

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

	Cabinet 16 January, Agenda Item 5, Report	Cabinet 6 February, Agenda Item 4, Report 3 Appendix 2			Consideration	2023/24 Budget Impact  £000 or as otherwise stated	Impact over MTFS (2024/25 to 2027/28)
	Paragraph etc Reference						
<b>Budget Principles – Services</b>							
<b>Service Income &amp; Savings</b>							
Annual Budget Process service review	Appendix 3	3.3 (ii)	N/a	N/a	Service savings and income generation proposals (net direct less £387k re. investment income shown separately below)	(429) <sup>1</sup>	Further savings start in subsequent years.
<b>General Service Savings</b>							
General Service Income inflation	Table 2	3.5	N/a	N/a	General increase (10.1%) for income budgets not covered by BC25 of specific lines noted elsewhere.	(36)	Same across MTFS.
Car Parking	Table 2	3.5 (i)	N/a	N/a	Reduction in Car Parking income following impact of CV19.	158	Amount of reduction decreases over MTFS as demand increases.
Garden Waste Scheme	Table 2	3.5 (ii)			Increase in Garden Waste charge to reflect cost neutrality.	(120)	Same across MTFS.

<sup>1</sup> Draft Budget, [Appendix 3](#), shows the total savings for 2023/24 as £957k. However some of these savings are savings outside of service expenditure, such as reductions in capital financing (£116k) and capitalisation of staffing costs (£25k). The reconciliation to the £429k as stated is £957k less £116k less £25k less £387k for investment income shown separately above.

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Interest & Investment Income	Table 2	3.5 (iii)	N/a	N/a	Additional Income from Medium-Term Investments	(387)	Decreases over MTFS as base rates decline.
Development Management Income	Table 2	3.5 (iv)			Reduction in Development Management income in expectation of a recession.(£103K) plus loss of shared service income (£128k)	231	Amount of reduction increases in 2024/25 and then remains the same.
TOM Service Efficiency	Table 2	3.3 (v)	N/a	N/a	Review of the Councils Target Operating Model (how the Council will operate).	nil	Same across MTFS.
<b>Employment Related Costs</b>							
Pay Inflation & Employers Oncost	Table 2	3.6 / 3.7	N/a	N/a	<ul style="list-style-type: none"> <li>Cost of living increase , modelled at 4%.</li> <li>2022/23 increase of £1,925 per fte</li> <li>National insurance (incl. NIC Levy for Social Care) + Pensions.</li> <li>Reduction of pensions for 2023/24</li> </ul>	477	<ul style="list-style-type: none"> <li>Decreasing to 3% for 2026/27 and 2027/28.</li> <li>Same across MTFS.</li> </ul>
Vacancy Factor	N/a	3.8	N/a	N/a	A savings amount to meet underspends between staff leaving and new starters. Factor increased	Nil	Same across the MTFS.

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					because of updated modelling showing higher incidence of vacancy.		
<b>General Service Inflation and Growth</b>							
Inflation – Utility Costs	Table 2	3.9 (i)			Increase in the cost of utilities.	42	Further increase in 2024/25 and then same over MTFS.
Inflation – FCC Contract	Table 2	3.9 (ii)			Increase in the cost of the FCC Environmental & Waste contract.	205 <sup>2</sup>	An annual increase of £178k-£198k for each year of the MTFS.
New Leisure Contract – Utility Costs		3.10 (ii)			From the new contract the Council will be liable for the utility costs up to an agreed threshold.	N/A	£188k from 2025/26.
<b>General Growth to meet in-service pressures, known costs or achieve efficiency:</b>							
- Netcall Licence		3.11 (i)			Recognition of licence cost for Netcall software.	60	Same across the MTFS.
- Iken & Modern.Gov		3.11 (ii)			New software to provide essential data	28	Same across the MTFS.

<sup>2</sup>Table 2 of the [Draft Budget](#) shows the 2023/24 FCC net inflationary increase as £205k. The FCC increase is £610k when compared to the 2022/23 approved budget. However, when the 2022/23 budget-MTFS was approved, the 2023/24 year included an inflation assumption of £405k; therefore the adjustment needed is £205k to bring it to the now determined 2023/24 inflationary increase.

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					management within Legal (Iken) and Democratic Services (Modern.Gov)		
- External Audit Fee		3.11 (iii)			New appointed auditors from 2023/24, higher contract costs following the Public Sector Audit Appointments national	48	Same across the MTFS.
- Leicestershire Revenue & Benefits Partnership		3.11 (iv)			Salary and service related impacts on the cost of the partnership shared between partners.	32	Same across the MTFS.
- Project Management Resources		3.11 (v)			2-year fixed term contract posts to support the delivery of both the revenue and capital programmes	116	For 2023/24 and 2024/25.
Elections/Local plan 23/24 cost (matched by reserves contribution)		3.11 (vi)			Elections/Local plan 23/24 cost (matched by reserves contribution)	412	Same across the MTFS.
Underachievement of savings planned for 23/24	Table 2				Underachievement of savings planned for 23/24	136	Same across the MTFS.
LRF Business Continuity shared post	N/a	N/a	2.1a		Shared business continuity resource	7	Same across the MTFS.
<b>Total Budget Principles - Services</b>						<b>980<sup>3</sup></b>	

<sup>3</sup> The £980k represents the change between the 2022/23 original budget net cost of services (£11.1m) and the 2023/24 final budget net cost of services (£12.1m); see Table 1 of Appendix 1.

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<b>Capital Financing</b>							
Capital Financing (MRP)	Table 4	3.25	N/a	N/a	Actual charge for MRP in the year.	423	Annual change reflective of capital financing element of capital programme.
<b>Total Capital Financing</b>						<b>423</b>	
<b>Total Change in Net Expenditure Between 2023/24 Base and Final Budget</b>						<b>1,403</b>	
<b>Budget Principles - Government Funding</b>							
Business Rates	Table 3	3.13	N/a	N/a	Pre-NDR1 estimate of business rates based on Quarter 2 information.	4,659 (a)	Would increase by a prudent 0.6% per annum.
			Table 2	2.1 b (i)	Upon completion of NDR 1 (statutory return for NDR estimated), there was an increase in NDR as a consequence the national revaluation from April 2023 and the associated s.31 grant.	Additional £1,182. (b)  <i>The resulting net NDR position is £5,841 (a)+(b)</i>	Would increase by a prudent 0.6% per annum.
New Homes Bonus	N/a	3.14	N/a	N/a	1-year allocation.	1,659	N/a
	N/a	3.14	N/a	N/a	An estimate based on a 35% reduction.	N/a	1,078  Nil for each year thereafter.

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Rural Services Grant	N/a	3.16 (i)	N/a	N/a	A regular grant to support the provision of rural services.	141	Same across the MTFS.
Services Grant	N/a	3.16 (ii)	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.	69	Nil for each year thereafter.
3% Funding Guarantee	N/a	3.16 (iii)	N/a	N/a	A grant that provides every council will a minimum 3% increase in funding; excluding Council Tax	819	£55k for 2024/25, 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	£99k 2025/26, increasing to £297k by 2027/28.
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).	862.1 Band D Equivalent.  Represents a 2.3% 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 2.99% or £5 per Band D equivalent property.	0% increase, thus £177.97 per Band D equivalent	£2.99% notional increase each year of the MTFS.

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						(remaining same as 2022/23).	
Collection Fund Surplus/(Deficit)	N/a	3.21 / 3.24	N/a	N/a	2023/24 Estimated Collection Fund surplus/deficit based on quarter 2 2023/24 collections (latest information at the time of preparing draft budget).	Net surplus of £704 (a)	Return to a deficit in 2024/25 and then no change to future years.
	N/a	N/a	Table 2	2.1 b (ii)	Adjusted to reflect notification by the Valuation Office Agency of three new properties at Magna Park	Additional surplus of £857k (b)  The resulting net Collection Fund position , giving a revised surplus of £1,561 (a) + (b)	
<b>Total Budget Principles - Government Funding</b>						<b>10,092</b>	
<b>Total Change in Net Expenditure Between 2023/24 Draft and Final Budget</b>						<b>2,039</b>	

Reconciliation of Budget Changes:		Table 2	
1) 2022/23 Budget to 2023/24 Base Budget		£000	£000
2) 2023/24 Base Budget to 2023/24 Final Budget		£000	£000
<b>1) 2022/23 Budget to 2023/24 Base Budget (*)</b>			
<b>2021/22 Budget Approved February 2021</b>			<b>11,064</b>
Previously approved growth/savings	(121)		
Service requested budget changes	130		9
<b>2022/23 Base Budget</b>			<b>11,073</b>
<b>2) 2023/24 Base Budget to 2023/24 Final Budget</b>			
<b>Net Expenditure</b>	<b>£000</b>		
<b>2023/24 Base Budget</b>			<b>11,073</b>
<u>Budget Changes: Draft Budget (*)</u>			
- Pay increases	570		
- Service Growth	(674)		
- Waste contract	205		
- Elections/Local Plan	372		
- Unplanned Pressures	499		
- Capital Financing	424	1,396	
<u>Budget Changes: Final Budget (**)</u>			
- Service Growth		7	
			1,403
<b>2022/23 "Final" Net Expenditure Budget (**)</b>			<b>12,476</b>
<b>Reserves</b>			
<b>2022/23 Draft Budget (*)</b>			<b>2,594</b>
Budget Changes: Final Budget (**)			1,829
<b>2022/23 Final Budget (**)</b>			<b>4,423</b>
<b>Government Funding</b>			
<b>2022/23 Draft Budget (*)</b>			<b>(8,052)</b>
Budget Changes: Final Budget (**)			
- NDR	(1,182)		
- Collection Fund	(857)		(2,039)
<b>2022/23 Final Budget (**)</b>			<b>(10,091)</b>