12 (iii) (c)	N/a	N/a	N/a	Commence 2027/28	0	400 (non-cumulative)
External Bid Preparation Support	N/a	N/a	2.1 (a)	Appendix 1	Annual contribution to earmarked reserve to develop a “funding pool” to support bid preparation when needed.	10	Same across the MTFS.
Ending of Waste Mgmt Support with Melton Borough Council	N/a	N/a	2.1 (a)	Appendix 1	It is expected, that with future waste contact procurement, there is a need to increase in service leadership capacity.	34	Same across the MTFS.
Development Management Enforcement Compliance Post	N/a	N/a	2.1 (a)	Appendix 1	Increase resilience within development management enforcement team.	68	Same across the MTFS.
Community Resilience Support	N/a	N/a	2.1 (a)	Appendix 1	Annual contribution to earmarked reserve to develop a “funding pool” to support exceptional events relating to community resilience issues (i.e. flooding).	10	Same across the MTFS.

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)	
	Report	Appendix	Report	Appendix				
Ward Area Improvement Fund Support	N/a	N/a	2.1 (a)	Appendix 1	Support for the ward area improvement fund. One, two-year fixed term contract post.	41	2025/26, no funding thereafter.	
Town & Parish Grant Administration	N/a	N/a	2.1 (a)	Appendix 1	Support for the town & parish grant scheme. This support will also include additional capacity to develop town & parish liaison. Two, two-year fixed term contract posts.	92	2025/26, no funding thereafter.	
Christmas Lights Support	N/a	N/a	2.1 (a)	Appendix 1	Increased provision for Christmas Lights in Market Harborough (this will be included within the Special Expenses charge for Market Harborough)	5	Same across the MTFS.	
Christmas Parking	N/a	N/a	2.1 (a)	Appendix 1	Introduction of funding for Free-Car Parking in Lutterworth and Market Harborough for the four Saturdays in December leading up to Christmas	25	Same across the MTFS.	
Other Service Growth	Table 3	Appendix 3	N/a	N/a	Considered and approved by Cabinet, January 2024	2,016	General decreases in growth over MTFS period.	
<b>CAPITAL FINANCING</b>		<b>Total</b>					<b>560</b>	

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
Draft budget capital financing (MRP) calculation.	3.2 3.24	Table 4	N/a	N/a	Draft budget capital financing recalculation based on updated capital programme.	560	Annual change reflective of capital financing element of capital programme.
Final budget additional capital financing	N/a	N/a	Table 1	Appendix 1	Additional MRP following essential landlord works at Leisure Centres	0	Additional £76k from 2025/26 per annum.
<b>BUDGET PRINCIPLES - GOVERNMENT FUNDING</b>							
<b>GRANT FUNDING</b>	<b>Total</b>					<b>10,986</b>	
• Draft Budget	3.13 to 3.23  Table 4	Appendix 1	N/a	N/a	Total grant allocations	8,628	Grant allocations reduce over the MTFS reflecting the loss of grant and impact of fair funding/ business rates reset.
• Final Budget Changes	N/a	N/a	3.2 Table 2	Appendix 1 Appendix 2 1.6	Service change and further prioritisation post Draft Budget	2,358	Average of £199k per annum (non-cumulative)
Business Rates	3.14	Appendix 1	N/a	N/a	Pre-NDR1 estimate of business rates based on Quarter 2 information.	5,876 (a)	Increase by a prudent 1% per annum.

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
			Report: 2.1 b (ii)	Appendix 2: 1.4.1 Table 1 Annex A, C	Upon completion of NDR 1 (statutory return for NDR estimated), there was an Increase in NDR because of the national revaluation from April 2023.	Additional 805. (b)  <i>The resulting net NDR position is £6,681 (a)+(b)</i>	Increase by a prudent 1% per annum.
New Homes Bonus	3.15	Appendix 1	N/a	N/a	1-year allocation.	1,203	N/a
	3.16	Appendix 1	N/a	N/a	An estimate based on a 35% reduction.	N/a	2025/26: 782  Nil for each year thereafter.
Rural Services Delivery Grant	3.17 (i)	Appendix 1	N/a	N/a	A regular grant to support the provision of rural services.	157 (d)	Same across the MTFS.
	N/a	N/a	Report: 2.1 b (i)	Appendix 2: 1.4.3 (i) Table 1	On 24 January, the government announced an additional allocation to the provisional settlement.	25 (e)  The resulting net Rural Services Grant position is £182 (d) + (e)	Same across the MTFS.
Services Grant	3.17 (ii)	N/a	N/a	N/a	A grant to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government.	11	Nil for each year thereafter.

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFs (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
Funding Guarantee	3.16 (iii)	N/a	N/a	N/a	A grant that provides every council will a minimum 3% increase in funding: excluding Council Tax	1,380 (f)	
	3.16 (iii)	N/a	N/a	N/a	An estimate based on a 35% reduction.		2025/26: 897  Nil for each year thereafter.
	N/a	N/a	Report: 2.1 b (i)	Appendix 2: 1.4.3 (iii) Table 1	On 24 January, the government announced an additional allocation to the provisional settlement; increasing the funding guarantee to 4%.	95 (g)  The resulting net 4% Funding Guarantee is £1,475 (f) + (g)	
	N/a	N/a	N/a	N/a	An estimate based on a 35% reduction, same approach as illustrated in 3.16 (iii).		2025/26: 959  Nil for each year thereafter.
Fair Funding & Business Rates Reset	3.18	Appendix 1	N/a	N/a	An adjustment to reflect the potential impact over the MTFs of the governments Fair Funding and NDR Revaluation.	Nil	£99k 2026/27, increasing to £297k by 2028/29.



	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFs (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
	N/a	N/a	3.2 (iv)	Appendix 1 Appendix 2 1.4.4	After the Draft Budget, some financial modelling has been undertaken to establish a more representative estimate of the financial risk relating to Fair Funding & Business Rates Reset.	Nil	£617k 2026/27 increasing to £793k by 2028/29.
Council Tax Base	3.19 / 3.20	N/a	N/a	N/a	Increase in the Council Tax Base to reflect future housing growth (agreed by Council in December 2021).	670.4 Band D Equivalent.  Represents a 1.7% increase.	Follows the same profile as the 5-Year Housing Land Supply.
Council Tax	3.21	N/a	N/a	N/a	The Council can increase by the higher of 2.99% or £5 per Band D equivalent property.	2.99% increase, thus £183.29 per Band D equivalent (remaining same as 2022/23).	£2.99% notional increase each year of the MTFs.
	N/a	N/a	3.3 (i) 5.3 (v)	Appendix 1 Appendix 2 1.4.6	Post Draft Budget Cabinet are recommending a nil increase (freeze) of Council Tax.	0% increase, thus £177.97 per Band D equivalent (remaining same as 2022/23 & 2023/24).	

	Cabinet 15 January, Agenda Item 4,		Cabinet 12 February, Agenda Item 4		Consideration	2024/25 Budget Impact £000 (or as otherwise stated)	Impact over MTFS (2025/26 to 2028/29)
	Report	Appendix	Report	Appendix			
Collection Fund Surplus/(Deficit)	3.22 / 3.23	Appendix 1	N/a	N/a	2024/25 Estimated Collection Fund surplus/deficit shows as nil because no estimate possible based on the current information.	0 (h)	Nil for each year thereafter
	N/a	N/a	2.1 b (iii)	Appendix 1 Appendix 2 1.4.8 Annex B, C	Adjusted to reflect known residential and business growth across the district	Additional surplus of £857k (j)  The resulting net Collection Fund position, giving a revised surplus of £1,433 (h) + (j)	

## Reconciliation of Budget Changes

### 1) 2023/24 Approved Budget to 2024/25 Base Budget

### 2) 2024/25 Base Budget to 2024/25 Final Budget

	Services £000	Capital Financing £000	Net Expenditure £000	
<b>1) 2023/24 Approved Budget to 2024/25 Base Budget</b>				
2023/24 Budget Approved February 2023	12,053	424	12,477	
Previously Approved Growth/Savings	260	0	260	
Service Requested Budget Changes	158	0	158	
<b>2024/25 Base Budget</b>	<b>12,471</b>	<b>424</b>	<b>12,895</b>	
<b>2) 2024/25 Base Budget to 2024/25 Final Budget</b>				
<b>2024/25 Base Budget</b>	<b>12,471</b>	<b>424</b>	<b>12,895</b>	(a)
Budget Changes: Draft Budget (*)				
- Pay Increases	183	0	183	
- Service Income	(100)	0	(100)	
- Service Changes	341	0	341	
- Political Priority: Services	65	0	65	
- Political Priority: Acc Local Plan	1,140	0	1,140	
- One Year Funding of Corporate Savings	385	0	385	
- Capital Financing	0	136	136	
	2,015	136	2,151	(b)
<b>Draft Budget</b>	<b>14,486</b>	<b>560</b>	<b>15,046</b>	
Budget Changes: Final Budget (**)				
- Service Growth	286	0	286	
<b>2024/25 Final Expenditure Budget (**)</b>	<b>14,772</b>	<b>560</b>	<b>15,332</b>	(1)
<b>Reserves</b>				
<b>2024/25 Draft Budget (*)</b>			<b>717</b>	(c)
Budget Changes: Final Budget (**)			1,866	
<b>2024/25 Final Budget (**)</b>			<b>2,583</b>	(2)
<b>Government Funding</b>				
<b>2024/25 Draft Budget (*)</b>			(8,629)	(d)
Budget Changes: Final Budget (**)				
- Business Rates (NDR)		(805)		
- Other General Fund Grants		(25)		
- Funding Guarantee		(95)		
- Collection Fund		(1,433)	(2,358)	
<b>2024/25 Final Budget (**)</b>			<b>(10,987)</b>	(3)
<b>Council Tax</b>				
- Council Tax Requirement @ 2.99%: Draft Budget (*)			7,134	a+b+c+d
- Council Tax Requirement @ 0%: Final Budget (**)			6,927	1+2+3
<b>Change in Council Tax</b>			<b>207</b>	
<b>NB</b> * Draft Budget approved by Cabinet 15 January 2024; reviewed by Joint Budget Overview & Scrutiny Panel 25 January 2024				
** Final Budget approved by Cabinet 12 February 2024				