



Hinckley & Bosworth
Borough Council

**Medium Term Financial
Strategy 2021/22-
2023/24**

1. MEDIUM TERM FINANCIAL STRATEGY 2020/21 - 2023/24

1.1. The purpose of the Medium Term Financial Strategy (MTFS) is to:

- Outline how the Council wants to structure and manage its finances to ensure it fits with and supports the delivery of the council's objectives set out in its Corporate Plan.
- Engage officers and members in "owning" the process by which Council finances are managed.

1.2. The MTFS has been prepared taking into account the adopted Corporate Plan Refresh and should be read in conjunction with the Capital Programme, General Fund and HRA budgets, which are presented separately.

2. Executive Summary

2.1 The MTFS is fundamental to securing the key ambitions and objectives of the Council's Corporate Plan. The MTFS refresh 2021/22 – 2023/24 sets the framework for continuing to deliver high quality local services to residents and businesses, but comes at a very uncertain time due to the lack of a clear longer term financial settlement from Government. It enables the Council to deliver on its commitments, such as the delivery of its Covid-19 Recovery Strategy including investment in new economic initiatives to improve our market towns, for investment in new business units and housing, the delivery of employment and skills programmes and delivery of the Crematorium in Hinckley.

2.2 This MTFS comes at the end of a difficult year, with Covid placing many pressures on the council during 2020/21, with only a one year settlement to inform financial planning. Despite these pressures, and having to deal with loss of fees, with some financial assistance of central government, and prudent financial management, we are expecting to end the 2020/21 year in balance and achieving our 15% minimum general fund target. The Council has also managed to set aside a minimum of £0.7m from Government grant funding and the use of an additional £300k historic Enterprise Zone business rates to invest and support local businesses and local employment and skills programmes. The Council is also in a position to set up a £0.5m Financial Resilience Reserve to help with future pressures.

2.3 As Central Government have not issued a clear intent of what will happen in future years, this MTFS has been restricted to three year outlook due to the high level of uncertainty, instead of the normal five year outlook. Even the Chancellor has decided to put off a three year settlement due to the high level

of uncertainty that the current economic situation in the UK faces. Information from ongoing consultation, and from our advisors, is not definitive and covers potential areas of change, which indicates a significant risk to sources of income that have been a core part of HBBC's financing in the past. This involves major changes to the New Homes Bonus (NHB) scheme and the level of business rate income funding that can be retained. This means there is likely to be a sizeable reduction to district council funding.

- 2.4 The current administration have taken difficult decisions in the face of uncertainty to ensure that these pressures are addressed, but that these actions are proportionate and balanced with the high level of uncertainty of having only a one year financial settlement. In summary these actions are:
- a £5 increase in Council Tax for 2021/22 (which should still leave us in the bottom 15 lowest charging District Councils)
 - a £6 increase in Garden Waste, to £30 (still the lowest of the six charging councils in Leicestershire)
 - Director led savings of £0.5m to be delivered of 2021/22 to 2022/23 (including savings to the HRA)
 - the Development of a savings plan for 2023/24 of £0.96m if needed,
 - No recurring supplementary requests for the period of the MTFs.
- 2.5 Without these actions the savings required in the MTFs would have been on the scale of £2m-£2.3m by 2023/24. This would not have been sustainable or manageable without significant job losses and service reductions. By taking these decisions now, it is hoped the council will be in a better position to manage the pressures faced.
- 2.6 These difficult decisions for 2021/22 have put the council in a stronger position to face the risk of future income cuts. Even with the £5 council tax increase HBBC will be in the lowest 15 council tax levels in England. The increase of £6 to £30 for garden waste, will still mean the Council will be the lowest out of the six charging council for garden waste in Leicestershire.

3. BACKGROUND TO THE REPORT

Introduction

- 3.1 This refresh of the MTFs builds on the position agreed at the February 2019 Council meeting and is an integral element of the financial planning procedures of the Council and forecasts how the Council will remain financially resilient and sustainable as an organisation. The MTFs update sets out the council's financial position for the years 2021/22 to 2023/24, giving a

total three-year outlook. The further into the future predictions are made, particularly in uncertain times, means that information should be interpreted with care and may change significantly when the next financial spending review is complete.

- 3.2 The update to the MTFS comes at a time of significant uncertainty, which will have an effect on public sector finances. We are currently entering the second of two one-year settlements, with 2022/23 now being the period expected when the fair funding review and business rates reset will be in force. As yet there is still no definitive detail on what this will mean for district councils. There is also the uncertainty of what will happen to the economy following the Covid pandemic and the “Brexit” outcome, both of which could influence the financial outlook and growth and room for increasing public spend. The current one year settlement gives little indication of government thinking overall as Covid is, understandably, dominating the attention of Central Government at this time. In relation to Local Government some of the key announcements were:

Core Spending Power (CSP) increase

Local government has received an average Core Spending Power (CSP) increase of 4.5% (£2.2bn). This headline however masks the direct impact on this council.

Our advisors calculate that 87% of the increase in CSP is from expected council tax increases being at the maximum allowed. A feature of recent settlements is that a greater burden appears to be placed on the local taxpayer, despite Government announcing increases in the settlement. The settlement allows the following Council tax increments:

- Social care authorities will be able to increase Band D by up to 5%
- District councils will be able to increase by the higher of 2% or £5
- Fire authorities will still only be able to increase their Band D by 2%
- Police and crime commissioners can increase their precept by up to £15.

If these maximums are applied, which is likely for the County, Fire and Police, the Council tax increase is going to be approximately £90, with only a fraction made up from the borough council. At £5 HBBC's element is a small fraction of that overall increase.

Lower Tier Services Grant

A new grant (Lower Tier Services Grant) has been announced. It is aimed at no authority receiving a reduction in its theoretical CSP. It is very heavily weighted towards district councils, and particularly those that are losing from the changes in NHB. Potentially this may be a short-term grant that will disappear when wider reforms of local government funding are introduced (possibly in 2022-23). There has been no mention of the longer term position. However, it does give an indication of Government thinking. The theoretical CSP does assume the Council tax base grows at its historical average and that the maximum council tax charge is made. Our Council tax base has fallen for 2021/22. This has been used to inform the possibility of on-going support from Government over the MTFs period, often referred to as damping support.

Covid-19 pressures 2021/22

Government has been relatively supportive with funding of expected Covid pressures for next year, and assumes it will provide over £3 billion in additional support nationally by:

- providing an additional £1.55 billion of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19
- providing local authorities with £670 million of additional grant funding to help local authorities support the more than 4 million households that are least able to afford council tax payments
- providing an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years
- extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021

Other announcements in the 2020-21 provisional settlement are:

- Revenue Support Grant (RSG). RSG will be increased in line with the Consumer Price Index (CPI) (£13m, 0.55%). This is only about £85k for us and is now worked into our baseline funding for business rates so not new.
- Baseline Funding Level (BFL). BFL will be frozen in 2021-22 because the business rate multiplier will be frozen in 2021-22. No increase for us
- Compensation for under-indexing the multiplier. The decision to freeze the multiplier in 2021-22 will increase the compensation that is paid through the

“cap compensation” section 31 grant. Small benefit to us, as compensation about £112k, which was similar to last year.

- Social care funding. Existing social care grants will continue (£1.8bn Improved Better Care Fund (IBCF), £240m Winter Pressures, and £1,410m social care support grant). A further £300m social care grant was announced in the Spending Review 2020 (SR20) – but only £150m is new money, with £150m top-sliced from New Homes Bonus.
- New Homes Bonus. It is estimated that the overall cost of New Homes Bonus will be £622m, which in theory leaves a surplus of £278m (out of the £900m budget) to be returned to local government. There will be no returned surplus in 2021-22, as used to fund the other announcements.
- Adult Social Care (ASC) precept has been partially equalised in the allocations of £300m social care grant.

Longer term view

- 3.3 Other recent issues affecting the Council during the term of the MTFS update are the significant changes to the administration of Business Rates as part of the baseline reset postponed again until 2022/23. There is still significant uncertainty over the exact impact this will have, therefore longer term forecast are becoming more uncertain.
- 3.4 It is expected that as part of the fair funding review that the baseline funding from business rates will be recalibrated, taking affect from 2022/23. This maybe at the same time that local business rate share will increase from 50% to 75%, but this has not been confirmed. If this is a full reset, then accumulated growth going back to 2013/14 could be lost, this will be via an amendment to the tariff. In addition, there is no definitive information on tier split or any transitional funding to soften the impact of lost growth for districts councils. Also, the methodology for redistribution from lower need to higher need areas via tariffs and top up is still not clear.
- 3.5 This MTFS uses a reset of the baseline that would leave some income growth assuming the reset Tariff will be based on the original 2019/20 base year as the reset has been postponed twice. If the reset is based on 2020/21, then it may mean less rates are retained. Hence there is some risk to this assumption.
- 3.6 No major changes were made in relation to Council Tax. However, there is going to be allocations from a Local Council Tax Support Grant (£670m). This is a new grant for 2021-22 and its purpose is to compensate authorities for the expected additional cost of Local Council Tax Support (LCTS) schemes in 2021-22. It is not a continuation of the £500m Hardship Fund that was in

place in 2020-21, which was designed to allow councils to reduce LCTS payments by £150. However, councils are being encouraged to use this to help with Council Tax support and extending help as needed. This indicates government are expecting collection difficulties due to ongoing economic pressures from Covid on household finances. The indicative allocation is £777,180, with HBBC's share being £80,763, the rest being for County, Police and Fire.

- 3.7 No additional funding will be made available for public sector pay in Local Authorities. However, the Chancellor announced that public sector pay will be “paused” for 2021/22. This will still need local ratification. This plan assumes a pay freeze for 2020/21. This is subject to confirmation by the National Employers with the unions.
- 3.8 The Government will also reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, which presents a risk for both national and local taxpayers. Therefore we will need to review any borrowing to ensure it complies with these more rigid requirements.
- 3.9 Looking forward there are potentially significant pressures for 2021/22, and beyond, which are mainly caused by the:
- Lower than expected New homes Bonus in 2020/21 and its phasing out by 2023/24,
 - Changes to business rates retention, meaning lower growth is retained from 2022/23
 - Pay increase expected of approximately above inflation, post the 2021/22 freeze, due to spinal point changes, and
 - Risks to business rates and council tax income due to the impact of Covid on the economy.
- 3.10 The same ten strategic financial objectives, as agreed by Council in previous iterations of the MTFS have been used during this update. These objectives serve to ensure the delivery of the council's corporate strategic objectives of delivering the council's MTFS with a sustained focus on the council's priorities whilst working to resolve the continuing pressure of service requirements in the context of available resources. The objectives are listed in Appendix 3.
- 3.11 The MTFS is one of a suite of documents, which inform the financial strategy of the Council. These include the Capital Programme, HRA Investment Strategy and Treasury Management Policy, all of which should be read in

conjunction with this document. A summary of the overall MTFS excluding Special Expenses is given in table 1 below.

- 3.12 Note that there is no longer term settlement and therefore there has had to be more subjective assumptions used to create a three year forecast. This makes the years 2021/22 to 2023/24 challenging to forecast with certainty due to the lack of information from Central Government on its intentions. Greater clarity is needed in relation to the fair funding review and the baseline reset for retained business rates income to give a more definite forecast. Therefore, the MTFS updated in this report is based on the most recent announcements and advice. This is covered by inclusion of some alternative scenarios in the report that follows.

Corporate Plan and the MTFS update

- 3.13 The MTFS is the mechanism by which the finances are managed to ensure the Corporate Plan priorities can be delivered. The Council has already made difficult decisions to agree previous budgets that enable a balanced position to be achieved as included in the prior MTFS. This challenge has been compounded with an overall drop in Government funding support in the last 5 years of 32%. However, there are still challenges ahead, the Council is well placed to deliver its corporate priorities in the short term whilst maintaining future balanced budgets over the life of the updated MTFS based on the assumptions used, but caution is needed due to the high level of uncertainty due to the fair funding review and business rates baseline reset. The Council will need to be prudent when there is any consideration of taking on new costs and will need to begin to consider where possible savings and new income could be sought.
- 3.14 Table 1 below gives a high-level overview of the expected budget and general fund reserve movements between the current year and the MTFS period 2021/22 to 2023/24, including the Council tax increase, the Garden waste increase and the £0.96m of savings needed. The net expenditure includes a technical accounting adjustment for collection fund government funding via Section 31 Grants of £3.8m in 2020/21 (Which reduces Net Expenditure) and 2021/22 (Which increases net expenditure). This adjustment is offset by matching movements on a new ring fenced Collection Fund Reserve.

Table 1: Financial Forecast 2020/21 to 2023/24	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Net expenditure	8.11	15.81	11.58	10.96
Reserve and Technical adjustments	2.08	-5.03	-2.24	-2.09
Net cost position	10.20	10.78	9.34	8.87
Core funding (CTax, NNDR, NHB)	10.10	10.88	9.06	8.83
Shortfall (Funding Gap)	-0.10	0.11	-0.28	-0.04
	2020/21	2021/22	2022/23	2023/24
General Fund performance against Target	15.23%	15.11%	15.05%	15.02%
Net Expenditure pre- collection fund adjustment	2020/21 £m	2021/22 £m		
Collection Fund (Technical Adjustment inc Net Expenditure))	-3.83	3.83		
Actual Net Expenditure	11.94	11.98		

3.15 It should be noted that the Council have already taken action or is exploring new income streams to generate income to become more self-reliant, by looking for income from other sources. For example, the new crematorium and the on-going negotiations to invest in projects in the enterprise zone. Other areas are:

- maintaining a 5% vacancy factor saving in the region of £0.6m a year,
- managing working capital to minimise borrowing, with a current under-borrowed level of almost £22m saving considerable costs in interest,
- Rentals from the crescent investments and other tenancies, and
- Use of discretion on business rates to attract new businesses to the area to bring in new rates income.
- Potential new housing investments.

3.16 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 1-2% in year, the application of 0% represents an effective saving on running costs.

- 3.17 It is this level of commitment to efficiency, which means we remain in the bottom 15 out of 188 district councils for the level of council tax charged in 2020/21, and the lowest out of the seven Leicestershire District Councils. As noted for 2020/21 in the table below.

Table 2: District Council Band D charge	Council Tax 2020/21
Oadby & Wigston	£229.50
Melton	£207.64
North West Leicestershire	£173.46
Blaby	£168.32
Harborough	£167.97
Charnwood	£148.58
Hinckley & Bosworth	£134.87

- 3.18 As noted above, the MTFs poses challenges that may occur due to the fair funding review and business rates reset. The Council is in a reasonable financial position in the short term and has some reserve capacity, but is currently spending more than it has coming in over the MTFs. The council reserves can be used to support the general fund, which is reasonable in the short term, but this cannot be done to cover a structural recurring deficit to bring the longer terms finances into balance. This will need a mix of new income and controlling costs. There is a lot of uncertainty over the fair funding review and the baseline reset for business rates in 2022/23, which may be more favourable than anticipated, but in the face of uncertainty it is better to ensure suitable action is taken to ensure finances are under control.

4. Review of actions taken used to address the budget shortfall

- 4.1 The position noted in Table 1 above is based on key actions and assumptions being delivered. These actions and assumptions carry risk of their own in terms of delivering the desired result. The key actions were noted above as:
- a £5 increase in Council Tax for 2021/22 (which would still leave us in the bottom 15 or so lowest charging District Councils)
 - a £6 increase in Garden Waste, to £30 (Still the lowest of the six charging councils in Leicestershire)
 - Director led savings of £0.5m to be delivered of 2021/22 to 2022/23(including savings to the HRA)
 - the Development for a savings plan for 2023/24 of £0.96m if needed.

Council Tax

- 4.2 The financial settlement in December 2020 is an indication that Central Government expected councils to take advantage of the maximum allowed for Council Tax increases. There was an announced Core Spending Power (CSP) increase of 4.5% (£2.2bn), but almost all of that comes from expected council tax increases. The basis of how the new Lower Tier Support Grant is calculated also assumes maximum Council Tax increases. The pandemic has strained funding sources centrally, and local authorities are expected to ensure local needs fall on local residents.
- 4.3 The difficult decision to increase Council Tax has led to less savings being needed in 2023/24 than would otherwise have been the case. See Table 2, which shows the additional cumulative income raised by this decision. Note, the benefit is in each year as the increase for one year increases the Council Tax base, whereas not to increase would have lost this amount. Therefore a decision in 2021/22 avoids the need for higher savings in 2023/24.

Table 2	2021/22	2022/23	2023/24
Council Tax at £5 2021/22	£148,878.	£153,074	£157,388

Garden Waste

- 4.4 The Council has charged the same rate for Garden Waste since its introduction in April 2016, and is the lowest out of all the charging Local Authorities in Leicestershire (Table 3 below). The decision to increase the Garden Waste charge is forecast to increase income by £177,000 a year for the life of the MTFS.

Table 3 Council	2020/21
Melton	£70.92
Charnwood	£45
Harborough	£40
Oadby and Wigston	£40
Nuneaton	£40
Blaby	£39
Hinckley and Bosworth	£24

- 4.5 The Decision to increase Garden Waste will significantly help to reduce the level of savings needed in 2023/24

Director led savings

- 4.6 Directors have identified £485,000 of costs savings and new income, £448,000 being on the general fund, and the rest for the HRA. This is noted in the table below.

	2021/22	2022/23	Total
General Fund	£375,019	£72,726	£447,745
HRA	£17,858	£19,774	£37,632
Total	£372,877	£902,500	£485,377

- 4.7 These savings and new income are not without risk, and will be monitored for delivery by SLT. They may require the loss of some staff in order to deliver the level of savings required, which may have to be arranged via making some posts redundant. These savings will potentially lead to a reduction in levels of service delivery.

Development of a savings plan - 2023/24

- 4.8 The MTFS forecast has a deficit position in 2023/24, which has led to the requirement for savings of £0.96m. It should be noted that there is a high level of uncertainty over longer terms forecasting due to the lack of a longer term financial settlement. This MTFS assumes that a detailed savings and new income plan will be developed before 2023/24 to deliver savings of £0.96m in order close this gap. Members have tasked the Strategic Leadership Team (SLT) to develop such a plan during 2021/2022 on a contingency basis, should it be needed. This will require the review of services currently being delivered, the transformation of others, and potential income and charging opportunities to deliver these savings. This will also require the review of reserves next year, in case a new reserve needs to be set up for any potential staff costs associated with the transformation and change in services.
- 4.9 Any such new reserve, if needed, will be created by the business rates equalisation reserve, and other available reserves. The use of the Business Rates Reserve in this manner does increase the risk of loss should there be a significant and unplanned fall in business rates income due to loss of businesses paying rates in the area.

5 Review of Local Governing Funding allocations and forecast Assumptions used in MTFS

- 5.1. Each year the council receives a significant amount of financial support from central Government in the form of grants and allocations, the key ones being business rates allowances, and New Homes Bonus. Council tax then takes the strain of the remaining funding requirement. The allocations to the Council are determined by Government carrying out Comprehensive Spending Reviews (CSR) which enables it to decide how much it can afford to spend, what its priorities are and targets for improvements to be funded by additional resources.
- 5.2. The last full review was undertaken in 2015 (CSR15) following the General Election in May 2015 and covered the four years following and is why the four year agreed financial position comes to an end in 2019/20. Since then Central Government have only been issuing one year updates. The next spending review detail, in terms of detailed allocations, is not expected to be released until December 2021. This spending review will have to deal with the economic legacy of the Covid pandemic and any issues arising from Brexit, so is not expected to be significantly increasing public spend.
- 5.3. Unfortunately the risks noted in the MTFS in 2019 over New Homes Bonus (NHB) and loss of Business rates now seem a clear possibility, and have been built into the MTFS forecast. The table below, show a change in the level of income that can be expected from these sources due to Central Government removal of NHB and the rest expected for business rates. These combine to a loss of expected funding of £4.5m compared to the forecast in February 2019.

	2020-21	2021-22	2022-23	2023-24
Updated MTFS	£000	£000	£000	£000
Lower Tier Support Grant	0	429	727	684
Council Tax	4,504	4,666	4,797	4,932
NNDR	3,966	4,323	3,400	3,362
Collection fund loss/Surplus	-15	567	-145	-145
New Homes Bonus	1,642	892	281	0
Total	10,097	10,877	9,060	8,833
Prior MTFS	£000	£000	£000	£000
Council Tax	4,591	4,830	5,081	5,345
NNDR	3,800	3,882	3,967	4,053
Collection fund loss/Surplus	-179	-179	-179	-179
New Homes Bonus	1,941	1,948	2,023	2,260
Total	10,153	10,481	10,892	11,479
Difference	-£56	£396	-£1,833	-£2,646

Lower Tier Support Grant

- 5.4. The Government announced a new Lower Tier support Grant in the settlement for 2021/22, this was £429,409 for HBBC. This is a positive development and was not expected prior to the settlement. The calculation is based on ensuring district councils core spending is not reduced year on year, and holds the level the same from one year to the next. The calculation is based on the Government's model, which is a theoretical core spending, not actual Core spending. This model includes Council Tax being charged at the highest rate since 2015/16 and does not include business rate growth. This means it does not cover any local decision to charge lower than the maximum allowed, and does not offer protection from loss of Business rate growth.
- 5.5. There have been some indication that in the future, following the fair funding review that some sort of "Damping" would be given to soften the transition caused by a business rates reset. For this MTFs, the assumption has been used that the Lower Tier Support grant will be that mechanism. Our Advisors have offered an alternative, which is linked to a reducing level of support, allowing a 5% fall in actual overall core spending year on year. This would offer lower support, which may mean a reduction of £0.2m in income over the life of the MTFs. However, no detail has been given, therefore there remains a risk that no such support will be provided, but that feels unlikely given the high level of changes proposed to funding. The amount included is given in the table below.

Table	2021-22	2022-23	2023-24
Damping	Actual	Forecast	Forecast
Lower Tier Support Grant	429,409	726,801	683,865
Alternative reducing support	429,409	684,402	524,041
Difference	0	-42,399	-159,824

Business rates

- 5.6. Business rates and the level of retention of growth is a key element of the funding of the Council. The Business Rates Retention Scheme (BRR) commenced on 1st April 2013. The last baseline was set in 2013/14 with inflation and formula amendments since then. Under the scheme, the council can retain a proportion of locally generated business rates over a set baseline

where growth occurs. The last two “one-year” settlements and consultation around the settlements, along with budget statement have indicated that there will be changes to both the level of local retention and the level of growth that will be retained due to a baseline reset following a funding review. Current indications from the consultation process are set out below.

- 5.7. Councils will not lose all growth, originally thought to be from 2018/19 and 2019/20 as the baseline year would have been from the beginning of 2018/19 (these dates may slip a year, but it has not been announced as yet),
- 5.8. The future is likely to be generally more changeable with regular baseline resets maybe based on 3-yearly revaluations.
- 5.9. Government wants to “scrap” the levy but is unable to do so without to changes primary legislation, but they can alter the rate it is charged at without this.
- 5.10. The basic calculation is expected to be based on 40% of the business rates collected in 2022/23, but with potential amendments to the level of baseline funding, tariff and levy if one is retained. There may also be a lower tier split used for districts if there is a desire to transfer funding to upper tiers.
- 5.11. This comes at the same time as the move to a 75% retained business rates model. No details have been given, other than the Business Rate Retention Scheme (BRRS) will increase from 50% to 75%, but no date has been given. It is not expected that the tier split will increase from 40% for district councils, although it may be changed and any changes potentially compensated via tariffs and top up transactions. However, this does not have to be the case, and a higher rate could be set.
- 5.12. Their expectation is that the business rates reset will now take place for 2022/23, which leads to a fall in retained income in 2021/22 to 2022/23 of £1.68m. The business rates retention system was due to be “re-set” for 2020-21, but has been delayed another year, with the impact being felt in 2022/23. This is part of the wider reforms to the local government finance and business rates retention systems. The review is expected to establish business rates baselines for each local authority that is party to the rates retention system.
- 5.13. At a reset, Business Rates Baselines are re-calculated for the forthcoming reset period for all local authorities. During this period, growth in the authority’s locally raised business rates (and so income) can be retained above its Baseline Funding Level.

5.14. The Government view is that the system requires resetting in order to ensure that the distribution of resource remains aligned with need.

Table	2020-21	2021-22	2022-23	2023-24
MTFS - FORECAST	£000	£000	£000	£000
NNDR	3,966	4,323	3,400	3,362
Collection fund loss/Surplus	-15	615	-144	-144
Total	3,951	4,938	3,256	3,218

5.15. There is a significant surplus in 2021/22, this is because the appeals provision has been reduced by £1.8m, to better reflect the risk faced. Note, this decision was taken in 2019/20 for the pilot year, prior to the Covid Pandemic, but Collection Fund accounting requirements, mean the impact of any deficits or surpluses are not accounted for until the next financial year. There is a risk that Covid may lead to an increase in appeals, if business in severely difficulty argue there has been a fundamental change in circumstances. This risk has not been included in the MTFS and there is insufficient evidence to know if it will occur.

5.16. The Government have allowed the deficit in 2020/21 to be spread three years, so the forecast deficits are actually the spreading to the deficit generated in that year, but spread over three years. This was to help with Covid pressures.

5.17. It has been assumed that the baseline, before growth, for HBBC that can retained will not be reduced, but keep pace with inflation over the MTFS. This may be incorrect, our advisors have noted an alternative which is roughly a 10% reduction in the reset year. If this were the case, there would be a loss of approximately £0.53m cumulatively over the life of the MTFS.

5.18. The accounting requirements create a delay in dealing with Collection Fund deficits until the next financial year, but also produces an issue to be dealt with in the 2021/22 year. This is due to the methodology chosen by Central Government to provide Cash flow in 2020/21 to cover mandated retail reliefs to retail of £9.4m. As we had to give the retail relief to businesses and did not collect the business rates, this generated a deficit on the Collection Fund in 2020/21 to be recognised to 2021/22. HBBC Share being £3.8m. However, to keep cash flow the same Central Government gave the Council funding under Section 31, which goes into the General fund in 2020/21. This funding needs to be placed into a reserve of £3.8m in 2020/21 to offset the deficit created in the Collection Fund in 2021/22.

Business Rates Appeals

- 5.19. Business rates have been subject to a new rateable value listing as from the beginning of 2017/18, was expected to lead to a significant increase in appeals. It had been expected that appeals would be as high as £3m by the end of 2019/20 but as at the end of 2019/20 there had been very few actual appeals. Therefore the decision was taken at the beginning of 2020/21 to reduce the appeals provision from the levels noted below to £1.25m, releasing £1.8m to the collection fund, which led to a surplus being generated which will be recognised in 2021/22 to Collection Fund accounting rules.
- 5.20. Enterprise Zone and business rates
- 5.21. In addition to “standard” business rates collected, the creation of the Enterprise Zone (EZ) at MIRA Technology Park will also generate significant increases in business rates. In order to stimulate such growth, these uplifts are not subject to business rate retention rules. This currently means that 100% of the growth from the EZ is retained locally. Following a decision by Council in September 2020 following negotiations with the local LEP, provision of new income is included in the MTFS for a 12% share of the forecast growth. However, only 75% of this forecast has been included for now, as prior forecasts provided have tended to be overly optimistic Any agreement will seek to avoid being prejudicial to the Council's position.

MIRA agreement	2021-22	2022-23	2023-24
Forecast by MIRA*	82,575	176,742	288,631
difference	-20,644	-44,185	-72,158
75%	61,931	132,557	216,473

- 5.22. In order to be prudent, this income of £136,987 has not been included in this version of the MTFS. If delivered in full, the pressure on the pressure on the MTFS will be reduced.

New Homes Bonus

- 5.23. The MTFS in February 2019 included an assumption that NHB would continue on a four years basis for payments, since then that has proved to be incorrect. The financial settlement and information provided to HBBC by Central Government now clearly demonstrates that NHB is to be phased out. However Government are consulting on a potential replacement to this fund.

The Table below gives the impact of this decision on the Council in terms of lost funding of over £2.2m from 2019/20 to 2023/24.

Table NHB	2019/20	2020/21	2021/22	2022/23	2023/24
Amount of Award	2,271,759	1,642,296	892,004	280,927	0

- 5.24. Whilst there is consultation on the replacement of NHB, there is no detail. Any replacement is not expected to be on the same scale. Due to the lack of information available no estimate of a replacement has been possible so none has been included in this MTFs. However, this does relate to the assumption on the Lower Tier Support grant continuing. If there is a replacement for NHB, that is likely to reduce the level of that grant, as the grant is only needed to protect core spending including the level of NHB given in 2021/22 and 2022/23. If the NHB, or its replacement, was continuing that grant would be lower by any award given. The NHB replacement element would not be in addition to that grant.

Council Tax

- 5.25. The decision to increase council tax by £5 has been covered in section 4 above. The amount of Council Tax income collected is also based on the assumptions in relation to the calculation of the number of band D equivalents taking into account the risk of non-collection. This gave a tax base of 38.720, compared to the figure for 2020/21 of 38,992. This is a reduction in the Band D tax base and means the expected Council Tax is forecast to be lower. This reflects the need to consider the impact of Covid on collection. A factor of 1.2% was used for non-collection, up from 0.4% last year, but our actual collection was 98.45 for 2019/20 and with a year-end target of 98.1% for 2020/21. Therefore 1.2% is still optimistic for a non-collection factor. There is a risk, due to the impact on the economy of Covid that non-collection may be higher than the 1.2%. A plus or minus 0,5% difference to the non-collection factor would alter the tax forecast collected by £23,600 for 2021/22, and about £90,000 for the life of the MTFs.

6 Key areas of other income and Expenditure

The Crematorium

- 6.1. The expectation for the crematorium have been increased, with the number of cremations a year now starting at 900 as opposed to 800, and the fee per cremation being £875 to begin with, and not £800. These are reasonable levels to expect compared to other local Crematoriums (see table below,

source: “The Cremation Society”). These changed assumptions increase the income from the crematorium by £338,000 over the life of the MTFS.

Table Cremations and fee	Number of Cremations	Fee 2019
Countesthorpe (South Leicester)	1,367	£950
Great Glen	1,023	£915
Leicester (Gilroes)	1,785	£870
Loughborough	1,558	£1,035
Nuneaton	2,098	£1,070

- 6.2. Due to the implications of VAT on the build costs, our Tax advisors have confirmed that the most efficient manner to run the Crematorium, from a tax perspective, is to have it managed via a wholly owned company. This however does mean that the effects of corporation tax also need to be considered. The model needs to be redeveloped for running via a wholly owned company which will need further tax planning. If this is done correctly within the requirements of HMRC, it might be possible to reduce the corporation tax charge. This is being reviewed, and if delivered, has added a further cumulative income gain of £245,000. If it is not possible to do this, then the income will not accrue to the MTFS as forecast.
- 6.3. It is now expected that the Crematorium will be fully operational from the end of January 2022, at 900 cremations a year. If the crematorium operates at the higher range of 1200 cremation services a year, this would contribute a further £437,000 to the cumulative income of the MTFS (see the table below), which can be used to cover service delivery costs. Note, there was income of £80,000 budgeted for in 2020/21 financial year, but this was not achieved as the project will now become operational in January 2022. This means a budget loss occurs in 2021/22 of £21,560.

Table	2021/22	2022/23	2023/24
Crematorium net income	57,963	378,290	410,443
If operating at 1200 cremations	75,739	513,888	694,589
increase	17,776	135,598	284,146

The Crescent (Block C) and other Rental

- 6.4. Covid has had some impact on the rentals expected, the revised forecast for Block C in the Crescent is noted in the Table below. The fall in 2021/22 is due to agreements made with tenants that are under financial duress due to

Covid. The good news is that negotiations are in place to let the let units, and all units are now expected to be fully let by 2022/23.

Table The Crescent	2020/21 Budget	2021/22 MTFS forecast	2022/23 MTFS forecast	2023/24 MTFS forecast
Block C Rents	331,143	268,737	382,344	395,408
Prior Assumption	331,143	341,560	363,643	363,643
Difference	0	-72,823	18,701	31,765

- 6.5. The table below gives the position of other rentals, and included industrial units, the Atkins building, the Hub and some other smaller properties. The economic outlook as meant expectation on gaining inflationary rental increase have been lowered.

Table	2020/21 Budget	2021/22 MTFS forecast	2022/23 MTFS forecast	2023/24 MTFS forecast
Industrial units	744,700	727,900	739,870	746,035
Other	504,510	508,365	514,626	476,802
Total	1,249,210	1,236,265	1,254,496	1,222,837
Prior Assumption	1,249,210	1,250,961	1,274,551	1,298,602
Difference	0	-14,696	-20,055	-75,765

- 6.6. Note the tables above are based on budget, the actual combined Reduction in rental and service charge income in 2020/21 comes to £84,818. Mainly due to the impact of Covid on tenants.

The Leisure Centre

- 6.7. The Leisure Centre has had a challenging year for 2020/21. The Total combined Loss of management fee and combined support payments is expected to come to just a little less than £1.4m for 2020/21. Unfortunately the January 2021 lockdown has prevented the expected return to normal contractual transactions. The Loss of Management fee was £0.977m, with final expected support payments of £0.4m.
- 6.8. However, due to the Government's compensation of lost management fee at 75% of lost fee (£0.7m), Sport England funding (£0.2m) and allocations for the general Government Tranche Funding given by Government, we have been able to cover this loss in 2020/21.

- 6.9. This makes forecasting more problematic as we currently know that Central Government have announced continued support for the first quarter of 2021/22 for Covid pressure, this is for fee compensation and support to councils. The Council is still in discussion with PfP who manage and run the Leisure Centre. The position is problematic as the return to normality depends on the success of Governments response to the pandemic and the level of lockdown controls in place. Therefore it has been assumed the management fee will be being paid for 2021/22.
- 6.10. There is a risk to this assumption, but as Central Government have confirmed support for at least the first quarter, it is felt that the income loss should be covered as in 2020/21. The minimum expected is 75% of lost fees after the first 5%. If support is still required in the first quarter of 2021/22 to the end of June, then there is a potential risk to the Council of £55k of lost income and continuing support payments, which are difficult to predict, but based on June-August 2020 could be about £80,000. If Government do not offer general support grants to councils as they did in 2020/21, this would be a loss to HBBC.

	2021/22	2022/23	2023/24
Management Fee	£920,859*	£984,144	£1,009,441

*From PfP or a combination of PfP and Govt support

Payroll Pressure

- 6.11. The assumption has been that there will be pay freeze in 2021/22, then pay will increase by 2% as an average inflation increase year on year. 2020/21 saw a 2.75% increase. There are also spinal point increases that are contractually due, and in the pay freeze year salaries at the lower levels, below £24,000 will still get a £250 increase. The table below indicates pay pressures of £0.72m on the general fund and ££1.2m on the HRA over the MTFS period.

	2020-21	2021-22	2022-23	2023-24
	Pay Freeze			
	£000	£000	£000	£000
Capital	0.20	0.21	0.23	0.23
General	10.91	11.09	11.32	11.63
HRA	1.88	1.87	1.94	2.00
Total	12.99	13.17	13.49	13.86

Inflation on contracts and on income from fees

6.12. The assumptions used for general increases in fees and charges is based on inflation of 1% on the 2020/21 year, then 2% thereafter as an average for the life of the MTFs. This is a general assumption, actual charge will be based on the fees and charges report and the requirements of each contract, which tends to average out at the inflation rate by year. The table below gives the net impact. Note, due to the net impact of this assumption on both costs and fees, a 1% change in the assumption either way makes a difference of less than £15,000, which is immaterial to the overall MTFs projection.

	20/21	21/22	22/23	23/24
Contract costs	126,382	128,910	131,488	134,118
Fees and charges income	-79,381	-80,175	-78,600	-79,380
Total	47,001	48,735	52,888	54,738

General Pressures and savings included in the 2021/22 budget

6.13. The tables below gives the list of all the pressures and savings included in the MTFs that are over £50,000, more detail is given in the separate General Fund Budget Report for 2021/22.

Table	Pressures	Income/ Savings	Net	Description
	£	£	£	
Local Plan	0	-96,000	-96,000	Re-profile Local Plan - inspection moved back 1 year (funded from earmarked reserves)
Waste Management *	0	-177,000	-177,000	Increase in garden Waste Fees to £30
Estates Management	62,406	0	62,406	Loss of rental from Block C
Director Led Savings*	0	-375,000	-375,000	Various
Corporate Support*	101,410	0	101,410	LCC Pension Lump Sum Cost
Other: less than £50,000	6,800	-179,465	-172,665	Other savings and pressures individually less than £50,000
Sub-total	170,616	-827,465	-656,849	

Other pressures and savings 2021/22	Costs	Savings	Net	Description
Statutory Accounting Adjustments*	240,000		240,000	Pensions (reversed below line so no impact of balances)
Inflationary increases*	131,000	-81,931	49,069	Contractual inflation/ Inflationary increases in income
Pay cost*	180,750		180,750	£82k Additional inflationary increase of 0.75% in 2021 reflected in 2021/22 base and £68k for £250 increases for staff in lower bandings, £30k for climate change post funded from reserve.
Crematorium	21,560		21,560	Impact of Crematorium delay.
Leisure Centre Management Fee*	14,950		14,950	Annual change in management fee, not related to Covid impact.
MRP*	20,720		20,720	Revenue cost of Capital financing via borrowing.
Interest	131,110	-90,800	40,310	Increase in interest cost based on latest investment and borrowing rates. Investment rates have fallen from around 0.8% to 0.15%. This is offset by additional estimated income from additional lending to the enterprise zone.
Sub-total	740,090	-172,731	567,359	
Total	910,706	-1,000,196	-89,490	Overall net savings

* these items are recurring in the base budget going forward.

6.14. The Table below give the overall pressure in the MTFs for the next three years. This table clearly indicates that it is the loss of NHB and the loss of Business rates that is the main cause of pressure leading to the need for savings in 2023/24.

Description	2021/22	2022/23	2023/24
Collection Fund Adjustment	3,826,520	-3,826,520	
Pay cost increases (all elements, NI, Pensions and increments)	291,280	300,884	318,375
IAS 19 pension adjustments	239,620		
Interest	131,110	-30,000	-25,000
Inflationary increases	128,910	131,488	134,118
LCC Pension Lump Sum	101,410	106,160	122,876
Block C Rentals/Service charges	62,406	-113,607	-13,064
Crem increase	32,580	-259,464	-26,044
Capital Financing (MRP increase)	20,720	-5,820	60
Leisure Centre income	14,950	-63,285	-25,297
Rentals on industrial units/Atkins	6,800	-10,636	31,659
ICT costs	0	0	0
Crematorium	0	0	0
Strategic Growth plan	-2,550		
Finance savings	-4,000	-25,000	
Extra EZ income	-8,009	-70,625	-83,917
Bulky waste fee increase	-18,000		
Renewable energy	-47,308	-1,866	-1,903
Inflationary increases Fees and Charges	-80,175	-78,600	-79,380
Local Plan	-96,208	-24,792	0
Other small movements (less than or =£10k)	-99,905		
Increase Garden waste to £30:	-177,000		
Freeze pay 2021/22	-110,530	-70,981	-9,438
Crematorium (Structure to reduce Corp Tax)	-11,013	-60,862	-6,109
EZ loan 2.5% interest	-90,800	4,258	4,475
Savings - Director led	-375,019	-72,726	
	-90,732	-345,475	341,409

7. Changes to reserves

7.1. The key change underlying the reserves that support the MTFS is the increase in pressure that has been placed on the finances of the Council over the MTFS period, further detail is given in the tables below. These pressures are set out above, and are mainly to do with the need to prepare for the change to NHB and Business rates funding. The largest new reserve is for £3.8m, which is a technical reserve to manage the collection fund issues noted in paragraph 5.14 above. Other new reserves are the:

- Financial resilience reserve to support the general fund prior to savings being needed in 2023/24 of £0.96m,
- Crematorium Reserve, to fund some of the capital costs of the crematorium, and

7.2. These new reserves will need approval by members to ensure the MTFS can be delivered as planned. A table of the Reserves is noted in Appendix 2.

Reserve	Transfer to 2020/21 £	Transfer to 2021/22 £	Transfer to 2022/23 £	Use
Special Expenses Reserve	-110,000	-110,000		Set aside to fund future Heritage Action Zone capital costs
Local Plan Procedure	-269,000	-50,000		Set aside to fund future costs
Maintenance Fund - Green Towers		-5,000		Set aside to fund future maintenance costs
Elections		-25,000	-25,000	Set aside to fund future costs
New Reserves				
S31 Collection Fund Reserve *	-3,826,520			Set aside of Central Govt funding for future collection fund deficits
Financial Support Reserve	-500,000	-580,000		To ensure general fund performance is maintained until savings are delivered in 2023/24
Crematorium Reserve	-1,500,000			To fund capital costs
Total	-5,826,520	-580,000	-25,000	

Reserve	Transfer from 2020/21 £	Transfer from 2021/22 £	Transfer from 2022/23 £	Use
Special Expenses Reserve	32,000	32,000	30,000	Set aside to fund future Heritage Action Zone capital costs
Local Plan Procedure	161,000	75,000	266,000	Set aside to fund future costs
Business Rates Equalisation Reserve	1,312,000		231,700	To set up crematorium reserve (20/21)/ To offset Collection Fund losses
New Reserves				
S31 Collection Fund Reserve *		3,827,000		Set aside Central Govt funding for future collection fund deficits
Financial Support Reserve		510,000	480,000	To ensure general fund performance is maintained until savings are delivered in 2023/24
Crematorium Reserve	500,000	1,000,000		To assist with costs of restructuring services in in 2023/24
Total	2,005,000	5,444,000	1,776,000	

7.3. The Table below gives the earmarked reserve balances overall movements in reserves over the MTFs period, and can be maintained at these levels if the savings needed in 2023/24 are delivered as required.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Earmarked Reserves	6,941	6,275	5,360	4,856
General Fund Balance (Exc SEA)	1,538	1,643	1,364	1,327
Total	8,479	7,918	6,723	6,182
As a % of 2020/21	100%	93%	79%	73%

8. Covid

8.1 The ongoing impact of the Covid Pandemic post 2020/21 is difficult to assess. The table below give the impact for the 2020/21 year, which demonstrates that due to government funding, the impact has been neutral. Therefore it is assumed, based on the information in the financial settlement that ongoing support will continue for at least the first quarter that any impact on 2021/22 will be neutral as well.

Service	Description	£000 Pressure (Saving)
	Coronavirus Related	
Homelessness	Bed & Breakfast including rough sleepers accommodation	150
Leisure Services	Leisure Centre management fees	936
Leisure Services	Additional contract support	508
Coronavirus Funding	Fees and Charges income Support compensation	-880
Coronavirus Funding	Additional Funding to support Covid on Services	-1,631
Corp Services	Loss of Legal Fess income from recovery of Council Tax losses	100
Corp Services	Additional PPE and Coronavirus Support (e.g. food parcels, marshals and other compliance costs)	80
Corp Services	Additional Audit costs re Coronavirus grant payment process and increase in bad debt provision	75
Parks	General fund Budget impact of delay in Crematorium build	80
Waste Management	Additional Agency to cover sickness, loss of income for trade waste, additional vehicle hire costs	98
Car Parks	Shortfall in Income	261
Waste Management	2 months garden waste income	130
	Other Coronavirus Loss across services less than £50k	115
	Next impact of Coronavirus	22
	Non Coronavirus	

8.2 Additional Movements in the year:

- Apart from the movements reported above an additional £250,000 is expected from Scale of Fees and Charges compensation and £210,000 in Leisure support for additional impact resulting from Covid-19.
 - It has been assumed that additional Covid 19 support grants which are required to be paid out on behalf of central government will either be paid or any balances set aside to be returned back in accordance with legislative requirements. The table below summarises the allocations as at 5th January 2020.
 - In late January, additional Covid Containment Funding of £192,000 has been received via the County Council. Proposals to commit £183,000 are already in place. Expenditure will cover a Housing Options Covid officer (£35,000), Housing Options Prevention (£15,000), Food support (£15,000), VCS Covid Support (£40,000), Health Promotion (£35,000), and other Covid related activity items of less than £15,000
- 8.3 There is a risk to this assumption should Government support be curtailed from the level provided in 2020/21.

9 Risk analysis

- 9.1. An MTFS is based on a set of key assumptions, these cover costs and income projections and what they are based on. The key ones have been noted in the report, the main ones are reviewed below:
- The Fair Funding review and business rates reset will impact on the 2022/23 year leading to the need to make savings in 2023/24 of £960,000 which are yet to be scoped and finalised, but there is time and financial reliance in the short term before then to develop such plans. If this assumption is altered, for example if Central Government delay the reforms for another year, which they have done twice already, then with the actions taken in 2021/22 there would be no need for savings to be made in 2023/24. Therefore this is a key assumption. However, advisers feel that the fair funding review is highly likely to take place next year.
 - The Lower Tier Grant, or equivalent, will be continued as a method for supporting lower tier councils for the duration of the MTFS. It will lead to a loss of £1.4m of income and will need saving of £600,000 in 2022/23 and £1,000,000 in 2023/24.
 - NHB will not be replaced with a scheme as generous as that provided in 2020/21. If the new schemes is as generous it would remove the need for savings in 2023/24 as long as the same actions are taken in 2021/22, with a general fund surplus in 2023/24 of around £0.4m.
 - There will be no recurring budget supplementary budget agreed over the MTFS period, if this is not possible it will increase the savings required in 2023/24 by the level of supplementary budget requests.

- The Crematorium will deliver 900 cremations a year in full from its first day of operation, if it were 100 less, then there would be a loss, in total, of £0.3m, but if a 100 more, then a gain of £0.3m.
- If pay was to increase at 1% after the pay freeze year and not 2%, the saving would potentially be about £0.3m-£0.4m.

9.2 The most uncertain risk in the list above are the ones that relate to the fair funding review impact, and the lower tier grant continuing on the same basis as 2020/21.

10. Other Factors

10.1. In addition to those risks relating to financing detailed above, this MTFS highlights a number of other key factors that will impact on the financial position of this Council over the next five financial years. These include, but are not limited to:

Capital Programme - The council's capital investment plans are outlined annually in the Capital Programme (the "Programme") which is approved at the same time as the revenue budget.

10.2. Although capital expenditure is clearly separated from revenue spend within the council's budget, the use of capital resources has an impact on revenue in the following ways:-

10.3. The use of capital resources will result in a corresponding reduction in investment income.

10.4. Any borrowing will incur interest payments and minimum revenue provision which is charged as a "cost" to the Council's revenue budget

10.5. The creation of new assets will require running costs that will have to be funded from revenue sources.

Local external pressures

10.6. Leicestershire County Council (LCC) are looking for savings and renegotiating many agreements. LCC are discussing their rental agreement in the Hinckley Hub. The position is not far enough advanced in those discussions to confirm the impact, but any loss of rental income will lead to further savings being needed in 2023/24

10.7. LCC have withdrawn funding from all Leicestershire billing authorities (i.e. the seven district councils) to support the administration of the Localisation of

Council Tax Support schemes (LCTS) and to the Discretionary Discount Funds administered by the billing authorities. The district council will try to continue this funding, but the amount may vary in future years. Central Government have given additional allocations to Councils in Leicestershire for 2021/22 of £4.9m. HBBC share being £80,760.

Income Levels

- 10.8. A significant proportion of council expenditure is financed from income from fees and charges. A number of these income streams are extremely volatile and depend on external factors such as take up, demand and local economic conditions. The most significant and sensitive changes in income levels include:
- 10.9. Planning fees - Whilst the council has seen a large increase in planning fees in the last two to three financial years, this income stream is highly dependent on both the housing and commercial market and therefore large “windfalls” often occur in times of prosperity. In addition to income received for planning fees, the council has seen significant costs for appeals against decisions taken by Planning Committee. In order to prudently budget for future costs, scenarios for appeal costs have also been considered in this Strategy.
- 10.10. Car Parking - Going forwards, the level of income received from parking will be affected by the continued development of the town centre and new capital developments, therefore is variable based on those factors. This MTFS includes no increases in car parking.
- 10.11. Refuse and Recycling Income - The council continues to charge for a number of refuse and recycling services such as trade waste and bulky waste.
- 10.12. Garden waste charges continue to be a significant contribution, this MTFS assumes a £6 increase in 2021/22 only, but all fees and charges are reviewed annually.
- 10.13. Rental Income - In addition to the council’s current portfolio of industrial units, the MTFS considers the income currently known as due from Block C within the town centre development.

In addition to this, the following general assumptions will be used for all forecasts:

- 5% vacancy factor each year delivering and efficiency saving of £0.6m for 2018/19.
- 0.5% base rate for 2021/22
- Retail Price Index of 1% for 2021/22 and 3% for the life of the MTFs.

Appendix 1- Detailed MTFS movements

FINANCIAL FORECAST 2020/21 to 2023/24	2020/21	2021/22	2022/23	2023/24
	LA	Forecast	Forecast	Forecast
	£	£	£	£
Net Service Expenditure	11,082,610	12,069,472	15,805,260	11,579,042
Budget movements	0	0	0	0
Net growths/Savings	0	0	0	0
Budget changes (net)	716,862	-90,732	-399,698	341,409
Variiances forecast	-460,000	0	0	0
Supplementary/Reversals of one off supplementary budgets	601,454	0	0	0
Collection Fund Adjustment	-3,826,520	3,826,520	-3,826,520	0
Savings needed	0	0	0	-965,000
NET Borough Budget Requirement	8,114,406	15,805,260	11,579,042	10,955,451
Pension adjustments	-1,346,350	-1,585,970	-1,585,970	-1,585,970
Contribution to Reserves	6,280,520	660,000	1,175,990	30,000
Contribution from Reserves	-2,592,560	-4,107,432	-1,830,208	-530,000
Transfer from unapplied grants	-260,581	0	0	0
Contribution to/(from) Balances	-98,916	105,047	-279,586	-36,329
NET BUDGET/FORECAST EXPENDITURE	10,096,520	10,876,906	9,059,268	8,833,152
Performance against target	15.23%	15.11%	15.05%	15.02%
Council Tax charge	£115.50	£120.50	£122.78	£125.12

See table at paragraph 6.14 for further information

Appendix 1 (continued)

	2020/21	2021/22	2022/23	2023/24
	Forecast	Forecast	Forecast	Forecast
SPECIAL EXPENSES	£	£	£	£
NET BUDGET/FORECAST EXPENDITURE- Special Expenses	755,356	749,999	771,072	792,803
Special Expenses Council Tax	£19.37	£19.37	£19.74	£20.11

Council Wide Council	2020/21	2021/22	2022/23	2023/24
	Forecast	Forecast	Forecast	Forecast
	£	£	£	£
Total Net Budget Requirement	10,851,812	11,626,842	9,830,340	9,625,956
Taxbase	38,996.20	38,719.61	39,068.57	39,420.68
Council Wide Council Tax	£134.86	£139.86	£142.52	£145.23
Percentage Increase	2.10%	3.71%	1.90%	1.90%

Appendix 2- Reserves(y/e balances)

	Closing Balance 31 March 2021	Closing Balance 31 March 2022	Closing Balance 31 March 2023	Closing Balance 31 March 2024
Special Expenses Reserve	(224,970)	(250,470)	(151,770)	(91,770)
Local Plan Procedure	(568,612)	(543,820)	(277,820)	(253,820)
Business Rates Equalisation Reserve	(2,311,293)	(2,311,293)	(2,079,593)	(2,079,593)
Financial support reserve	(500,000)	(1,080,000)	(570,000)	(90,000)
Collection Fund Adjustment reserve	(3,826,520)	0	0	0
Maint Fund - Green Towers	(40,000)	(45,000)	(50,000)	(55,000)
Pensions Contribution	0	0	0	0
ICT Reserve	(168,087)	(59,750)	(0)	15,000
Waste Management Reserve	(225,260)	(130,260)	(252,000)	(237,000)
Asset Management Reserve	(400,000)	(400,000)	(400,000)	(400,000)
Planning Delivery Grant Reserve	(17,783)	0	0	0
Election Reserve	(5)	(25,005)	(50,005)	(75,005)
Grounds Maintenance	(30,000)	(30,000)	(30,000)	(30,000)
Enforcement and Planning Appeals*	(230,000)	(230,000)	(230,000)	(230,000)
Building Maintenance costs	(588,120)	(588,120)	(588,120)	(588,120)
Hinckley Community Development Fund	(350,000)	(350,000)	(350,000)	(350,000)
Developing Communities Fund	(421,995)	(421,995)	(421,995)	(421,995)
Environmental Action Reserve	(90,000)	(60,000)	(60,000)	(60,000)
Crematorium Reserve	(1,000,000)	0	0	0
Total	(10,992,645)	(6,525,713)	(5,511,303)	(4,947,303)
	224,970	250,470	151,770	91,770
Net of Special Expenses	(10,767,675)	(6,275,243)	(5,359,533)	(4,855,533)

Likely to be used in 2021/22 depending on outcomes of appeals

Appendix 3 - Strategic Financial Objectives

- The Council should allocate resources to services in line with the Corporate Aims and Ambitions
- Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework
- The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds
- To review the scale of fees and charges at least annually
- To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise
- Capital expenditure is properly appraised
- When funding the Capital Programme, all funding options are considered
- To review levels and purpose of Reserves and Balances
- To maintain sustainable Council Tax increases
- To increase efficiency savings and generate funding through shared services and collaborative working