Committee Ref:

EX/01(A)/21

Luton

Notice of Meeting

Committee	:	Executive
Date	:	Wednesday, 20 January 2021
Time	:	18:00
Place	:	Virtual meeting via*Skype .
Councillors	:	Simmons (Chair) Burnett Castleman J. Hussain M. Hussain A. Khan Malcolm K. Malik Shaw Timoney
Quorum	:	3 Members

Contact Officer: Angela Fraser (01582 546070)

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Skype Meeting Link

INFORMATION FOR THE PUBLIC

PURPOSE: The Executive is the Council's primary decision-making body dealing with a range of functions across the Council's activities and services.

***SKYPE:** During the Covid 19 emergency period, this meeting will take place virtually, via Skype. To access the meeting, please click on the link to the meeting above**.**

AGENDA

Agenda Item	*Subject*	*Page No.*

1. Apologies for Absence

2. Published record of the meeting

Decision Sheet

None this time.

Section 106, Local Government Finance Act 1992

Those item(s) on the Agenda affected by Section 106 of the Local Government Finance Act 1992 will be identified at the meeting. Any Members so affected is reminded that (s)he should disclose the fact and refrain from voting on those item(s).

Disclosures of Interests

Members are reminded that they must disclose both the existence and nature of any disclosable pecuniary interest and any personal interest that they have in any matter to be considered at the meeting unless the interest is a sensitive interest in which event they need not disclose the nature of the interest.

A member with a disclosable pecuniary interest must not further participate in any discussion of, vote on, or take any executive steps in relation to the item of business.

A member with a personal interest, which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest, must similarly not participate in any discussion of, vote on, or take any executive steps in relation to the item of business.

Disclosable pecuniary interests and Personal Interests are defined in the Council's Code of Conduct for Members and Co-opted members.

3. Business not covered by current forward plan: General Exception

The Executive Leader to report on any business which it is proposed should be considered by the Executive following compliance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

4. Business not covered by current forward plan: Special Urgency

The Executive Leader to report on any business which it is proposed should be considered following compliance with Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

5. References from committees and other bodies

6. Recommendations from Scrutiny Reviews

7. Petitions

Business items

Inclusive Growth (Finance and Revenues & Benefits)

8.	**Draft Budget Report 2021-22** (Report of the Service Director, Finance Revenues and Benefits)	**1 - 197**
9.	**Treasury Management Strategy 2021-22** (Report of the Service Director, Finance, Revenue and Benefits)	**198 - 235**
10.	**Proposed Scale of Charges 2021-22** (Report Service Director, Finance, Revenues and Benefits)	**236 - 329**

Population Wellbeing (Housing, Waste & Climate Change)

11.	**HRA Budget Report 2021-22** (Report of the Interim Service Director, Housing)	**330 - 342**

12. Regulation 4 of the Local Authorities (Executive Arrangements (Meetings & Access to Information)(England) Regulations 2012

To consider whether to pass a resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public from the meeting during consideration of the item(s) listed below as it is likely, that if members of the public were present during the transaction of the item(s), exempt information within the meaning of the Paragraph(s) of Part 1 of Schedule 12A to the Local Government Act 1972 indicated next to the item, would be disclosed to them.

Executive Leader

13. **Private - Budget 2021-22 LLAL Framework for Funding and Financing of Stabilisation and Recovery Plan**

- Paragraph (3) - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Note: Rescheduled Items

Note: Five days' notice is hereby given of items to be considered in private as required by Regulations (4) and (5) of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

Details of any representations received by the Executive about why any of the above exempt decisions should be considered in public: none at the time of publication of the agenda. If representations are received they will be published separately, together with the statement given in response.

Luton

Report For:	**Executive**	**Item No:**
Date:	**20 January 2021**	**8**
Report Of:	**Service Director – Finance, Revenues and Benefits**	
Report Author:	**Dev Gopal**	

Subject:	**Budget & Capital Programme 2021/22 & MTFP**	
Lead Executive Member(s):	Cllr Malcolm	
Wards Affected:	All	
Consultations:	Councillors	☒
	Scrutiny	☒
	Stakeholders	☐
	Others	☐

Recommendations

1 The Executive is recommended to:

I) Approve the 2021/22 revenue estimates of net expenditure including movements in reserves, as set out in the budget papers (known as the 'green book') circulated, and in this report, for submission to budget council.

II) Consider the items put forward for inclusion in the draft capital programme (set out in the blue pages of the budget papers) and the potential funds available (appendix h), and approve the items and amounts to be included in the capital programme for 2021-2026 for submission to budget council, on the basis that all new schemes require executive approval (on the basis of a full detailed business case and business plan) before they can proceed.

III) Approve the Framework for funding and financing the LLAL stabilisation and recovery plan subject to Executive approving item 13 on the agenda EX/01A/21.

IV) Approve the list of savings proposals (budget papers white pages 33-37) for submission to budget council, and approve the service changes necessary to give effect to those savings subject to appropriate consultation taking place and being properly considered.

V) Approve the list of spend pressures and budget growth (budget papers white pages 31 and 32) for submission to budget Council, and approve the service changes necessary to give effect to those growth proposals.

VI) Approve a 2021/22 band D council tax precept for Luton Borough Council of £1,433.91 for submission to budget council.

VII) Recommend the revenue budget approval to council in the format prescribed by the Local Government Finance act 1992, subject to the confirmation of the fire and police precepts, noting that the Revenue budget recommendation will need to be accompanied by a report from the Service Director Finance & Audit on the 'robustness' of the budget proposal, accompanied by a Statement on Reserves and Provisions, in accordance with the requirements of section 25 of the Local Government act 2003.

VIII) Approve the funding formula for primary and secondary schools, plus the centrally retained and early years allocations of the 2021/22 central Dedicated Schools Grant, as proposed by the schools forum and set out in paragraph 145 appendices J & K.

IX) Approve the Medium Term Financial Plan set out in appendix A which shows that the base budget level of savings required over the next two years amounts to £7m.

X) Approve the Budget Risk Management Strategy set out in appendix B.

XI) Approve the development of the Financial Strategy as set out in appendix C.

XII) Approve the protocol for the Management, Control and Use of Reserves set out in appendix G.

XIII) Approve the future release of the contingency provision in appendix B by the Chief Executive in consultation with the Leader of the Council.

Executive Summary

2 The financial implications of the Covid-19 epidemic have had a huge impact on Local Government finance in general, and the financial position of Luton Borough Council in particular. This will continue to be the case in 2021/22 and in the medium term, due to the importance of London Luton Airport Limited (LLAL) to the Council's finances, and the impact of the Covid-19 epidemic on the aviation industry. Nationally, the impact of the focus on Covid-19 issues has meant that the government has had to postpone the development of long-term financial planning for local government for another year, and the Spending Review announced in November is for one year only. It is still thought that the Government aims to move to a 75% business rate retention scheme in future years. This also presents the council with a major strategic challenge in the medium term, as it needs to become financially self-supporting, and the increase in business rates retention is expected to replace Revenue Support Grant and other grants such as Public Health Grant, plus potentially cover additional responsibilities.

3 For 2021/22 one of the key uncertainties is whether any further extension of the local or national lockdowns will be necessary and for how long, and the extent to which Government will provide additional support if that happens. The Government have announced some support in relation to losses in excess of 5% of Councils' income budgets for the first quarter of 21/22, some reimbursement of ultimately irrecoverable Council Tax and Business Rates, and a continuation of the Covid relative needs formula, but on the assumption that needs will reduce. The budget is based on the Council receiving no dividend from LLAL in 2021/22, as was the 2020/21 emergency budget (the 19/20 budgeted dividend figure was £16m and the final dividend declared by LLAL was £19.125m). The impact of Covid-19 on LLAL and the reduction in revenue from LLAL is the major budget risk facing the Council, and this is highlighted elsewhere in this report. The emergency budget report confirmed substantial additional funding and staffing to enable the Children and Families service to implement its Ofsted improvement plan, and this is continued in 2021/22.

4 The 2020/21 and 21/22 savings have been risk assessed based on progress to date, and the 2021/22 budget includes an allowance of £5.5 million to reflect the time lag in delivering

those savings and also potential risk of some non-achievement, with the full level of saving expected in future years. Reserves are of course one-off funds, and for the budget to be sustainable it is essential that there is no ongoing reliance on the use of reserves, so savings have been proposed to enable the 2021/22 budget to be balanced with use of reserves until such time the whole savings are delivered. Where savings from years prior to 2020/21 have not been achieved, those have been removed from the budget and replacement savings required from the services concerned. Those are listed separately from the savings proposed to meet the 2021/22 target to balance the budget.

5 In 2020/21 the Council applied to the Ministry of Housing, Communities and Local Government (MHCLG) for exceptional funding support to cover the loss of dividend from LLAL. It was clarified that capitalisation of the cost would be considered, but revenue support was not (this is consistent with the approach taken to other councils' recent requests). At the time of writing, the outcome is not known and discussion is still ongoing. As mentioned below LLAL is working on the next phase of the stabilisation plan, which will include the financial impact of Special Force Majeure. This is likely to have further financial implications for the Council and the support from MHCLG is a major part of the Council plan to address the financial pressures and sustainability of LLAL and its impact on the Council. This was mentioned as part of the Emergency budget in July 2020.

6 This budget should be seen in the context of the Council having had to make savings of £157 million since 2010, while facing severe demand-led spend pressures in services for the vulnerable, such as children's and adult social care services and homelessness. So far the Council has taken a sensible and measured approach by maximising the delivery of extensive efficiency savings and at the same time endeavouring to protect vital services and ensuring resources are allocated to Council's priorities.

7 Alongside this, our town-wide vision for Luton 2020-2040 – 'a place to thrive', was launched in October 2020. The vision sets an ambitious blueprint for the future of Luton to be a healthy, fair and sustainable town where everyone can thrive and no-one has to live in poverty. Our new Corporate Plan builds on the successes of Luton over the last few years and seeks to overcome the immediate challenges we face, to ensure a strong recovery from the COVID-19 pandemic and tackle poverty in Luton so that everyone can benefit from future growth in the town.

8 The vision had been brought forward following the impact of COVID-19. The pandemic has further highlighted the scale and significance of the challenge of poverty in Luton with the poorest in the town likely to be hit hardest by the health and economic impacts of the virus. The budget focuses on overcoming these impacts by protecting the most disadvantaged and securing a strong economic recovery.

9 This report sets out our budget priorities linked to the vision, corporate priorities and target outcomes as we lay the foundations for delivering on our long term ambitions by 2040. Over the next two to three years, the Council will prioritise work to secure a strong economic recovery and to protect our most disadvantaged residents from the worst impacts of the pandemic.

10 The 2021/22 budget is based on a proposed council tax increase in Luton's share of the tax of 1.99%, in line with the Government spending review announcement that there will be a 2% referendum limit. In addition the budget assumes a 3% adult social care precept, as allowed in the spending review and as assumed in government calculations of local authority spending power. If approved, these tax increases, totalling 4.99% in Luton's share of the tax, will help to minimise the level of reductions in key services and jobs that would otherwise be required. This is not an inconsequential rise and the Council has a Council Tax Support scheme which is a good scheme when compared with other statistical neighbours together with the hardship fund to provide some support to those in need.

11 The major changes in the proposed budget compared with the Emergency budget for 2020/21 are as follows.

- An increase of £0.52m in estimated Council Tax income, mainly due to the proposed 1.99% tax increase and additional yield (£1.447m), a reduction in collection rate and increase in in the number of people claiming Council Tax benefit Support (£1.446m) . The social care precept (3%) amounts to £2.257m. The is further explained in paragraph 44.

- Budget savings/income increases of £5.889m that impact on the General Fund net spend. These savings are expected to have only a limited impact on staff numbers (although some savings in the 2020 Emergency budget are currently impacting on staff) This should therefore mean the number of redundancies expected in 2021/22 will be very low and every effort will be made to redeploy any members of staff that are affected.
- Growth pressures set out in Appendix L total £6.12m. Of this, £2.507m relates to Adult and Children Social Care. £1.052m additional staff costs to support the improvement programme in Children Services in response to the Ofsted report. Demographic changes and Service level increases due to ongoing budget pressures and improvements amounts to £0.407m and will be met by savings initiatives in 2021/22 and over the medium term as described in the tracker (Appendix M).The remaining £2.154m is largely payroll related, with the impact of increments and the increase in the minimum wage totalling £0.489m, pension costs of £0.589m, contractual price inflation amounting to £0.630m, reduction in government grant £132K, unachieved savings and other changes £314K. The spend on Adult Social Care is met by increases in Social Care Precepts which includes a contingency for delivering the savings programme.

- Deficit in Collection Fund for Council Tax £1.575m and deficit for Business rates amounting to £1.814 m, principally due to the impact of Covid-19.
- Additional capital expenditure of £40.533m financed by external funding - £6.57m, capital receipts - £1.1m, revenue contributions - £5.1m and prudential borrowing of £27.7m.
- For 2021/22 the contingency level stands at £4.8m which reflects an increase of £2m to address any debts servicing and repayment of loan resulting from the potential capital directives to be agreed with MHCLG. It is worth noting that the premium generated from the additional loan requested by LLAL has been used to set this contingency which is cost neutral from the Council's revenue budget point of view.
- New Homes Bonus is used to finance the Revenue budget until the receipt of New Homes Bonus ends in 2022-23

Background

12 This document sets out the revenue and capital budget and the council tax for the 2021/22 financial year and the medium term financial plan.

13 The 2021/22 local government financial settlement will be for a single year, on the same basis as the 2020/21 settlement, with very limited opportunity for consultation as a result of Covid pressures.

14 Existing social care grants continue, including the 'Improving Better Care Fund' and the social care grant of 2020/21 has been incorporated into baseline funding. A new adult social care grant, nationally £300m (LBC's share £1.072M), has been announced. Half of this is stated to be additional funding compared with last year. Councils with social care functions are also allowed to add a new Adult social care precept of up to 3%, and, as stated above, the budget has been prepared including this precept (budgeted to raise £2.257m).

15 For English local government as a whole, core spending power is expected to increase by 4.5%, according to the Spending Review. This is based on the assumption that local authorities increase council tax, including the adult social care precept, by the maximum allowed. This is further explained in paragraph 35

16 The current financial system rewards those Councils who are able to increase their business rates income, and penalises those who are unable to do so. Business development is therefore one of the principal keys to the Council's future financial health and is encapsulated in the 2040 Inclusive Economy priorities.

17 In previous years it has been noted that the Council received a double-benefit from business development at London Luton Airport. In addition to any business rates increase there, its wholly-owned Airport Company, LLAL (the freehold owner of the land on which the airport operates) receives concession-fee income on a per passenger throughput basis. However, the contract between LLAL and the operator includes clauses relating to force majeure and special force majeure events. These events are those beyond the control of the contracting parties, and these can include epidemics or pandemics. Therefore, the concession-fee income to LLAL, and any subsequent dividends to the Council, are dependent on both passenger numbers at the airport and the interpretation of the operation of the force majeure contractual clauses within the contract that was signed in 1998. The implications of the pandemic on LLAL financial resilience and recovery is discussed as a separate report EX/01A/21 item no. 13 of the agenda papers. This is commercially sensitive and hence is classified as a Part II report. It should be noted that despite the pandemic and the lack of dividend payment the Council still benefited from net income from LLAL of £22.4m in 2021/22, supporting core service delivery

18 The growth in business rates linked with the airport and the Enterprise Zone is particularly important in the medium term as the scope for business development elsewhere in Luton is much more limited than in most Councils. This is because Luton is a very intensively-developed area already, and has a significant need for additional housing, with all the necessary infrastructure and cost associated with that, such as additional school provision and refuse collection.

19 At the heart of the vision for Luton is a single-unifying mission for everyone in Luton to work together to ensure that everyone can thrive and no-one has to live in poverty. The impact of poverty in Luton was highlighted by the Inclusive Growth Commission's report and our initial analysis shows that around one in three families in Luton were living below a decent standard of living at the beginning of 2020.The COVID-19 pandemic has further demonstrated the scale and significance of poverty in Luton as well as laying bare many of our most stark and interconnected challenges, including health inequalities, insecure work and the quality and affordability of housing.

20 Securing a strong economic recovery to protect jobs, incomes and businesses, as well as protecting our most disadvantaged residents is therefore an immediate priority once we overcome the COVID-19 pandemic. This will enable the Council to lay the foundations to deliver on its long-term ambition for the town by 2040.In order to keep future costs to a minimum, the Council also needs to ensure there is continued focus on the delivery of Luton 2040 with a particular focus on skills development, and on ensuring people stay safe and well, physically and mentally. Our priorities focus on addressing prevailing inequalities and wider issues that impact physical and mental wellbeing with the overall aim of achieving better and more equal life expectancy for residents across our town, which we will drive through the Health and Wellbeing Board.

21 The financial importance of skills development is because if additional jobs created in Luton do not go to Luton people, the costs of the Council Tax Support scheme (which now falls wholly on the Council), will increase, and people will find it harder to pay their Council Tax. The financial importance of physical and mental health is because the costs of care are by far the largest part of the Council's expenditure, and the more people who are able to live in safety within family or peer groupings, the greater the feeling of personal dignity and the lower the costs to the Council and Council Tax payers. This should also help to reduce the costs of homelessness and also improve the quality of life of people who are currently living in temporary accommodation.

22 To enable our residents to access high-value, well-paid jobs we will continue to work with partners through the Inclusive Economy Board to make Luton an attractive destination for employers and we will use our Employment and Skills Strategy to enable residents to access these jobs. We will also work with partners to encourage more local recruitment and to overcome barriers to employment facing residents.

23 Since Luton is relatively grant dependent, with a low Council Tax base (the average property in Luton is valued between bands A and B for Council Tax purposes, and Luton's Council Tax level is below the national average), the high levels of Revenue Support Grant reduction in the years prior to 2021/22 have had a very significant impact on the Council. This means that the Council needs to be prepared to make savings and increase its income on an ongoing basis, in order to achieve its long term vision of no one in Luton living in poverty, and its three-year aims towards that goal of:

- Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy

- Protecting the most disadvantaged in our town by prioritising services and interventions that focus on prevention, alleviate the impact of poverty and reduce health inequalities
- Making Luton a child-friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive
  - Becoming a greener and more sustainable town, to meet our long-term ambition to be carbon neutral and climate resilient by 2040.
  - A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice.

24 As noted above, the government previously declared an intention to move local government finance to a 75% business rates retention model. If this does occur, the Council's future financial health will be tied ever closer to local business prosperity and expansion. The move to such a scheme is expected to be accompanied by changes to Councils' base positions, along with the reduction or removal of existing grants and the transfer of additional responsibilities to local government to make the change fiscally neutral for central government. This makes it difficult to estimate the potential impact on the Council in advance of the production of the proposed model to be used.

25 Through the work of the Inclusive Economy Board the Council will work to diversify Luton's economy by supporting and growing key sectors including the green economy, digital, creative industries, manufacturing and aviation.

26 The Council will work with partners to develop sector specific programmes for start-ups, business growth and innovation. We will work collaboratively to identify new funding and to build local partnerships between business and academia to support innovation.

General Revenue budget estimated outturn for 2020/21

27 The Council has a track record of delivering a balanced budget prior to 2020/21 and this has been evidenced by strong financial performance over past years, with net underspends generally achieved. Even in 2019/20, with major overspends in Homelessness and Children's and Families services, the net position was close to budget overall, with a net overspend of just £0.195million on a net budget of £130million prior to movements in reserves. However, for the current year the impact of Covid-19 on LLAL resulted in an emergency budget, approved in July 2020, with the one-off use of reserves to achieve a balance in year, subject to a request to MHCLG for exceptional support, which at the time of writing is still being considered, in terms of a potential capitalisation directive with regard to the losses of LLAL dividend.

28 The emergence of the coronavirus in March 2019 had an immediate and acute impact on the Council's financial prospects including the full loss of £16m from the Airport Dividend, requiring the introduction of a revised Emergency Budget at July 2020. This included significant additional measures to support and protect the community from the effects of the virus, major changes to the Council's financial planning including a significant increase in the level of budget savings to be delivered over the 2 years to March 2022 and the short term use of reserves to keep the Council's finances viable and sustainable until costs and income levels begin to recover to pre-Covid levels.

29 The operational and financial challenges of the virus have continued to change since July, in response to combatting the changing levels of infection in the community and due to the amended emergency grant funding and budget flexibilities provided by the Government to support the costs and income losses faced by Local Authorities.

30 The updated position at the Q2 monitoring forecasts a reduction in the use of reserves for 2020/21 to approximately £7m, including the short-term gains achieved from deferring the recovery of council tax and business rates losses to the 3 year period from 2021/22 to 2023/24.

31 The forecast for service costs at Q2 is a 4m overspend, primarily relating to additional commercial and trading income losses above the estimate included at the Emergency Budget, plus a shortfall in the delivery of year 1 of the increased savings programme put in place at the Emergency Budget. But this has also been partly mitigated by reduced costs in some services and by some managed reductions in borrowing costs for 2020/21; resulting in a net forecast overspend of around £1.8m at Q2. This includes some forecasted improvement in the underlying pre-covid pressures reported on core demand-led statutory services compared to the previous year.

32 Recovery of the overspend forecast at Q2 is continuing over the remainder of the year, but it must be noted that the fight to eradicate the virus is ongoing and the financial impacts of this may continue to change. It remains vital that any shortfall in the delivery of this year's budget savings at the final outturn position is then fully delivered in 2021/22.

Local Government Finance Settlement 2021/22

Core Spending Power

33 Nationally Core Spending Power changes include:

- Business Rates under-indexing compensation increases by £150m as the multiplier was frozen even though inflation was 0.5%,
- Council Tax increases by £1,918m with MHCLG assuming that every authority will increase Band D by the maximum allowed,
- New Homes Bonus decreases by £285m as payments will only be made for 3 years and not the 4 years that were paid in 2020/21,
- Social care support additional £300m distributed in accordance with the Adult Social Care Relative Needs Formula (£60m) and to equalise the impact of the social care council tax precept (£240m), and
- Lower Tier Services new one-off grant £111m to ensure no authority has a total Core Spending Power less than in 2020/21.

34 The above inflation increase in Core Spending Power (CSP) of 4.5% in 2021/22 will not reverse the effects of austerity but represents a better settlement than the sector has had for over a decade.

Impact on Luton

35 The key points from the provisional local government financial settlement are set out below. The final settlement is expected in early February 2021.

- Business Rates Reset, New Homes Bonus Reform and Fair Funding Review to be put back to 2022/23.
- As per MHCLG analysis, the CSP for Luton has increased in cash terms by 12% (England average 15%). However as shown in the table below this does not take into account the real tax base of the Council and after adjustments made for inflation the real figure is a decrease of 2%. Moreover this does not cover any demographic changes, growth and other budget pressures which the Council had to make savings over the years of austerity to achieve a balanced budget.

Analysis of change in Core Spending Power for Luton:			
			Adjusted for Tax Base and Inflation
	2015-16	**2021-22**	**2021-22**
	£ millions	**£ millions**	**£ millions**
Settlement Funding Assessment	82.6	59.7	59.7
Compensation for under-indexing the Bbusiness rates multiplier	0.6	2.5	2.5
Council Tax Requirement	58.0	84.8	82.4
Improved Better Care Fund	0.0	7.3	7.3
New Homes Bonus	3.0	1.4	1.4
Social Care Grant2	0.0	5.8	5.8
Lower Tier Services Grant	0.0	0.4	0.4
Core Spending Power	**144.3**	**161.8**	**159.4**
Inflation adjusted		**162.5**	
Change since 2015-16 (£ millions)		17.5	-3.1
Change since 2015-16 (% change)		**12%**	**-2%**
England			
Change since 2015-16 (£ millions)		6,543.7	
Change since 2015-16 (% change)		15%	

COVID-19 Funding

36 The government has provided the following financial support to local councils for dealing with the pressures arising from the pandemic.

Unringfenced Grant £19.6m	The first tranche of funding announced on 19 March was primarily to meet the increased demand for and to enable additional support across adult social care; meet the additional costs of providing children's social care; provide additional support for the homeless and rough sleepers; support those at

	higher risk of severe illness from COVID-19; and meet pressures across other services. This was followed with the second and third tranche. In the fourth tranche, the government recognised the local pressure is driven by levels of population and deprivation and allocated the fund accordingly. Recognising that councils are best placed to decide how to meet pressures in their local area, this funding has not been ringfenced. The government has asked councils use this funding to prioritise public health, the running of vital services and protecting the most vulnerable.
Ringfenced Grants £13m	At the end of Q3, the government has provided 16 ringfenced grants. The major ones are: 1) Contain Outbreak Management Fund (COMF) at £3.7m. This aims to limit the infection and is closely related to Test and Trace. This can be carried forward into 21/22. 2) Infection Control Fund at £3m. This is for Adult Social Care for payments to care homes and domiciliary care to fund their additional spend relating to infection control. 3) Next Step Accommodation Program at £2m. This is housing support for both short term and longer term 4) Test & Trace at £1.5m.
Sales Fees & Charges Loss (SFC) Compensation Forecast £2.5m	Luton council has incurred loss of income in Sales Fees & Charges. The main areas of loss are: parking, adult social care and regulatory services. Luton council is forecast to lose £4.1m, compensated by £2.5m, with a net loss of £1.7m. In addition, there is £0.8m of other income losses that are not eligible for compensation. The total income loss is £2.5m. There is also a commercial income loss of £0.5m.
Business Rates and Council Tax Irrecoverable Loss Compensation – indicative £2m	Luton is forecasting, at MHCLG P8 return, a business rate loss of £8.6m and council tax loss of £6.1m In the third quarter, the government announced a new reimbursement scheme, worth just under an estimated £800m nationally for 2020-21 local tax losses, to compensate councils for 75% of irrecoverable losses. As an early <u>indicative</u> view only, we estimate this could be worth £2m.
Business Support £40m	The government has provided a number of grants for disbursement to businesses.

	During the first lockdown, the government provided Luton with a £31m business grant with two elements: Small Business Grant Funding, SBGF, and Retail Hospitality Leisure Grant, RHLG. This was subsequently topped up with a £1.6m Local Authority Discretionary Grant Funding, LADGF. After the first lockdown, there followed a period of Local Council Alert Levels and national tier 1/2/3 system. For this period the government has provided Luton with: • Local Restriction Support Grant, LRSG at £2.6m. This is disbursed to businesses to cover the rent cost of businesses impacted by the restrictions or by closure. • Additional Restriction Grant, ARG, £4.6m. This is for larger businesses, and is discretionary. The fund can be carried forward to 22/22. • Christmas Support Payment, CSP at £32k. This is for the closure of 'wet-led' pubs, pubs whose incomes are not mainly derived from food.
Business Rate Relief and Council Tax Hardship £27m	At Budget 2020 and in announcements throughout March, the government increased the Retail and Rural Businesses discounts already available to move these to discounts of 100%, with the relief applying to occupied retail, leisure and hospitality properties in the year 2020/21. Luton was awarded £25m. Budget 2020 established a £500m hardship fund to support "economically vulnerable people and households" affected by COVID-19, administered by local authorities. It is anticipated this funding will primarily be used to reduce the council tax liability for individuals in an area by £150 in 2020/21. Luton was awarded £2.1m.

37 Nationally Covid funding support for 2021/22 has been provided in the following areas below and is not ring-fenced unless specified:

- Grant funding of £1.55bn that is based on relative needs formula. The distribution formula is the same used in 2020/21 for tranches 3 and 4. Luton's allocation is £6.7m.
- Local council tax support grant of £0.68bn to meet the additional costs associated with increases in local council tax caseloads. The funding may be used to support vulnerable households including through local welfare schemes. Luton's allocation is £1.8m.
- Tax income guarantee scheme of £0.79bn to fund 75% of irrecoverable losses in council tax and business rates.
- Sales, fees and charges compensation scheme would continue for the first quarter of 2021/22. Budgeted income from 2020/21 will be used as the baseline to assess losses. No decision has been taken on how the budgets and income losses will be profiled across the financial year.
- The following 20/21 grants can be carried forward into 21/22: COMF Contain Outbreak Management Fund £3.7m; and ARG Additional Restriction Grant £4.3m.

Council Tax

38 The total increase in Council Tax for the taxpayers of Luton depends upon the levels of Council Tax set by the Council, the Police commissioner, and the Fire Authority, and at the time of writing those levels have not been set.

The tax base since 2017/18 is shown in the table below:

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Tax Base	49,733.3	50,461.1	50,664.5	51,828.7	51,086.5
Change	582.0	727.8	203.4	1,164.2	-742.16

39 The continued increase in housing while positive in council tax terms does apply service pressures across the whole council in areas such as refuse collection, school provision and adult social care services for example. Another factor that has affected the council tax base positively is the continued reduction in expenditure on the Council Tax Reduction (CTR) scheme. Since the roll out of Universal Credit (UC) the council can no longer process CTR claims with Housing Benefit claims in a single application process. UC claimants now have to complete a separate application to the council for CTR and despite having staff co-located at the job centre to remind UC claimants to make a separate CTR claim some people are still not doing this.

40 Other influences that effect the Net Tax Base in a positive way are:

a) As agreed by Executive in December 2019, the introduction of a 300% premium of Council Tax on any home that has been left empty for more than ten years.

b) Increase in properties on the Valuation Office Authority list (new homes).

41 Influences that effect the Net Tax Base in a negative way are:

a) Due to the impact of COVID-19, and the impact on the wider economy, a lower collection rate of 96% is expected due to there being an increase in uncollectable debt.

b) A further impact of Covid 19 is the growth in council tax reduction cases due to the increasing unemployment in Luton.

c) Universal Credit (UC), which arrived in Luton on 24th October 2018. Nationally, where UC has been implemented collection rates have fallen by an average of 1%. However, the pandemic has a significant impact on the number of people claiming council tax support.

42 While there is a predicted growth in council tax reduction claims of 16% due to Covid-19. We expect some of this additional expenditure to be offset by the Government's announcement of an additional £670m nationally, to fund local council tax reduction schemes. The final figure for Luton's allocation amounts to £1.537m.

43 The formal resolution of the Council Tax for 2021/22 (including preceptor amounts), will be set as required by the Council on 17 February 2021. The following paragraphs consider the Council's share of the Council Tax.

44 The spending review allowed councils to set the Council Tax at a maximum of a 2% general increase, plus, for those authorities with social care responsibilities, an additional 3% social care precept, without being required to hold a referendum. The spending review also assumed, for its calculations of the core spending power of councils, that all would increase their council tax to the maximum permitted. This report is based on the assumption that members will increase the Council Tax by 1.99% plus a 3% social care precept.

45 The total increase in Council Tax for the taxpayers of Luton depends upon the levels of Council Tax set by the Council, the Police commissioner, and the Fire Authority, and at the time of writing, those levels have not been set.

46 Despite the proposed Council Tax increase, the Council still demonstrates significant value for money. A high proportion of Luton tax payers reside in Band A and B properties (57% of all properties) and will therefore only receive a maximum weekly increase of £1.07 (including Adult Social Care Precepts). The table in Appendix E shows the average Council Tax for a Band D property and also per dwelling for the authority in 2020/21.

Council tax comparison for 2020/21 per head of population (council tax including parish and social care precepts)			
	Unitary Councils 2020/21	**Neighbour Average 2020/21**	**Luton 2020/21**
Council Tax	£496.92	£535.48	£372.12
Difference	£124.80	£163.36	
Difference %	33.5%	43.9%	
Shortfall	**£6,468,341**	**£8,466,865**	

47 The Council is currently ranked 52nd of all Unitary councils (out of 57) in terms of average council tax per head of population. When compared to the average of our immediate neighbouring councils (Bedford, Central Bedfordshire and Milton Keynes) the Council Tax per population is substantially less.

Council Tax Reduction Scheme

48 The council is experiencing unprecedented pressure due to the Coronavirus pandemic. The COVID-19 Emergency has caused fundamental changes to the Council's budget. In addition to extreme pressures on many services such as care, homelessness and public health, it has dramatically affected the Council's commercial activity. On the 29 June 2020 the council agreed an emergency budget in response to the pandemic of £22.2m in savings. This included an agreement to reduce expenditure on our largest discretionary spend, (currently costing £13.5m) by £500k from CTRS.

49 Proposals for a revised CTRS were created in response to the emergency budget and consultation on a revised CTRS for working age residents of Luton has been undertaken from the 1 September and completed on the 2nd November 2020. At the time of writing they

are approved by Executive for submission to Full Council. The changes if implemented will deliver a potential reduction in CTRS cost of approximately £0.6m as of August 2020 caseload. The costs of the CTRS is predicted to rise significantly next year due to the impact of COVID-19 on the local economy and this may outstrip the proposed savings made by the scheme revision, making the changes more critical if we are not to impact on future essential service provision.

Resources have been ring-fenced to support those in need as follows:
(a) Allocation of £100k to maintain the Luton Crisis Support Scheme.
(b) Allocation of £200k-£300k for practical training and support. Commissioning of additional employment/skills support services where gaps in provision exist. (Initially on a bespoke case by case basis but with intent to move towards block provision of this support by April 2022)
(c) Allocation of an additional £240k to the Council Tax Exceptional Hardship Scheme.
(d) Provision of short-term discretionary financial support to households unable to manage any reduction in CTR, despite engagement with the above (to be paid as a deduction to council tax).

Council Tax Collection Fund

50 The Collection Fund is a separate fund where the costs and income of Council Tax and National Non Domestic Rates (business rates) are recorded initially. This is because those costs and spend are shared between the Council and others (Council Tax is shared with Police & Fire, and Business Rates are shared with Government and Fire). The Council acts as the collecting agent for each of these bodies.

51 The Council's Executive has delegated authority to the S151 Officer to determine the estimated surplus or deficit on the Council's collection fund each year (Exec/3/01). Accordingly, the Council Tax Collection Fund has an estimated deficit of £3.088million; Luton's proportion being £2.567million. This deficit is attributable to:

- A review of previous assumptions on the Council Tax bad debt provision, particularly in light of COVID and;
- A review of the 2019/20 outturn where the actual surplus was below the expected surplus, and the 2020/21 position to date resulting in an expected deficit**;**
- The distribution of prior year's 'actual' surplus/deficit.

52 The collection fund is now very volatile, in terms of Council Tax. This is because it includes the impact of the Council Tax Reduction Scheme and various exemptions. If greater numbers require support this will increase the costs in the collection fund, impacting on the council tax base in the following year.

53 As a result of COVID, there has been a change in circumstances for a number of residents, either temporarily as a result of the furlough scheme, or longer term as a result of redundancy. Those residents, where appropriate, will have gone onto Universal Credit. Council Tax Support is a separate applications process, and there is a delayed effect on the Council in terms of new council tax reduction requests. The effect of the projected lost income is reflected in the Council Tax Base report which will be considered by Council in January 2020.

54 The Council Tax Reduction Scheme may also impact on the collection fund's level of bad debts. The Council has put in place steps to minimise any loss on Council Tax collection,

however COVID has resulted in court closures for a large part of the financial year, reducing the Councils ability to actively manage debt collection.

55 The Council has reviewed the expected loss through non collection and from additional burdens on the Council Tax Reduction Scheme. Government acknowledge that some of this will never be collectible, and are currently working on a formula to reimburse councils for 75% of irrecoverable losses.

56 The remaining deficit may be spread over three financial years in the general fund of the council. For the Collection Fund, it is estimated that we will need to account for £1.576m council tax deficit this year, to be recouped in 2021/22, with an additional £0.496m to be recovered in 2022/23 and 2023/24. The estimated grant funding over the three years for LBC is £1.270m.

57 It is advisable to continue to hold a specific earmarked reserve in order to equalise fluctuations in income from Council Tax and Business Rates.

Business Rates Income and Top Up

58 The Business Rates Retention Scheme introduced on 1st April 2013 continues in the short term. Increased business rate retention offset by reduced grant funding is expected in future years.

59 The Institute for Fiscal Studies has pointed out that increased business rate retention is likely to have distributional impacts, as those authorities with greater levels of increase in business rates will benefit, and this does not necessarily correlate with need. The Government has not yet finalised its fair funding review, and in addition has now embarked on a thorough review of the business rates system as a whole. The outcomes of these reviews will be crucial for the Council's future financial position.

60 The previous government indicated that the retention of additional Business Rates will come with the transfer of additional services (for example: administration of housing benefits for pensioners) or a reduction in other Government grants (for example: Public Health grant and RSG). The process of 'top-ups' and 'tariffs' to redistribute income is likely to remain, in some form. Until much more detail is produced it is too early to predict the final model of distribution and its distributional impact on the Council. It should be noted that the 2017 Budget changed the increase in Business Rates from the level of RPI to the level of CPI, which is likely to reduce future yield. However the previous Government committed to compensating Councils for this reduction with a corresponding increase in Section 31 grant paid to the Council.

61 In addition the challenge faced by all authorities in predicting the level of movements in business tax base and the level of appeals remains a cause of concern.

62 The main components of the allocation of Business Rates together with the estimates of individual elements for the Council in 2021/22 based on the latest NNDR1 are as follows:

Retained Business Rates 2021/22	**£'000**
Estimated Business Rates Income	65,287
Less: Fire Authority Share (1%)	653

Less: Central Government Share (50%)	32,643
Balance: Luton Share (49%)	**31,991**
Plus: Business Rates Top-up	14,508
Total Retained Business Rates	**46,499**

63 In 2021/22 the amount of business rate income to be retained by the Council is forecast to decrease by 2.9% compared to the 2020/21 budgeted figure. This is due primarily to increased reliefs awarded and increased provision for bad debts, due to the ongoing Covid pandemic.

64 The Council cannot increase the level of the business rate (this is set nationally and based on valuations carried out by Valuation Office and the multiplier is set by the Government). In order to increase income there has to be an increase in Luton's business base or rateable values. The system is intended to make all councils focus on encouraging business growth, in order to drive the national growth agenda. Luton's issue is that it is already an exceptionally highly developed area with tightly drawn boundaries, so the available space to deliver significant additional business - alongside the housing and schools required for the local population - is much more limited than in most areas.

65 The principal business area surrounding the airport has been designated an Enterprise Zone. This means that none of the zone's business rates are returned to central government for a period of 25 years. Under the terms of the agreement they are held by SEMLEP, not the Council. However, the SEMLEP board has agreed that additional business rates generated in the zone should be used to benefit Luton. However the vast majority of the Enterprise Zone cannot be developed until an access road is built, the funding for which is currently a work in progress.

Business Rates Collection Fund

66 The S151 Officer has delegated authority to determine the estimated surplus or deficit on the Council's business rates collection fund each year (Exec/3/01). Accordingly the estimated deficit for business rates is £5.368m of which £2.630m is Luton's share. This deficit reflects the impact of expected losses in collection from bad debts and appeals, with no offsetting growth in rateable value.

67 The increase in bad debts provision, is in part related to COVID-19. Luton's share of the deficit includes £1.405m relating to 2019/20, where the surplus was less than the forecast. This needs to be recovered in 2021/22. The remaining deficit for Luton (£1.226m) can be recovered over three years.

68 The remaining deficit, where irrecoverable will again be part funded by central government grant.

Revenue Support Grant

69 The Council receives a number of grants from Government for specific purposes. The Revenue Support Grant (RSG) has for many years been the general grant that the Council is able to use for any purpose. Since 2013/14, this has also been supplemented by a Business

Rates 'top up', available to all of the Councils whose own business rates income did not reach the level of business rates baseline funding the Government thought necessary at that point. The business rates revaluation came into effect from 1 April 2017 and as a result the Top-up figures have been adjusted. The change in the level of RSG and business rates top up is set out in the table below.

Financial Year	RSG £m	RSG Movement %	BR Top Up £m	BR Top Up Movement %
2013/14	63.955		10.348	
2014/15	52.127	(18.6)	10.550	2.0
2015/16	37.352	(28.3)	10.751	1.9
2016/17	28.769	(23.0)	10.841	0.8
2017/18	21.102	(26.7)	12.868	18.7
2018/19	15.941	(24.5)	13.923	8.2
2020/21	10.879	(32.8)	14.508	2.5
2021/22	**10.939**		**14.508**	

70 It is clear from the tables above that prior to 2021/22 the level of reduction in core government funding was very significant. This has been a fundamental challenge for the Council, and the reason why substantial additional income generation and savings have been needed on an ongoing basis. It is also worth noting that the business rates top up compensates the Council for any reduction in rateable value as a result of revaluation and hence the increases in 2017/18 and 2018/19 were not entirely new money.

Funding Equalisation Reserve

71 The Council has one specific reserve which it would be reasonable to consider as being available in the current circumstances: the Funding Equalisation Reserve with current balance £9.361m, in order to 'buy additional time' if the current programme of proposed savings cannot be fully achieved by March 2022, but there is a realistic, viable plan as to how the budget can be balanced from 2022/23 onwards. It should be noted that this reserve was established to address the risk of reductions in business rates and/or income from commercial activities, including LLAL and Foxhall Homes and that 45% of the reserve has now been used to absorb the reduced levels of income at the 2021/22 and 2022/23 Budgets. These risks are also ongoing, as the longer term economic impact of the coronavirus is not yet known and this may continue to affect future income levels. If this reserve is used up, the Council will need to consider in future how it can address those ongoing problems.

72 The reserve is forecast to have a balance of £6.1m at the beginning of 2022/23. There is £1.9m of additional one off New Homes Bonus, Lower Tier Services and Social Care Grants that will be set aside in reserves at 2021/22 to meet any unexpected pressures during the year.

New Homes Bonus

73 The Government continues to offer income in terms of a New Homes Bonus (NHB) for Councils who build more new homes per year (and bring empty homes back into use) than the national average. Prior to 2017/18 the scheme simply offered funding for each new home completed (and the net increase in empty homes brought back into use) each year, but the scheme was revised in order to find funds for the increase in the Better Care Fund mentioned in the next section of this report. It is also worth noting the following:

a) The funding for NHB is top-sliced from the amount that would otherwise be available for grant. If this was not done, Luton would receive more in grant than it does in New Homes Bonus.
b) Homes and their occupants also add demands for infrastructure such as schools, as well as demands for services such as waste collection and disposal, adult social care, etc. The previous, needs-based funding system recognised to a degree the increased costs associated with an increase in population, but the current one does not. Milton Keynes Council, which has experienced a greater increase in building and population than most councils over the years, estimated some years ago that every 1,000 houses generate £3.5m in additional cost, assuming an increase in population of 3,000. Hence the importance of trying to obtain funds from housing developers, in terms of a community infrastructure levy, or Section 106 funding.

74 The 2017 New Homes Bonus scheme revisions also reduced the number of years that Councils receive the bonus. The impact on the Council's budget was factored into the Medium Term Financial Plan in 2017/18.

75 A New Homes Bonus has been announced for 2021/22, but it appears that it is likely to apply for just one year. It is assumed this will be last year of bonuses for new homes, and that payments for homes built (and empty properties brought back into use) in previous years of the scheme will taper off gradually.

Adult Social Care: Better Care Fund, Additional Council Tax Precept & Improved Better Care Fund

76 2021/22 will be the seventh year of the Better Care Fund (BCF), whereby funds are pooled or aligned between the Luton Clinical Commissioning Group (LCCG) for spending on areas that should help to minimise hospital admissions, reducing pressures on hospital and seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

77 The BCF has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them integrated health and social care services, resulting in an improved experience and better quality of life. This is subject to local plans and local targets and resource allocation being agreed between the Council and CCG. Following formal approval, CCG funding agreed within BCF plans is transferred into one or more pooled funds established under section 75 of the NHS Act 2006.

78 In 2020/21 Luton has adopted the S75 flexibility of Pooled Budget with risk share in certain types of joint funding packages. For all the remaining activities Luton has adopted the S75 flexibility of Lead Commissioning. There is no risk share on BCF non electives as it is no longer a requirement within BCF planning requirements. This arrangement will continue in 2021/22.

79 The Council proposed budget for 2021/22 assumes that the Council's share of the funding will be updated as per the growth requirements taking into account Inflation, National Living Wage and Clients Growth etc.

80 The Improved Better care Fund (iBCF) was first announced in the 2015 Spending review and is paid as a direct grant to local government with a condition that it is pooled into the BCF and the purpose of the grant is to meet adult social care needs, reduce pressure on the NHS and ensure that the local social care market is supported. At LBC, all the iBCF grant in 2021/22 will be used to fund the past and future growth related increases within ASC, necessary to meet the national living wage increase and stabilising the social care provider market, demographic growth, increased transition clients and to deliver the transformational changes required to deliver the future financial sustainability.

81 Luton has maintained excellent performance in relation to delayed transfer of care (DTOC) but particularly in minimising social care delayed transfers of care. However as people are increasingly moved out of hospital efficiently, this is resulting in increased numbers of very frail older people entering the home care system at an earlier stage. Many of these people have complex needs. The result has been a significant increase in home care activity and spend and a particular increase in double up care packages. At the same time there is pressure on mental health acute services and beds which is resulting in an increased number of people being discharged to short stay accommodation, again causing significant over spend on this budget.

Partnership with NHS

82 Over the last few years the Council, CCG and NHS providers have developed much closer working relationships and arrangements to more effectively meet the health and well-being needs of the residents of Luton. Indeed, two of the main statutory functions of the Health and Well-being Board are to oversee reductions in health in equality and promote integration which can only be achieved through effective partnership working.

83 Such close working has enabled the local health and social care system to be a national lead in minimising delayed transfers of care and has enabled the Council to adopt a joint concordat with Luton CCG to further drive the two organisations' collaboration to better meet the health and care need of Luton's residents; in addition, the Better Care Fund and the associated section 75 between the Council and CCG has resulted in even closer working between the two organisations. In this S75 agreement, LCCG and LBC has established three Pooled and Aligned Funds in: Children & Young People, Mental Health & Wellbeing, and Learning Disabilities & Autism. The Pooled Funds are managed by an integrated commissioning team, in co-located offices. LBC is the Host Partner to Children & Young People and Learning Difficulties & Autism Pooled Funds. LCCG is the Host Partner to Mental Health & Wellbeing Pooled Fund. These partnerships should continue with the new BLMK CCG.

84 Where there is an opportunity for collaboration within the BLMK STP (ICS) which may have a direct or indirect dependency on Council resources, Council Officers involved in BLMK ICS governance and working groups inform the Corporate Director of Population Wellbeing of any issues they believe need to be raised and discussed with the Council's Executive, and/or Luton's Health and Wellbeing Board and the Luton Health and Social Care Scrutiny Committee as appropriate.

Children's Social Care: Social Care Support Grant and Children's Sustainability Plan

85 Local authorities in England have statutory responsibility for protecting the welfare of children and delivering children's social care. Children's social care services support children with the greatest need – children who are disabled, who have to be protected from harm or who need to be placed in residential foster or other types of care.

86 Luton's Children's services budget and service provision have been under pressure for many years due to the high levels of care and support needed by many local children and families, and the costs of agency staff needed to cover posts that could not be filled on a permanent basis. A 2019 Ofsted inspection judged the service to be 'inadequate'. An improvement plan was developed, adding significantly to budget costs and staffing numbers. In January 2020 Ofsted advisers confirmed that the plans in place are robust and if progressed in a timely way should deliver the improvements in practice required to move the Council out of the 'inadequate' judgement. The first agreed target, to replace 24 agency social workers with permanent staff by September 2020, was exceeded, with 28 agency workers replaced with permanent staff.

87 The most recent figures released by LGA show that the number of children in care has risen by 28 per cent in the past decade with the system reaching breaking point.

88 The LGA is warning that this huge increase in demand is combining with funding shortages to put immense pressure on the ability of councils to support vulnerable children and young people, and provide the early help that can stop children and families reaching crisis point in the first place. The figures show that nationally 80,080 children are now in care, up from 78,150 in 2019. According to the latest data:

- Councils have seen a 53 per cent increase in children on child protection plans – an additional 18,160 children – in the past decade.
- In the past decade, there has been a 139 per cent increase in serious case where the local authority believes a child may be suffering, or likely to suffer, significant harm, an additional 117,070 cases (up to 201,170).
- The age of children in care has been steadily increasing over the past five years. Young people over 10 years old account for 63 per cent of all in care, with teenagers being six times more likely than younger children to be living in residential or secure children's homes, which is significantly more expensive than foster care

89 In order to ensure that the Luton Council provides safe and effective services to Children and Families, it will need to address the historic and forecast overspend in 2021/22, mainly driven by increased average placement costs due to more complex needs and high agency costs, to ensure continued safe and effective service delivery in line with the Council's ambition of Luton being a vibrant and prosperous town for all of its residents. However, it is to be noted that actual children placement related overspend is much lower in 2020/21 as compared to the previous years due to of increased budget and also excellent service and commissioning related initiative to ensure best possible service for the children and value for money.

90 To address the long-term Children related budget pressures in Luton, a detailed programme-based approach has been developed between the Children, Families & Education and Population Wellbeing departments. This Luton Families Programme is bringing together all the Children's Services in a recurrent deficit position, which, through a combination of invest to save projects, is planned to reduce the deficit. The Placement & Commissioning work stream has shown significant results during 2020/21 to reduce the overall placement related overspend. Fostering, Edge of care and Workforce related work streams along with the newly created Social Work Academy are revising their plans to deliver further cost avoidance in 2021/22 and future years. A further detailed work programme is also being worked on for the Transport work stream to reduce the on-going overspends and deliver value for money.

91 The Children, Families & Education department have identified £3.173m savings to be delivered over two years i.e. 2020-21 and 2021/22. These projects as listed in paragraph 92 are progressing and carries a level of risk which has to be monitored and managed in order to ensure the savings are delivered. The total growth in Children Services amounts to £1.6m (including inflation related increases, pay awards, increments and pension costs) which is in additional to significant growth in last year amounting to £1.7m as part of Emergency budget and £3.5m (including inflation related increases, pay awards, increments and pension costs) in 2020/21 budget to address the inadequate report issued by Ofsted..

92 Various projects are part of Luton Families Programme and are linked with the Children MTFP by having savings targets combined with an investment programme to support this change programme which once implemented successfully will deliver financial efficiencies and help hold demand. The work programmes include;

- Edge of Care
- Workforce
- Placements & Commissioning
- Fostering
- Practice Improvement
- Transport
- Children's Services Remodelling

COVID-19 and Social Care

93 The coronavirus (COVID-19) pandemic represents an unprecedented challenge to health and care services, bringing intense pressure and radical change to systems, organisations and to all of us as individuals. This pandemic has taken a grim toll on all social care services in England. It is widely regarded that at national level, the social care system that entered the pandemic was underfunded, understaffed, undervalued and at risk of collapse. The areas

which have been highlighted worst hit during the pandemic are Quality of care, Workforce and Market fragility.

Income – Fees & Charges, Commercial Property Rent

94 Luton Borough Council is relatively heavily grant-dependent. This means that standard percentage reductions in grant have a greater impact on Luton than on the average authority. The reason that Luton is grant-dependent is that it has a higher than average relative need, and a lower than average council tax income per dwelling as most of the dwellings are band A or B. As a result the old, needs-related grant system gave it above average levels of grant. This has a negative impact on the spending power of the Council hence the Council needs to maximise its ability to raise income taking into account any risks associated with any investment in order to be able to fund demand-driven services such as Adults and Children's Social Care, Homelessness, Refuse Collection and Waste disposal.

95 As part of the budget setting process, managers undertake a review of the scale of charges for services which will apply in the following year. The Council's policy is to set charges for services which are used by sections of the community in Luton; rather than services used for the benefit of the community as a whole. This is to ensure that council taxpayers are not subsidising the particular interests of individuals, or work of commercial companies. The Executive of 20th January 2021 recommended approval of the revised scale of fees and charges, applied from 1st April 2021 or an alternative date as detailed.

96 It is estimated that if income had not been affected by Covid-19, the proposed charges for 2021/22 would generate an additional income yield of £193.7k, a 1.2% increase on the total current income level from charges. This relates mainly to:

- Adult Social Care £106.5k (see Appendix 3 for detailed charges)
- Trade and Clinical Waste £23.1k (see Appendix 4(xix))
- Cemeteries & Crematorium £17.2k (see Appendix 4(xii))
- Licensing £13.7k (see Appendix 4(vi))
- Music Service £10.5k (see Appendix 2)

97 Income yield is relatively small as it reflects a number of limiting factors in uplifting the scale of fees and charges:

- charges set by statute or regulation where the Council has no discretion and limited increases or no increases are proposed at this review.
- services where current income levels are below the 2020/21 budget target and where any additional income from the proposed price increase is required to meet the existing budget targets
- benchmarking of charges with similar organisations or business competitors showing that charges are already at upper limits
- reducing demand for some chargeable services, resulting in the proposed deletion of charges that are no longer used or the restructuring of charges in some services to maintain income levels or to work toward improving cost recovery

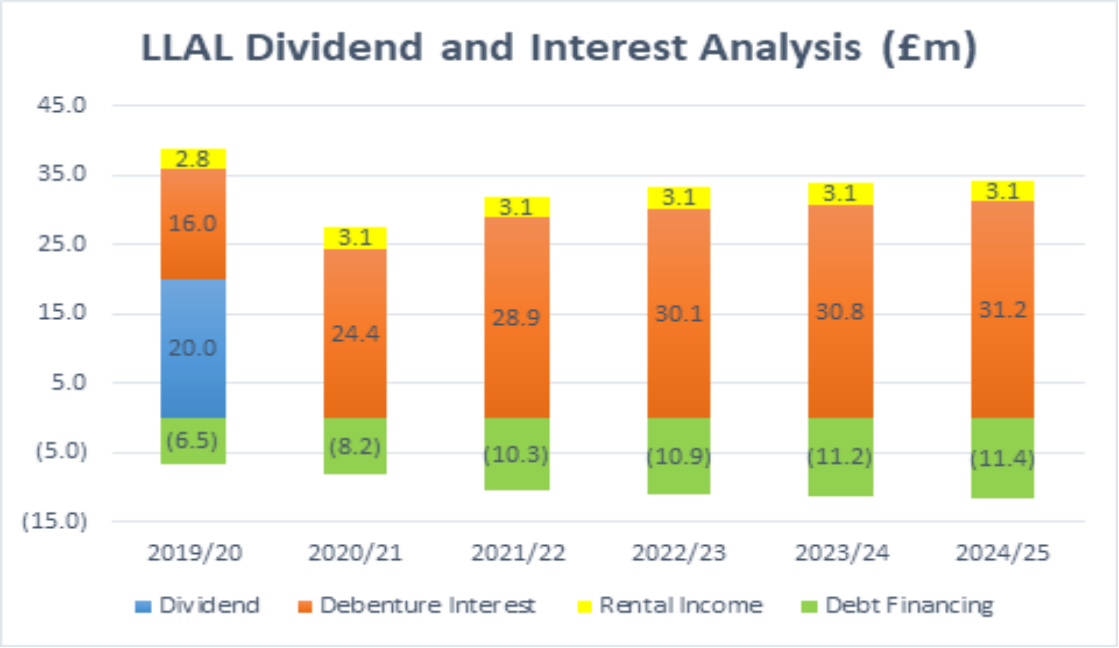
98 The final impact on the Council's 2021/22 budget position is also affected by difficulties reported by services in meeting the current level of budgeted income. A number of areas have reported issues in this year's monitoring, including car parking, the revenues and benefits service, Lifelines (part of Private Sector Housing) and licensing, and this will absorb the majority of the additional income shown in the above table and at Appendix A. The impact for the 2021/22 Budget is therefore estimated to be considerably lower at around 5.4% of the overall increased yield total: circa £10.5k, being the income proposed by the Music Service.

99 Some commercial charges made by the Council are proposed to increase above the estimated level of inflation, to more accurately reflect the amount of work involved in providing the service or to align charges with the latest benchmarking data. Also some fees and charges are reviewed on a longer time scale e.g. parking due to the limitation in the number of coins being used. Not increasing the income yield from charges at least in line with inflation, will lead to increased pressures in balancing the council's budget. The Council needs to deliver discretionary services which are economically viable, balancing this with charges which are affordable, fair and inclusive.

100 The pandemic has a significant impact on the amount generated through sales, fees and charges. In the current year the government has provided support to cover income losses. However there is around 53% which is not covered and has a direct impact on the Council's revenue budget. The government has announced that the compensation scheme will continue in the first quarter on 2021-22. The budget assumes any shortfall in income is properly compensated and any residual element is contained within the revenue budget.

Interest and Dividend Income

As shown in the below table the reduction in LLAL dividend over the two years amounts to £30m. It is assumed that the passenger numbers will reach the pre-COVID-19 level in three years' time. However if the recovery takes longer, then the loss of dividend will extend beyond 2022/23. This is also subject to the current discussions taking place between LLAL and the airport company LLAOL to address any further contractual issues arising from COVID-19.



As shown in the table below, dividends are not expected from LLAL over the medium term as the company has been severely affected by the COVID-19 pandemic. Debenture interest grows over the medium term due to further planned project financing and stabilisation loans. Rental income remains stable over the plan period. Council debt financing costs reflects the costs of borrowings and takes into account the low level of interest rates. This shows that the Council still receives net income after debt servicing costs of around £22m which helps the Council to provide key services and also to keep council tax low.

Unavoidable Growth – Cost Increases

101 Growth pressures set out in Appendix L total £6.12m. Of this, £2.507m relates to Adult and Children Social Care. £1.052m additional staff costs to support the improvement programme in Children Services in response to the Ofsted report. Demographic changes and Service level increases due to ongoing budget pressures and improvements amounts to £0.407m and will be met by savings initiatives in 2021/22 and over the medium term as described in the tracker (Appendix M).The remaining £2.154m is largely payroll related, with the impact of increments and the increase in the minimum wage totalling £0.489m, pension costs of £0.589m, contractual price inflation amounting to £0.630m, reduction in government grant £132K, unachieved savings and other changes £314K. The spend on Adult Social Care is met by increases in Social Care Precepts which includes a contingency for delivering the savings programme.

102 The general principle adopted was that only additional, genuinely unavoidable spend increases or income losses were approved, mainly arising from legislative change, and that ongoing spend pressures need to be managed. With ongoing reductions in grant, an increase in spend requires an additional saving elsewhere, and it is not sustainable to allow all budgetary pressures to result in extra savings requirements, when those savings will mean reductions in services. Therefore managers need to be actively managing demand for services, to keep spend within budgets wherever possible.

103 It does however need to be recognised that in a number of areas where there are significant spend pressures and unachieved savings initiatives keeping within budgets will be particularly challenging and hence specific contingencies have been allocated in respect of those areas in order to reflect the level of resources required based on 2020/21 forecast outturn (showing that those areas are struggling to bring spend under control), future savings initiatives and VFM assessment. For example, 'Looked after Children', where placements have to be based on the assessment of the risks faced by the child, and Homelessness. These volatile mainly demand-led budgets have to be addressed and demand management plans put in place in order to ensure that spend is kept within the agreed budget similar to the Children Services financial sustainability model. As a result the budget realignment and the level of contingency now amounts to £4.2m including the contingency of £2m for debt servicing of capitalisation directive, which is in part for general risks in order to address any additional pressures arising in 2021/22. Those items of general risk (if crystallised) are available for the Chief Executive to release for spend, following discussion with the Leader of the Council. In addition the Council has set up officer groups known as 'tiger teams' who have each been tasked with tackling one specific cross-cutting budget issues, such as bringing down the spend on agency staff, or reducing the amount of overtime.

104 Provision has been made for an annual increase in 2021/22 in the Council's funding of its share of the Bedfordshire Pension Fund deficit, in accordance with the scheme actuary's 2019 report. This will ensure that at the time of the next actuarial valuation, the Council has enough headroom in the budget to cover any increases rather than having to absorb all the costs in one year.

105 Provision has been made for inflationary increases limited to specific contractual requirements amounting to £1.925m. There is no provision for any increases in non-contractual spend, in order to ensure that cost increases are minimised and managed where possible.

Savings & Increases in Income

106 The level of savings as detailed in Appendix M has to be viewed in the context of what the Council has achieved over the last eight years, including 2021/22, as shown in the following table showing historic savings by type.

Savings Category	**£m**
Process & efficiency improvements	47.002
Trading & Commercialising	32.056
Changes to organisational structures and responsibilities	26.768
Procurement & Commissioning efficiencies	25.904
System/service redesign to customers	24.827
Total savings	**156.557**

107 It is worth noting that this level of unprecedented savings has been achieved while at the same time protecting as far as possible key services i.e. by finding alternative, innovative and more cost- effective ways to deliver the same level of service. Until recently as explained in the Emergency budget report and the impact of LLAL dividend, a significant part of the budget gap has been bridged by achieving substantial increases in income through trading and commercialisation.

108 Options for achieving further savings and increased income are becoming more limited and challenging and the Council has been quite innovative to generate initiatives for the 2021/22 budget. It is also worth noting that as per the latest Government guidance councils are not allowed to further invest for yield. The total gross savings included in this year's budget amounts to £5.889m. It is worth noting that most of the savings were already agreed as part of the Emergency budget in July 2020. As these project straddled two years and also had to go through a consultation process, they are now expected to be delivered in 2021-22. The risk-adjusted savings figure is £2.26m and provision has been made to make use of one-off reserves amounting to £7.72m during the transition period to deliver the total savings of £22.26 m including those already agreed as per the Emergency budget and 2021-22. The table below summarises the split by departments and the key savings initiatives. A detailed list is included in Appendix M.

Savings per Department	**Savings Amount 2021-22 £m**
Chief Executive's	1.651
Inclusive Economy	0.944
Population and Well Being	3.064
Children's, Families and Education	0.230
Total	**5.889**

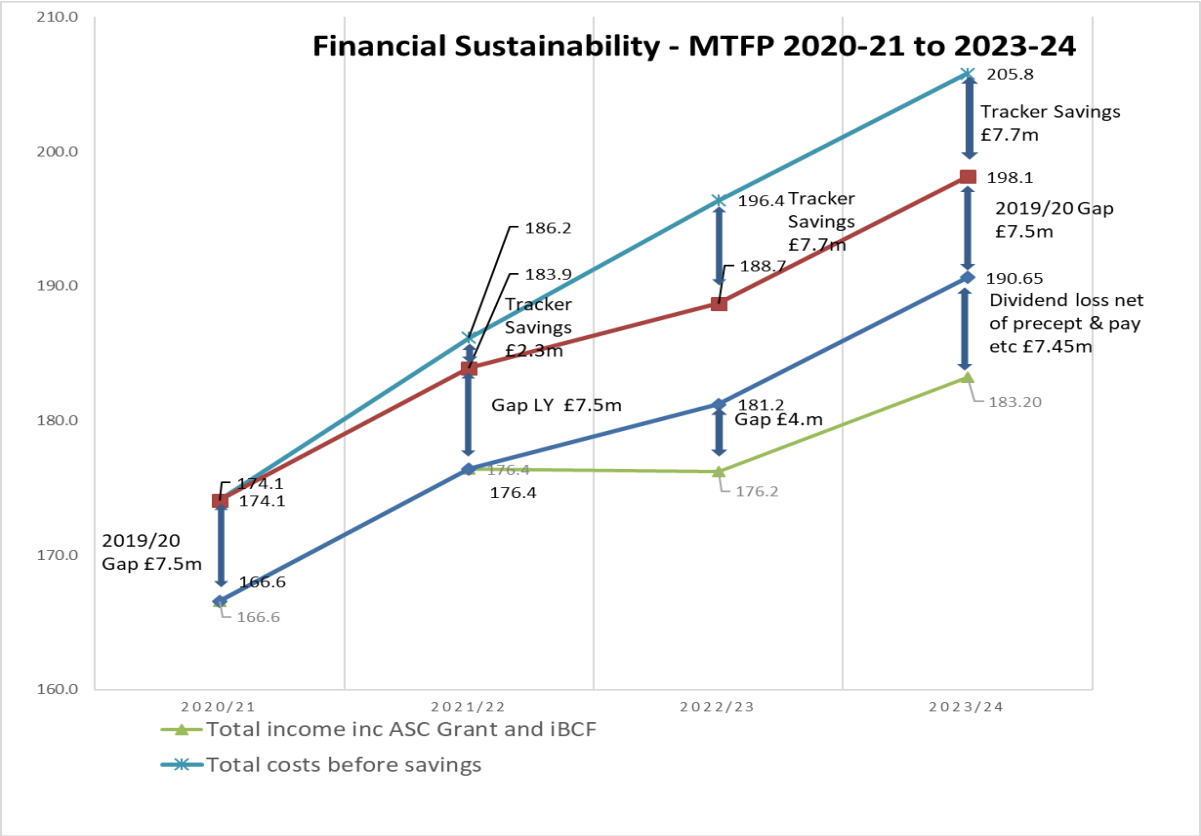
109 Some of the projects are going through a process of consultation and others will be further developed in the course of this year and the next financial year. However any slippage in savings would have a negative impact on the target as set out above and further opportunities for savings have to be evaluated in order to compensate for any shortfall in order to ensure that spend are kept within approved budget**.** The savings proposals for 2021/22 should not lead to any significant reduction in staffing levels, and is expected to be met mainly from current vacancies. . Conversely the cost growth included in the Budget has approximately 24.7 additional estimated employees, primarily met from specific grant funding.

Financial Sustainability 2020/21 – 2023/24

110 As a consequence of the July 2020 emergency budget, savings targets were updated, and additional savings proposals were developed, added to the tracker, and 'RAG rated' – red, amber or green, according to the likelihood of their success in delivering the overall projected saving. Departments were also required to develop proposals to ensure that they can address their ongoing budget gap from 2019/20 (and earlier years). The progress of savings proposals continue to be updated and tracked, and the following table and note shows the current position. The 2020/21 Emergency budget included savings amounting to £21.7 m deliverable over two years and the revised figure is £24.7m. The total savings now includes 2023/24 target and the budget gap over the next two years amount to £7.94m, which shows considerable progress has been made and there is still further work to be done in order to deliver the full savings by end of 2021-22.

111 The following projects are progressing in order to address the 2019/20 gap.

	£m
• IT application management	0.200
• Recovery of debt and income	0.420
• Temporary Accommodation costs reduction and income recovery	2.600
• Reduction in Fostering costs	0.540
• Development of Edge of care schemes	1.000
• Transport – improving efficiency and effective usage	0.240
• Estate rationalisation	0.800



112 As per the table above, the base budget cumulative savings required over the two years amounts to £7.45m. This is based on continued support from central government for any impact as a result of the pandemic in 2021-22 and future years, in terms of compensation for loss in sales, fees and charges, compensation for loss in council tax and business rates and also additional flexibility for raising income through precepts or government properly funding the gap in social care funding. Any changes in these planning assumptions may widen the budget gap.

113 The above table does not take into account any further financial implications that may be faced by LLAL arising from the interpretation and application of clauses in the commercial contract between LLAL and LLAOL relating to force majeure and special force majeure as a consequence of the Covid-19 epidemic. This will undoubtedly have an impact on the Council's finances and hence the Council's underlying financial resilience is predicated on the assumption that the support from MHCLG is granted. The Council's financial sustainability is also closely linked to the position of LLAL, its 100% owned airport company, and this is considered in more detail in the Executive Report EX/01A/21 agenda item no. 13 which also forms part of this Executive agenda. This additional report contains commercially sensitive information subject to ongoing negotiations between LLAL and LLAOL and hence needs to be discussed in private. It does however form an integral part of the Council's Revenue budget, Capital programme and Treasury Management Strategy.

114 As noted above, the Council has applied to MHCLG for exceptional support, which is being considered in terms of a potential capitalisation directive equivalent to some or all of the dividend loss from LLAL. No decision has been made yet by MHCLG.

Budget & MTFS Assumptions

115 The following planning assumptions have been made in the preparation of the budget strategy.

- The final settlement for 2021/22 to be announced in January 2021 being in line with the one year spending review high level figures.
- Pay awards at 0% for 2021/22 and 2% onwards – in line with Government pay policy for the majority of the public sector other than the NHS and subject to final outcome of negotiations. The 2021/22 budget also includes pay increments and additional costs associated with the implementation of national living wage and costs associated with auto enrolment.
- The Council Tax increase being 1.99%% in 2021/22, plus a 3% adult social care precept, giving a total increase of 4.99%. The increase in Council Tax income in 2021/22 amounts to £0.52m. (Yield depends upon the number of properties, discounts, impact of Council Tax support, the provision for non-collection, as well as the percentage increase in Council Tax).
- Improved Better Care Fund to continue. This grant is not guaranteed and will be reviewed as part of the next spending review together with RSG and Public Health Grant. Therefore there may be a cliff edge in 2022/23.
- Provision for price increases being limited to specific contractual requirements where there have not been underspends in previous years. As a key part of the 2021/22 budget preparation process the amounts of inflation allowable have been subject to corporate challenge, and substantial amounts of the savings proposals are reductions

in the levels of inflation that were incorporated into the budget planning process. Other general inflationary increases will have to be contained within the cash limited budgets.

- Interest rates continuing at low levels with only small increases in the foreseeable future – MTFS planning horizon.
- No major financial impact as a result of future changes to the Business Rates Retention scheme or from revaluation.
- No future reductions in RSG - the 2021/22 grant of £10.9m. The real terms cuts are more significant when added to the unavoidable unfunded cost pressures.
- Less than inflation increase in Business rates income of £0.963 mainly due to the CPI linked inflation uplift of the gross rates payable and increase in appeals costs. This offset by a general reduction in the total rateable value collectable over the 12 month period. The MTFS assumes no real term growth in business rates over the foreseeable future.
- Increase in the business rates multiplier by rate of CPI inflation (assumed at 2% from 2022/23 onwards).
- Increase in LLAL income (mainly interest) of £4.7m in 2021/22. No significant change in income from LLAL in 2021/22 and an average of £0.5m increase over the next two years as LLAL has to service the additional debenture loans. Additional annualised interest generated from loan to Foxhall Homes amounts to £786K.
- Additional pension cost assumed as per actuarial latest 2020 triennial valuation and recommendations – total average increase of £900K per annum
- Allowance of an additional growth of £4m per annum over the period from 2022/23 to 2024/25 to address unidentified projects/pressures such as pay related, inflation and demographic changes. Any additional growth would require further savings to be achieved.
- The currently estimated revenue impact of the capital programme, which does not fully address the issue of the shortfall of school places in the central areas of the town, and in SEN provision, that Luton will face in future years, or make provision for any un-programmed costs arising from major projects – present or future. However, the Council does have a Major Projects Reserve as a consequence of this risk. The minimum provision set aside for debt repayment has been reflected in the MTFP. It is worth noting that the MRP over the three years amounts to £3.845. This reflects the significant level of spend on the capital programme which is not sustainable in the long run and unless addressed will have a significant impact on future budget gaps. Officers are reviewing the Council's Capital Strategy in order to ensure that the capital programme enables the Council to deliver the 2040 vison and at the same time is affordable and sustainable.
- No additional costs arising from risks shown in the budget risk management strategy apart from those listed here.
- All COVID-19 related pressures and loss of income including 75% of irrecoverable C Tax and B Rates losses are funded from additional government support.

Value for Money & Efficiency (Transformation Agenda – Future Ready)

116 The Council has a statutory duty to deliver value for money with public funds. The external auditors as part of the annual audit have a duty to report whether the Council have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

118 The need to seek value for money on an ongoing basis is and has been at the core of the council's plans for many years. The ongoing reductions in government grant make it even more essential that value for money is obtained for everything the council does. This is particularly important since the numbers of vulnerable people requiring care services continue to increase. This approach is supported by the council's Strategic Change and Transformation teams and is a key part of the transformation strategy. However this programme is still work in progress and delivery of savings cannot be fully quantified at this stage for inclusion in the tracker or as part of the capital programme. The budget gap over the next two years amounts to £7.9m and delivery of sustainable savings is key to bridge the gap without reverting to changes in key Council services and hence the "Future ready" programme has to be delivered at pace and scale. The CPIFA resilience index has pointed out that there is potential to reduce the Council overall spend in order to be in line with our statistical neighbours.

119 The Council continues to use sustainable procurement, together with e-procurement processes, within the context of its procurement and commissioning strategies, to make savings while aiming to achieve service and environmental objectives. The Council has a centralised procurement team with a remit to drive significant savings from commissioning activities and contract management. Officers are also focusing on identifying all expenditure outside contractual arrangements and developing plans with cost centre managers to transition such expenditure into contracts. The Council produced a revised strategy which has highlighted the need to deliver savings. However, the savings arising from procurement and commissioning has to be quantified and should assist in delivering the savings required in the medium to long term. Further work to use procurement as an innovative mechanism to deliver social value and wider Council objectives will continue. A local wealth building approach will be central to building a more inclusive economy, by keeping more of our collective spend within Luton and by generating real social value through procurement.

120 The council will continue to set a clear example through our new procurement strategy, which aims to increase our local spend from 25% to 70% by 2023/24. Our strategy will also increase the proportion of our procurement spend with local SMEs and will encourage our suppliers to employ and develop local people, buy from local supply chains and reduce environmental harm.

121 We will work closely with anchor institutions and large employers in the public sector to adopt a collaborative procurement approach that keeps more of our collective spend within Luton and to take forward our social value framework. This framework will maximise opportunities for social value through procurement, including a buy local approach, real living wage, support local people into employment and supporting wider environmental and health outcomes for the town.

122 The savings set out in Appendix M reflect the application of value for money principles in order to produce proposals which are robust and sustainable. The level of savings being delivered in a short period of time carries inherent risks which has been mitigated by setting aside reserves during the transition period.

Capital Programme 2021- 2026

123 The review of the Capital Programme 2021 to 2026 has been undertaken against the backdrop of the reduction of resources available to the Council due to the financial position of LLAL, and the Council's bid for exceptional support from MHCLG. A 'blank sheet' approach has been adopted in relation to all budgets that are not ring-fenced. The Capital Strategy, attached as Appendix O, details the Council's approach to capital investment and the associated governance, treasury and risk management. The capital bid process is outlined below:

a) Requests for Capital funding were invited and received.
b) Each request was assessed by the Capital and Assets Forum against the prescribed LBC priorities and objectives
c) Requests were allocated to one or more of the following categories: New, Existing, Slippage, Renewal and Contractually / Legally Committed.
d) Each request was further annotated with its funding source.
e) Business Cases and option appraisals were provided where requested for internally resourced new Funding requests. However quite a significant number of projects will have to be developed further before final approval.
f) Resources were reviewed and challenged for certainty and prudence.
g) The baseline position was assessed including new requests.
h) The 2nd Quarter Capital Monitoring returns out-turn positions were analysed to challenge and check any proposed slippage or under-spends some budgets were reduced by fund holders following this review.
i) The Service Director (Finance & Audit) undertakes a challenge and scrutiny of each funding request followed by a further review of the overall programme by Corporate Leadership Management Team (CLMT).
j) As a result of h) & i) above a number of funding requests and existing budgets are shown with amendments and/or funding reductions to achieve a revised base line programme.

124 The base-line position, with all Options Appraisals included, produced a significant increase for the life of the capital programme (excluding the additional 2023/24 financial year). The pipeline of projects includes the creation of an Energy Company and investment in regeneration projects. Due to the magnitude, complexity and risks associated with the investment, these projects will be evaluated separately outside of the annual capital programme cycle and further reports submitted to Executive and Full Council for approval and will also be subject to detailed scrutiny.

125 Officers scrutinised all the programme costs and have managed to reduce the overall programme costs in comparison to the Q2 budget monitoring position. The revised programme is included as Appendix H.

126 There has also been a reduction in the Capital programme reflecting the removal of the Century Park Access Road Phase I from the Council's capital programme. There have also been changes to other major schemes. The forecasts are included in Appendix H.

127 The amount of capital receipts generated from sale of assets has reduced significantly over the years and most of the capital projects are funded through borrowings which requires

setting aside funds to cover both debt servicing costs and Minimum Revenue Provision. As mentioned above the Council officers are reviewing the Capital Strategy with a view to ensure that in the medium to long term, the Council has an affordable and sustainable capital programme and also limited resources are allocate against priorities. All projects will have to be supported by robust final business case before the start of the project and any commitments raised and also would require Executive approval where appropriate. The total debt servicing and MRP has been included in the revenue budget and also included in the Treasury Management Strategy. .

Governance arrangements

128 All new projects will have to submit robust business cases to the Executive for approval before the allocated funds are released. The business case will have to follow best practice and also comply with guidance published by HM Treasury namely the “Green Book” and the “Five Case Model”. Once this is obtained, the project is governed under the Project Management Framework and overseen by the Major Projects Board and/or any other governance arrangements put in place and approved as part of the business case approval process. All projects will have to be closely monitored and regular report will have to be submitted to Executive with recovery plan in the event of any overspend to ensure that the projects are delivered on time, within budget and are set to deliver the outcome

129 Internal resourcing of the capital programme is in line with previous years. However the amount of capital receipts has reduced significantly and this has resulted in a significant increase in borrowing to finance the capital programme. Prudential borrowing supporting the proposed Capital programme over the three years amounts to £61.872m, of which £27.729m relates to the additional 2023/24 financial year.

130 The net movement in the programme since the Q2 monitoring has been factored in future capital programme and funding allocated accordingly as detailed in Appendix H.

131 The most significant new additions (including new schemes and 2025/26 costs of existing schemes) are as follows;

- Learning Disability & Autism Housing £0.85m

Scheme is to purchase 3 units of accommodation for 10 people – these numbers are likely to change once feasibility and planning are confirmed. By providing this provision it would cut down on costs of packages that are currently outsourced and cost the Borough with 40% of all package costs spent on accommodation.

- Congestion Management £0.45m

Scheme to review traffic management of routes on the strategic road network, A6, A505 and A1081 corridors and implement appropriate measures for managing congestion.

- Investment Properties Refurb £0.7m

This scheme will refurb investment properties so that they are able to provide a financial return via lease or sale.

- Farley Hill Development £1.0m

The scheme will look to develop brownfield sites, retail parades, garages, apartments and a community centre that have been neglected from investment and aims to improve the visibility of the area through increased and improved housing and modernised community services.

- Town Hall & Apex Refurb £2.19m

The alterations to town hall to support TWTP (£1.0m) are to carry out major refurbishment to the Town Hall and Annexe building to support agile working and reduced office footprint and revenue costs and also to cover essential maintenance of an Historic building. The Apex House Refurb (£0.79m) and Replacement Windows (£0.4m) are schemes which support the drive to have agile working whilst improving energy performance and reduced carbon emissions. The building will be surplus to requirement and options are being developed for its future use which includes the option of generating rental income.

- Tree Management Projects £0.23m

The first phase of the Council's carbon reduction and greening project is proposed to include this delivery of a number of new tree planting and management schemes across the Borough in public parks and spaces.

- New Vale Cemetery Expansion £1.3m

Scheme to Expand burial capacity at the Vale as it is predicted this will reach capacity in 2022. 1. Purchase of land on Butterfield Green Road. 2. Lay out land to form new burial ground to accommodate 10,000 graves providing approx. 25 years of capacity.

- Town Centre Delivery £1.0m

Scheme is to develop a number of sites - the Council commissioned a masterplan and delivery framework which will be completed in early 2021. This funding is to then take the delivery framework and begin to implement a vehicle to deliver the Council's sites. Part consultancy cost and part building.

- Leagrave Centre – Building Refurb & Extension £1.25m

Scheme is for the major refurbishment & extension (subject to feasibility and cost estimate) to Leagrave Centre including replacement roof, to support agile working and reduced office footprint and revenue costs.

- Highway Structures - £1.365m

Scheme is to replace parapets on Flyovers, Chapel Viaduct and Park Viaduct that have become non-compliant as a result of damage caused by road traffic collisions. In addition three subways, in St Marys Roads roundabout, Castle Street and Telford Way need also need renovation with anti-slip surfacing and painting, replacement copping stones, and replacement of hand rails to make them DDA compliant. The third works stream is in airport way where the embankment is in need of localised repairs to stabilise the soil

- Improving and Regulating On-Street Parking £0.12m

Scheme is to accelerate the improving of on-street parking for residents and businesses in Luton including restricting parking where appropriate (e.g. footways, verges, junctions etc.)

- Preservation House (Purchase & Refurb) - £1.45m

Scheme is for the purchase, refurb and then re-letting of an industrial unit of approx. 61,000 sq ft which is over 10 years old. The Council agreed to take on the assignment of Preservation house as part of the CPAR road building project. It is estimated the council will complete and take possession at the end of April 2021.

- Town Culvert Schemes - £1.64m

This budget is for repair work to culverts. Open Lea (£0.64m) and Town Centre Culvert Opening (£1.0m) require repairing and maintaining in order to minimise risks to luton residents. The Open Lea scheme is being part funded by MHCLG and ERDF.

- Inspire HQ and Library - £1.1m

This budget is for Infill and development of the front of the property to the Inspire Sports Centre. Also Stopsley Library operates via a portakabin and is coming to the end of its useful life. This proposal will extend Inspire to the front and provide new leisure accommodation, an office for Active Luton as well as a new library allowing for the sale and development of the existing sites.

132 Within the new bids is an invest to save initiative that should help to create surpluses in the General Fund. These bids will only be fully approved with a robust business case and agreed cashable savings. The most notable invest to save bids are briefly outlined below;

- £0.16k investment in New IT Software for HR and Payroll System Renewal will provide a cloud hosting solution and replace the current “on premises” system.

133 The key risk factors in relation to the Capital Programme are as follows:

a) The overall size of the programme, which is very large for a relatively small unitary authority, and includes major investment projects;
b) Resources, particularly the lack of airport dividend, the reliance on capital receipts which have not yet been achieved, and the cash-limited grant funding of projects including those major construction schemes where spend can significantly exceed budget;
c) Programme and project management risks associated with major projects, investment projects and potential overspend;
d) High value existing contractual commitments within the programme.

134 It is worth pointing out £91.7m of the future programme relates to capital expenditure of the Council’s subsidiary companies, London Luton Airport Limited (LLAL) and Foxhall Homes. This is shown as prudential borrowing of the Council. However, the Council will give debenture loans to the companies at interest rates including a reasonable margin subject to the stabilisation plan for LLAL over and above the rate at which the Council will borrow (a risk premium), therefore meaning that the projects are at no cost to Luton residents –with the additional margin helping to sustain core council services.

Significant Capital Expenditure and Financial Resilience

135 All the projects included in LBC's capital programme are based on best estimates and some are indicative figures. The Council as part of the budget framework has to include any capital projects in the capital programmes at the beginning of the financial year. However any disbursement is dependent upon Executive approval of a final business case.

136 The Housing strategy included an option to invest in residential properties. The Council has previously had a strategy to invest in commercial properties. A similar strategy was developed in order to support any future investment in residential properties. The final business case has to be approved by Executive and proper governance arrangements have to be agreed in order to enable proper monitoring and reporting and facilitate scrutiny. However, government have determined that the inclusion in the capital programme of any scheme that proposes the purchase of assets "primarily for yield" will disqualify a council from access to public works loans board (PWLB) funding. The access to PWLB funding is essential for efficient and effective treasury management, and so no investment schemes primarily for yield have been included in the programme. This will be kept under review and reported on as part of the Capital and Treasury Management Strategy

137 It must be noted that the overall level of borrowing is unprecedented for the council and it is largely related to investment in commercial activities (LLAL) and by its very nature carries inherent risk as it depends on the buoyancy of the travel industry at microeconomic level and the overall economy at macroeconomic level. As with any investment the value can go up as well as down. The potential financial impact may be significant and the level of reserves of the Council is not high enough to cope with a permanent major drop in the value of investment or a default from LLAL to repay the loan. This has to be properly considered when each final business case is submitted to the Executive as this may have a significant impact on the future level of council tax.

138 The latest position on LLAL projects and associated financial implications are dealt with a separate report EX/01A/21 agenda item 13. The Emergency budget approved a loan of £60m to LLAL as part of the stabilisation plan. The additional debenture loan and potential investment in shares included in this year's capital programme amounts to £91.9m. This is further considered in the Appendix G to this report.

Schools Funding

139 Schools are funded directly from the Dedicated Schools Grant (DSG) – which also funds some functions carried out by the Council on behalf of schools. The amount of DSG for 2021/22 depends on actual pupil numbers on the October 2020 school census and the January 2021 early years census. In addition to DSG, there is also pupil premium which for 2021/22 are at the same rates as 2020/21. These are £955 per secondary pupil or £1,345 per primary pupil who is or was eligible for a free school meal at any time in the last 6 years.

In addition looked after children and service children attract the pupil premium at £2,345 and £310 per pupil respectively.

140 Currently local authorities receive funding for schools and education through the ring-fenced Dedicated Schools Grant (DSG), value for 2021/22 £251.85m, and the pupil premium. The DSG is split into 4 notional blocks (schools block, central school services block, early years block and high needs block) and is mostly based on an October count of pupil numbers (with the exception of the early years element which is based on the January early years census). The notional blocks are not ring-fenced and authorities can move funding freely between them with the agreement of their schools forum, although transfers from the schools block to the high needs block are limited to 0.5% of the schools block. The notional blocks are set out below.

Schools Block

141 2021/22 will be the third year that the authority has had the option to use the national funding formula for schools. The Schools Block total funding for Luton is £195.28m, compared with the 2020/21 total of £175.87m. The units of funding for primary and secondary pupils have increased from £4,215.09 to £4,581.59 and £5,493.38 to £6,005.01 respectively. These are multiplied by 22,429 primary pupils and 14,678.5 secondary pupils and added to funding for premises and growth of £3.00m and £1.38m giving a total schools block of £195.28m. This block funds primary and secondary maintained schools, academies and free schools. The local authority intends to adopt the national funding formula to fund its schools again in 2021/22.

Early Years Block

142 This is funding for 2, 3 and 4 year olds, other than high needs pupils, in both the maintained sector and in private, voluntary and independent providers of free early years education. For 2021-22 the Early Years Block Unit of Funding (EYBUF) for 3 & 4 year olds of £2,815.80 multiplied by 4,178.4 part time equivalent (pte) pupils gives an allocation of £11.765m. Over and above this 3 and 4 year olds of working parents are entitled to an additional 15 hours of free and flexible education and the indicative funding for this is £2.741m. The 2 year old funding annual rate of £3,163.50 multiplied by 856.12 (te)pupils gives an allocation of £2.708m. Early years pupil premium is £0.106m. There are 2 additional early years allocations, one of which is to help support maintained nursery schools transition to the new early years funding formula and the amount for Luton is £1.652m and disability access funding of £0.07m. The overall indicative Early Years Block is £19.049m.

High Needs Block

143 High Needs Block Funding of £36.396m has been allocated, but is provisional depending on place numbers. This block funds provision for all high needs pupils and students from birth to 25, in line with the Government's proposals for Special Educational needs and disability, in order to produce an integrated and coherent approach to assessment and provision across the 0-25 age range.

144 During 2020-21 demand led pressures on the High Needs Block may cause an over spend on the DSG which will be covered by the use of DSG reserves. There are sufficient reserves to cover the forecast overspend in 2020-21.

Central School Services Block

145 The allocation of £1.367m is derived from 37,107.5 pupils x £36.83 with additional funding for historic commitments (equal pay liabilities) of £0.126m.

146 Decisions are required by the Schools Forum and the Executive. The high needs element of the Dedicated Schools Grant will be determined by the Schools Forum in March 2021. At this point, as the representative body of schools and other providers of education and childcare, the Schools Forum requests that the following decisions for the 2021/22 Schools Budget are agreed by Executive.

Item	**2021/22 Funding £'000**
Approval of the funding formula for primary and secondary schools 2021/22 (see Appendix J) and the growth fund for schools undergoing local authority approved expansion	£195,284
Approval of centrally retained school services block budgets for 2021/22 (see Appendix K)	£2,025
Approval of early years central budgets for 2021/22 (see Appendix K)	£1,229

147 In recognition of the cost pressures that LA's are experiencing on the High Needs element of the DSG, the government announced an additional £250m of High Needs funding, £125m for 2020-21 and the same for 2021-22.

148 Luton's allocation is £604k for 2020/21 and another £604k for 2021-22. This will help to deal with the additional cost pressures in High Needs Block in 2021-22 due to increased number of special school places needed and also increased spend in alternative provision due to increased permanent exclusions from mainstream schools.

149 A new special school, Windmill Hill Special School, will be opened in September 2021 on York Street and the funding for this is not expected to affect the current schools. There has been an increase in funding within the High Needs Block which will be used to cover the costs of this new school.

Public Health

150 Public health works to protect and improve the health and lives of individuals, families, communities, and populations and the team have been central to the Town's fight against Covid. Public health is about helping people to stay healthy and protecting them from threats to their health. Sometimes public health activities involve helping individuals, at other times they involve dealing with wider factors that have an impact on the health of many people (for example an age-group, an ethnic group, a locality, or a country). While medicine and nursing are vital for helping and supporting people when they fall ill, work in public health contributes to reducing the causes of ill-health and improving people's health and wellbeing.

151 Public Health has a ring-fenced budget to focus on key health and wellbeing issues and deliver mandated services. Since 2015 this budget has included the service for 0-5 year olds, so that the complete public health service is the responsibility of the council.

152 The Council is required to use this ring-fenced funding to fulfil its duty to take appropriate steps to improve public health and reduce health inequalities. Government reduced the Public Health Grant annually between 2015/16 and 2019/20, despite the 5 year plan for the National Health Service stating that public health was critically important. For 2020/21, a real terms increase of 3.4% was provided, but the 2021/22 grant has not been subject to any increase, so has been reduced in real terms.

Revenue Budget 2021/22 – Key principles

153 For some years the Council has aimed to set a balanced budget without the use of reserves to pay for ongoing revenue expenditure, although this principle had to be suspended in the setting of the emergency budget, subject to the request to government for exceptional support. The 2021/22 budget aims to resume this approach. Key issues for members include the following:

- Can the Council set a balanced budget for ongoing expenditure with no contribution from reserves for 2021/22?
- Can the Council re-affirm the key principles of the financial strategy?

154 The current key principles that guide the financial strategy are set out below:

- To maintain a balanced budget position, and to set a medium term financial plan demonstrating how that position will be maintained;
- Spending plans will be closely aligned with the Council's aims and objectives;
- The Council will maintain a prudent level of reserves;
- Budgets will be continually reviewed and modified to ensure that resources are targeted on key objectives and deliver value for money.

155 The base budget has been prepared by budgeting for staffing at current establishment levels, less the allowances for staff turnover. Inflation on supplies and services has only been added where departments made the case that it is required. The base budget for each department is shown in the attached budget papers, together with an overall summary.

156 The basis of determination of the contingency provision of £4.82m is shown at Appendix B, arising from the consideration of the principal budget risks. This includes £2m to cover debt-servicing costs and MRP in respect of the potential exceptional support to be provided by MHCLG. A comparison between the 2020/21 budget and the 2021/22 draft base budget is shown at Appendix I.

Costs of Implementing Savings

157 There will be a cost of implementing a number of the savings proposals in terms of redundancy and pension strain arising from staffing reductions. Every effort will be made to redeploy staff to minimise the human and financial impact. The 2020/21 budget includes a provision amounting to £700K for 2021/22 redundancies, and the 2021/22 proposed budget will include a similar provision for 2022/23, within the overall contingency provision, as the accounting rules require redundancies to be accounted for by way of a provision in the year in which an announcement of the potential redundancy is made.

Budget Risk Management Strategy for 2021/22

158 Taking into account the impact of the pandemic and also Brexit on both the Council and more importantly on the aviation industry and LLAL, the budget carries a high level of inherent and new risks and uncertainties. Therefore it is essential that the Council continues to develop and monitor its budget risk management strategy, alongside the budget itself. A budget risk management strategy is attached as Appendix B – the strategy is dependent on recommendations regarding the level of reserves and contingencies, as well as the actual budget set.

159 It must be noted that the Council will need to live within its budget. There will be no potential for new initiatives or extra spend outside the finally approved budget provision unless those initiatives can be wholly resourced, in the short term and the long term, without impacting on the budget.

160 The budget risk management scheme assumes the continuation of the cash-limit scheme.

Capital Programme – Affordability Prudential Indicators

161 In considering the affordability of its capital plans, the Council is required to ensure that the total capital investment remains within sustainable limits, the impact on Council tax and Housing rental income. In considering affordability of its existing capital investment plans, the Council pays due regard to risk and uncertainty for the forthcoming year and future years. There are three key indicators of affordability which provide an indication of the impact of the capital investment on the Council's overall finances:

- The ratio of financing costs to net revenue stream – this identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

- The incremental impact of capital investment decisions on the Council Tax Band D – this identifies the revenue costs based in the budget associated with proposed changes to the three year capital programme recommended in this budget report compared to the council's existing approved commitments and current plans.

- The incremental impact of capital investment decisions on housing rent levels – identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, with regards to the impact on weekly rent levels.

162 Calculations of these indicators are included in the Treasury Management and Annual Investment Strategy reported separately to this meeting.

Minimum Revenue Position

163 The financing costs of borrowing and capital financing arrangements are based on the interest cost of borrowing, plus a 'minimum revenue provision' used in place of depreciation/principal repayments for local authority tax-setting purposes.

164 Statutory guidance requires each local authority to prepare a statement of policy setting out how it will make a prudent Minimum Revenue Provision (MRP) for the next financial year. The policy is included in the treasury management and annual investment strategy. As a result of a significant increase in the level of borrowing required to fund the capital programme, the MRP provision and debt servicing is expected to increase by £3.8m over the three years from 2021/22.

Scale of Charges

165 The majority of charges for 2021/22 are submitted for approval by Executive in January 2021 (decision reference: EX/03/19), for implementation from 1 April. Some additional charges will be approved as part of the budget, also for 1st April implementation.

Reserves & Provisions

166 The Council sets aside specific amounts as reserves to finance future expenditure and to cover contingencies (usable reserves).

167 The Local Government Act 2003 requires the Chief Finance Officer's views on the necessary level of reserves to be reported to full Council as part of the budget process. The Chartered Institute of Public Finance and Accountancy (CIPFA) have added to this by recommending:

- A review of the level of earmarked reserves as part of budget preparation, together with estimates of the use of reserves in the forthcoming year;
- A statement from the Chief Financial Officer 'on the adequacy of the general reserves and provisions in respect of the forthcoming year and the authority's medium term financial strategy;
- A protocol for the management, control, and use of reserves.

168 CIPFA's guidance note on local authority reserves and balances sets out the issues that need to be taken into account in order to assess the adequacy of the unallocated general reserves. Essentially this involves looking at the strategic, operational and financial risks facing the authority, the budget assumptions, including the treatment of demand-led pressures, and the authority's financial standing and management. This therefore involves a very wide-ranging assessment. Particularly important areas are the council's budget monitoring processes, the risk register, the budget risk management strategy, the Council's exposure to the pandemic and Brexit, and the treatment of growth and savings. An assessment is set out in Appendix B.

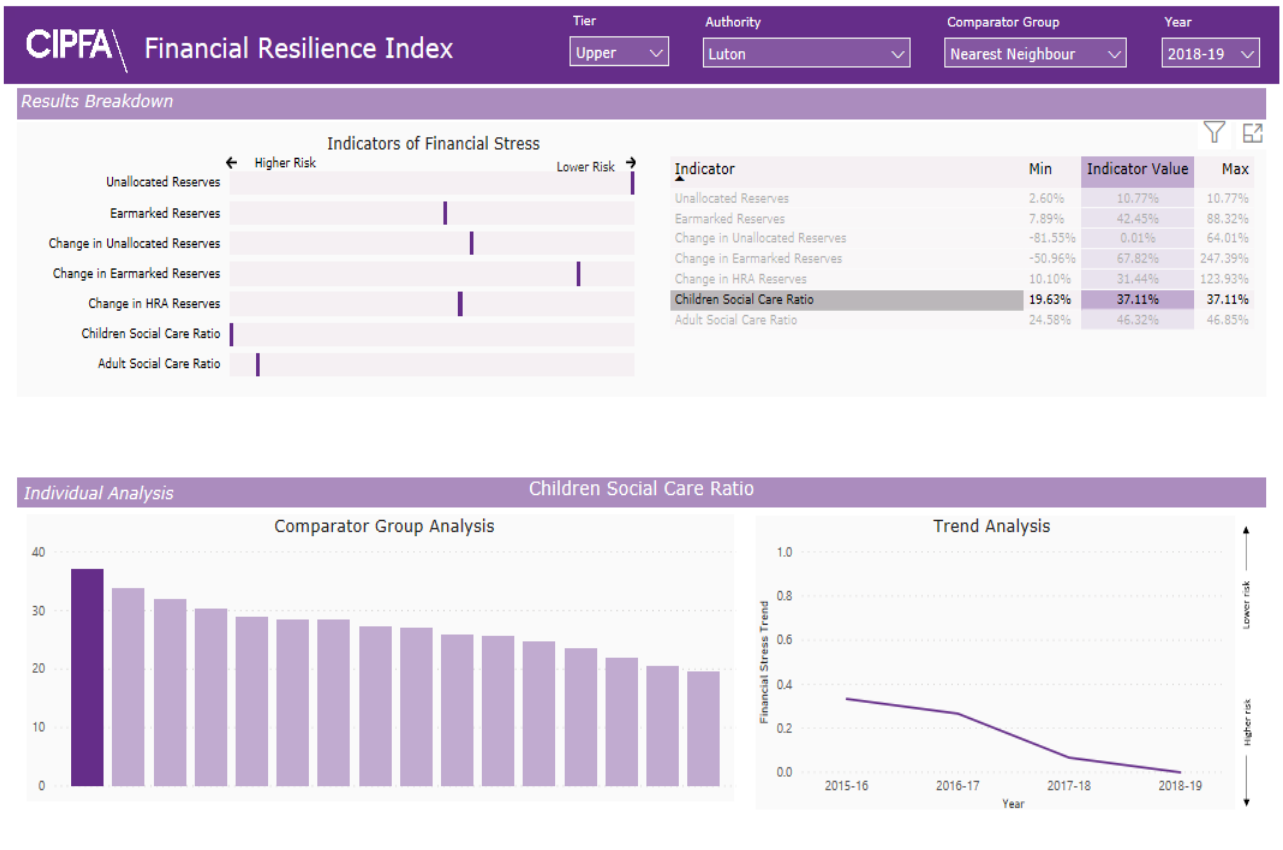
169 Showing in Appendix F is a table showing a protocol for each reserve, setting out its purpose, how and when it can be used, and procedures for management and control. Also included in the table are estimated balances and estimates of the potential use of reserves in 2021/22. It is recommended that all the reserves continue to be reviewed annually as part of this budget report, in order to ensure continuing relevance and adequacy in relation to the Council's Risk Management Strategy.

Robustness of Budget Proposals

170 Section 25 of the Local Government Act 2003 requires the Statutory Section 151 Officer (the Service Director, Finance & Audit) gives advice to the Council on the levels of reserves held and the robustness of the estimates at the time the Council makes its decision on the budget proposals. This report will be presented to the Council as part of the Executive's budget proposal.

CIPFA Resilience Index

171 The chart below shows the resilience index produced by CIPFA and also shows the risks associated in terms of affordability and sustainability of the high level of spend as a % of Net Revenue Expenditure. It is worth noting that this is based on 2018/19 data and since then there has been significant additional resources injected in Children Services and will make the ratio even higher. The 2021-22 budget includes an additional £1.2m as part of the improvement programme. This level of spend is not sustainable in the medium to long term and the savings identified in the 2020/21 and 2021/22 have to be delivered in order to ensure that the Council delivers services with costs which are comparable to its statistical neighbours and delivers value for money.



172 This level of additional resources injected in social care is also reflected in the CIPFA resilience Index which shows the Children Social Care Ratio (spend on Children Social Care as a percentage of Net Revenue Expenditure) is the highest 37.11% among our statistical neighbours. It also shows the spend on Adult Social Care is high risk as well.

Housing Revenue Account Capital

173 The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, leaseholder service charges and other income. The council has a statutory responsibility to set a balanced HRA budget (i.e. all budgeted expenditure must be matched by the income).

174 The Council currently owns and manages approximately 7,780 homes. These include a mixture of houses and flats, both general needs and more specialist properties such as sheltered accommodation. The council also provides some shared ownership properties.

175 Under the current Right to Buy (RTB) legislation, Local Authorities are able to retain the discounted receipts to spend on replacement housing provided they can sign up to an agreement with the Government that receipts generated by the additional sales would be used to fund replacement social stock on one-for-one (1-4-1) basis. The Council has signed the contract and has been accumulating these receipts. One of the conditions set by the

Government is that the level of such receipts must constitute no more than 30% of the total amount spent on the provision of social housing while the remaining 70% must be funded by the other resources within HRA or other funds. Such 1-4-1 receipts must be spent within 3 years otherwise the authority will be compelled to return some or all of the 1-4-1 receipts, together with interest.

176 Government is considering greater flexibility for the use of 1-4-1 receipts and has completed a consultation on proposals to change the use of 1-4-1 receipts in October 2018. At the time of writing we do not know the outcome of this consultation.

177 To ensure that the Council meets the timing conditions and avoids returning any 1-4-1 receipts with the additional interest cost, it is imperative that the Council now prioritise this new build programme shown below in the Council medium term HRA Capital Programme, under Additional New Affordable Housing and complete the programme in the financial year detailed.

178 A stock condition survey was carried out in 2017-18 and the report from Savills was used to formulate the Major works budget, included in the table below.

Table 3: HRA five years Capital Programme

Name of Scheme	Budget 2021/22 £,000	Budget 2022/23 £,000	Budget 2023/24 £,000	Budget 2024/25 £,000	Budget 2025/26 £,000	Total £,000
Main Capital Schemes						
Major Works (BTS Capital)	15,304.7	15,304.7	15,304.7	5,023.0	5,518.7	56,455.8
Climate Change/Carbon Reduction	200.0	200.0	200.0	200.0	200.0	1,000.0
Extensions	400.0	400.0	-	-	-	800.0
New Affordable Homes Programme						
Fitzwarin	-	-	120.0	2,330.0	-	2,450.0
Butely Road	-	1,050.0	2,050.0	550.0	-	3,650.0
Buckle Close	2,470.0	6,380.0	-	-	-	8,850.0
Freemans Green	100.0	1,750.0	5,250.0	-	-	7,100.0
Littlefield	-	1,500.0	1,500.0	-	-	3,000.0
Denham Close	900.0	-	-	-	-	900.0
Morris Close	750.0	-	-	-	-	750.0
Wauluds Bank	-	-	-	2,000.0	5,000.0	7,000.0
Emerging Sites/SME	1,500.0	1,500.0	1,000.0	1,000.0	1,000.0	6,000.0
NSAP Womens Project	810.0	-	-	-	-	810.0
NSAP Complex Needs	1,200.0	-	-	-	-	1,200.0
Land Purchases & Delivery Options	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	5,000.0
						-
Total	24,634.7	29,084.7	26,424.7	12,103.0	12,718.7	104,965.8

Note: The major works programme amounts to £56m over the next five years. Detailed programme has to be prepared and approved by the Executive in the same way as General Fund capital programme before any expenditure is committed.

In 2023/24 borrowing has been assumed in the current financing of the HRA capital programme. HRA debt cap has been removed and the limit of indebtedness has been revoked, the revocation determination came into force on 25 October 2018. This is good news for Luton as we have plans to build more homes for social and affordable rent. However, before any further borrowing is considered in Luton we will need to assess the affordability within the HRA.

Financial Strategy

179 The strategy is set out in Appendix C and has been significantly revised as a consequence of the Covid-19 epidemic and its impact on LLAL's financial position and its ability to pay dividend to the Council.

Goals & Objectives

180 The key goals and objectives are:

1. To set a balanced budget for 2021/22 in line with the legal requirement to do so;
2. To ensure the financial challenge posed by the pandemic is assessed and measures put in place to ensure the financial resilience of the Council and its subsidiary companies which form an integral part of the Council
3. To set a fully resourced, affordable and sustainable capital programme for 2021/26 in accordance with the requirements of the Council's standing orders;
4. To set a budget risk management strategy that will enable the budget to be managed effectively and ensure a prudent level of reserves is maintained;
5. To set a medium term financial strategy and plan, together with a financial strategy, that will enable the Council to work effectively in the medium term towards meeting its service aspirations as set out in the prospectus within the level of resources available to it.
6. To ensure that services can demonstrate value for money.
7. Ensure delivery against the Luton 2020-2040 vision and our Corporate Plan to secure a strong economic recovery and to protect our most disadvantaged residents from the worst impacts of the pandemic.

Proposal

181 The proposal was to set:

i. A revenue budget incorporating the savings (Appendix M) and spend pressures (Appendix L), together with a specific proposal for the level of Council Tax;
ii. A medium term financial plan and strategy as set out in Appendix A.
iii. A capital programme as set out in Appendix H on the basis of the resource statement set out in Appendix G;

182 In order to manage this effectively, the implementation of the Budget Risk Management Strategy set out in Appendix B will be essential.

Key Budget Risks

183 Section 25 of the Local Government Act 2003 requires me as S151 officer to report on the adequacy of reserves and the robustness of estimates. The paragraph below list the main risks based on best practice and the information available to date and in view of significant uncertainties due to the economic climate. There is a separate appendix – Appendix B – setting out a detailed Budget Risk Management Strategy. The major risks relate to:

- The financial position of London Luton Airport Limited (LLAL) as a consequence of the Covid-19 epidemic and the impact of the application of "force majeure" and "special force majeure" clauses in the concession agreement. This includes the need to ensure the financial stability of the company, and the company's ability to make payments to the council, including dividends, rent and interest payments. This is being considered as part of a separate report EX/01A/21 agenda item 13.
- Significant additional costs arising if there are further Covid lockdowns necessary in 2021/22. The budget assumes that all Covid related costs are covered by Central Government and also 75% of sales, fees and charges and C Tax loss of income.
- Uncertainties as a consequence of Brexit – too early and difficult to quantify;
- Not achieving the approved proposed savings as per appendix M
- Reductions in the collection rate for Council Tax and Business Rates, increases in bad debt levels and losses as a result of appeals against rateable values especially appeals during Covid 19 re pandemic effect.
- Future changes to the Business Rates Retention Scheme may have significant adverse financial implications.
- Increases in demand for high cost Adult Social Care, Children's services and Homelessness. These services are demand-led and driven by demographic changes.
- Overspends occurring in the capital as well as the revenue budget, and estimated capital receipts already very low not being realised.
- Further reductions in specific grants such as New Homes Bonus (being phased out) and Independent Living Fund
- Brexit may bring opportunities as well as challenges.

184 It is also essential as stated above that robust Equalities Impact Assessments are completed and consulted on prior to implementation of savings to mitigate a risk of challenge of specific budget items.

Stakeholder and Public Engagement

185 The draft budget proposals will be used as the basis for stakeholder and public engagement over the coming weeks. There has been consultation over the last twelve months as described below.

- We have been engaging with the general public and staff on the council's budget for the last 12 months. Initially on the 2020/21 budget, then a comprehensive consultation prior to the 2020 emergency budget. More recently we have been engaging with the community and staff on the council's financial position following the emergency budget and the additional savings required for the 2021/22 budget.

- The engagement has focussed on explaining and updating people on the council's financial position, the impact Covid-19 has had on council finances and explain why further savings need to be made during 2021/2022.

- Due to Covid-19 restrictions, no physical face-to-face meetings have taken place and the engagement has taken place online through virtual meetings with community leaders, along with existing channels such as e-briefs, website, emails and webinars. The virtual meetings were arranged with community leaders to discuss the proposals in more detail.

- A large proportion of the savings ideas put forward by residents were included and agreed in the summer's emergency budget. The additional savings proposed in the 2021/22 budget do not impact the public to a large extent, but do have some impacts on council staff. Therefore regular updates have been provided to staff and an open line to the Chief Executive to put forward ideas and ask questions – all of which received a personal response.

- The key concerns raised by residents during the engagement exercises over the last 12 months include the impact service cuts will have on vulnerable people and also the cleanliness of the town. People have also been concerned about the impact Covid has had on the airport and what this will mean for local services.

- There have also been calls for more clarity on the budget setting process which some people have commented that they find confusing. Further online meetings will be arranged in 2021 to update the community on the council's position and the impact of Covid-19.

186 Any feedback from stakeholders after 20 January 2021 will be reported alongside the Executive final budget proposals to Executive Committee on 9 February 2021 and Full Council on 17 February 2021 for final decisions and to set the budget and Council Tax for 2021/22.

187 Consultation with the Schools Forum is a statutory part of the allocation of the Dedicated Schools Budget, and the formulae used for the distribution of the individual schools budget. The Schools Forum supports the allocation shown in the Appendices J & K to this report.

188 Further consultations will take place as part of the implementation of any savings proposals (Appendix M) if required.

189 The trades unions will be consulted on the proposals for savings and spend pressures on the 21st Jan 2021. Any feedback will be included in the next Executive report.

190 There is also a statutory requirement to consult representatives of national non-domestic ratepayers, and this will be undertaken as a specific part of the stakeholder engagement. Views received will be reported to Budget Executive.

191 Overview & Scrutiny Board – the 2021/22 budget will be considered by the Finance Review Group on the 18 January 2021.

Equalities/Social Justice Implications – Report by the Social Justice Unit

192 The budget savings estimated for 2021/2022 amount to £5.9m, this excludes any Public Health related savings which is a ring fenced account. Departments are meeting the savings as follows;

Savings per Department	**Savings Amount 2021-22 £m**	**Savings – Key Initiatives**
Chief Executive's	1.651	Changes to organisational structures and responsibilities, Process & Efficiency Improvements and System/service redesign.
Inclusive Economy	0.944	Changes to organisational structures and responsibilities, Process & Efficiency Improvements, Procurement & Commissioning Efficiencies and Trading & Commercialisation.
Population and Well Being	3.064	Changes to organisational structures and responsibilities.
Children's, Families and Education	0.230	Changes to organisational structures and responsibilities.
Total	**5.889**	

193 Most of the above savings have been agreed as per the Emergency budget which straggles over two years and going through detailed consultation as appropriate. Based on the new savings proposals in 2021/22 there is a reduction in 4 posts and the departments have 2 vacant posts and very effort will be made to redeploy those staff at risks.

194 There is no evidence currently available to suggest that the savings will have an impact, either positive or negative, on all the protected groups of the Equality Act (2010). This is because in some cases no analysis of impact has yet been undertaken, but analysis will be done prior to any decisions being made on implementation. Any significant negative impacts will be reported to members as part of the consultation process, and ensuring full compliance with the general duty under the Equality Act 2010 will need to be paramount. It is also relevant to show where the Act states that compliance with the duty may involve treating some people more favourably than others, and this will be around those already at a disadvantage which may be because of disability or race.

Summary of Budget Report Appendices

Appendix A	Medium Term Financial Plan
Appendix B	Risk Management Strategy & Contingency Provision
Appendix C	Financial Strategy
Appendix D	Government Grant
Appendix E	Council Tax Comparisons – 2020/21 Levels
Appendix F	Protocol for the Management Control & Use of Reserves
Appendix G	Capital Resource Assessment
Appendix H	Capital Programme 2021/26 (included in Green Book)
Appendix I	Analysis of Variance between 2021/22 Net Expenditure Prior to Growth & Savings and the 2020/21 Budget
Appendix J	Schools Funding Formula 2021/22 for Primary & Secondary Schools
Appendix K	Dedicated Schools Grant Centrally Retained Budgets 2021/22 – Schools Block & Early Years Block
Appendix L	Growth Items – Unavoidable Increases In Cost (included in Green Book)
Appendix M	Recommended Savings 2021/22 (included in Green Book)
Appendix N	Revenue Budget Summary (included in Green Book)
Appendix O	Capital Strategy (draft)
Appendix P	MRP Policy (draft)
Appendix Q	Investment Strategy (draft)
Appendix R	2021-2022 Green Book

Appendices and additional background papers attached:
Further background papers: The detail of the consultation that informed the Council's 2040 Vision and its budget strategy to 2021/22 are available from the consultation team, 01582 547099. The detail of the grant settlement is available from the MHCLG website.

IMPLICATIONS

For Executive Reports:

- **ALL GREY BOXES MUST BE COMPLETED**
- All statements must be cleared by an appropriate officer

For CLMT Reports:

- **ONLY THE DARK GREY BOXES MUST BE COMPLETED**
- Clearance is not required
-

TO BE UPDATED

Legal	**Clearance Agreed By**	**Dated**
The Executive is required to recommend a budget to Full Council for approval and Full Council is required to approve a budget and set a level of council tax for 2021/22. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources.	This has been agreed by, Angela Claridge, Monitoring Officer	11 January 2021

Finance	**Clearance Agreed By**	**Dated**
These are addressed in the body of the report.	Dev Gopal, Service Director (Finance, Revenues & Benefits)	11 January 2021

Integrated Impact Assessment (IIA) – Key Points		
Equalities / Cohesion / Inclusion (Social Justice)	**Clearance Agreed By**	**Dated**
The report includes a full consideration of the impact in paragraphs 194 to 196.	Maureen Drummond, Cohesion and Equalities Adviser	11 January 2021

Environment	**Clearance Agreed By**	**Dated**
There are no direct impacts of approving this budget by Council. However in setting the level of resources available, indirectly there are a number of areas of capital and revenue that could contribute to reduce CO2 / improve air quality and encourage sustainable travel.	Shaun Askins Service Manager – Strategy & Sustainability	11 January 2021
Health	**Clearance Agreed By**	**Dated**
The budget approves the funding for public health services in 2021/22, together with other budgets in all departments that will need to be used in a cohesive fashion to impact positively on public health in the town.	Lucy Hubber, Director of Public Health	11 January 2021
Community Safety	**Clearance Agreed By**	**Dated**
The budget ultimately approved by Council will set the level of resources available for Community Safety.		
Staffing	**Clearance Agreed By**	**Dated**
The budget ultimately approved by Council will set the level of resources available for paying employees. The base budget makes provision for staffing at currently approved levels. There are 24.7 additional posts in the spend pressure proposals and service improvements. There are 4 FTE reductions currently indicated in the savings proposals for 2021/22 of which 2 of those posts are currently vacant. Provision is also made in the base budget for the impact of vacancies arising from staff turnover during the year, and it is assumed that staff advertising will be paid for by holding posts vacant The Council has an active redeployment policy as a key part of its organisational development and this will be used to try to minimise the number actually made redundant.		
Other	**Clearance Agreed By**	**Dated**

Medium Term Financial Plan

Introduction

1. The medium term financial plan sets out how resources will be prioritised in order to achieve the Council's objectives, including enabling the successful implementation of the Luton 2040 Vison to tackle poverty which was launched in October 2020..
2. For many years the Council has provided value to the taxpayers of Luton by setting a Council Tax per head of population below the national average, and considerably below the level of the council tax elsewhere in Bedfordshire.
3. The current medium term plan is based on the need to find additional efficiency savings and income every year. This plan sets out the Council's overall objectives and priorities, and how the Council can seek to achieve them in the context of expected reductions and uncertainties in future Council funding (Spending Review has been postponed) as well as additional demand for services and the challenge posed by the COVID-19 pandemic..
4. The Council's mission statement is 'Luton will be a healthy, fair and sustainable town where everyone can thrive and no-one has to live in poverty', and its vision statement is that:

   As a leader and shaper of Luton we will:

   - deliver high quality services to improve the life opportunities of our people
   - work with our partners to ensure Luton is dynamic, prosperous, safe and healthy
   - celebrate our diversity and vibrancy and come together to build sustainable communities
   - provide strong leadership and a voice for the town.
5. The Council's strategic priorities, as agreed in October 2020, are as follows.
   - Securing a strong economic recovery from Covid-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy
   - Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities
   - Making Luton a child-friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive
   - Becoming a greener and more sustainable town, to meet our long-term ambition to be carbon neutral and climate resilient by 2040
   - A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice
   - A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.
6. The Medium Term Financial Plan should be read in conjunction with the following key strategies which are crucial in the delivery of the council's vision and priorities.
   - Financial Strategy

- Luton Investment Framework
- Housing Strategy
- Homelessness Strategy
- Asset Management Plan
- People Strategy
- Transformation Strategy – Luton Together
- ICT strategy
- Procurement and Commissioning Strategies
- Energy Policy

National Context

Introduction

16. Luton's financial and service planning takes place within the context of the national economic and public expenditure plans. This part of the Medium Term Plan discusses the broad assumptions within which the budget and Medium Term Plan are framed. The plan also reflect the financial challenge faced by the Council as a result of the impact the pandemic has had on the airport and the removal of dividend over the medium to long term.

The Economy and Public Expenditure, and Prospects for Local Authority Funding

17. The Office for Budget Responsibility (OBR) normally produces an update on its outlook for public finances to accompany the November budget. Given the disruption and uncertainty caused by Covid-19, OBR is providing more frequent commentary on economic and fiscal developments. In the November 2020 Economic and Fiscal Outlook (EFO) its scenario assumptions, upside scenario, central forecast and downside scenario, were produced.
18. EFO central forecast for 2020/21 have been revised as follows:
    - real GDP contraction of 11.3% compared to 1.1% growth;
    - peak unemployment rate of 7.5% compared to 3.9%; and
    - deficit of £394b (19% of GDP) compared to £55b.
19. OBR notes that lockdowns in November 2020 and January 2021 are certain to dent activity. Despite an array of support unemployment and insolvencies are expected to increase. OBR cautioned that there remains considerable uncertainty concerning the future path of the virus, the public health restrictions required to keep it in check and the prospects for effective vaccines or treatment, all of which have material implications for the economic and fiscal outlook.
20. OBR sees Covid-19 as continuing to have adverse economic impact for two to three years. Its overview of the central economy forecast is provided in the table below:

Table 1 – Economic outlook 2019 to 2025

Year	2019	2020	2021	2022	2023	2024	2025
Gross Domestic Product (GDP)	1.3	-11.3	5.5	6.6	2.3	1.7	1.8
Inflation CPI	1.8	0.8	1.2	1.6	1.7	1.9	2.0
Employment (million)	32.8	32.7	31.9	32.2	32.7	33.1	33.2
Average earnings	2.9	1.2	2.1	2.0	2.4	3.0	3.5
LFS unemployment rate	3.8	4.4	6.8	6.5	5.4	4.5	4.4

21. The 2021/22 provisional financial settlement was for a single year only and similar to the 2020/21 settlement. Fair Funding Review, New Homes Bonus Reform and Business Rates Reset have been deferred and the Minister HCLG would not confirm the time period set for reforms.
22. Previously government aimed to move to a local authority funding system based on 75% business rate retention in 2020/21. If this proposal is carried through, exactly how it is done will be key, as it was proposed to be accompanied by a resetting of the initial funding assessments for each authority, based on the technical consultations carried out in recent years. The previous Government was looking at formulae that recognised additional costs of sparsely populated rural areas, such as extra transport costs, rather than recognising costs that specifically arise in densely-populated areas like Luton or London.
23. It should also be noted that increased business rate retention brings with it additional ongoing financial risk, as well as the opportunities that should arise if the Council can successfully enable development in accordance with the aims of its Investment Framework. The risk not only relates to the health and development of the local economy, if businesses reduce their operations in Luton, but also to technical appeals by businesses against the business rate valuations made by HMRC's Valuation Office.

Financial pressures for Local Government Nationally

24. Spending Review 2020 (SR20) resulted in local government receiving an average core spending power increase of 4.5%. This increase in CSP is better than in any year for more than a decade and represents real terms growth. It will do very little to address local government's funding shortfall. Analysis show that 87% of the increase in CSP is from council tax increases, and is accompanied by relatively low increases in grant funding. Very little of the new grant increases are funded with new money. Almost all of the increases are funded by raiding the New Homes Bonus returned surplus. Further analysis of the CSR and allocation for Luton is discussed in the Revenue Budget report, which shows that Luton allocation has been below England average.
25. Capital receipts from the sale of land, buildings and council housing, which were the traditional source of funding for Council capital programmes, are difficult to realise outside London and the most affluent areas in the current property market. Overreliance on capital receipts to fund the Council's capital programme is a risk and the Council will have to consider setting up a sinking fund to fund assets used in the delivery of Council's services. Future capital receipts are not sufficient to fund the Council capital programme and reliance will be placed on additional borrowing which has to be both affordable and sustainable. The Council also has a high level

of borrowing due to its involvement with the airport in form of various loans to finance LLAL capital programme (which creates valuable assets) and lately LLAL stabilisation and recovery plan to deal with the impact of COVID-19 on the airport.

26. The costs of the local government pension scheme are reviewed every 3 years and for Luton, following the 2019 review, the employer contribution in respect of the deficit recovery for past service increased by an average of £1.4m per annum in years 2020/21 and 2022/23. Unlike civil service pensions, which are funded by government on a pay-as-you-go basis, local government is required to account for, and make payments into the pension fund now, to cover the costs of all current and future pension entitlements that have been earned to date by its staff, past and present. Therefore longevity estimates of pensioners and staff in the pension scheme are an important component in the Council's finances, and are made by independent actuaries. In 2019 the Bedfordshire Pension Fund, of which the Council is a member, was estimated by the fund's actuaries to be only 80% funded. Hence the Council's current payments to the Pension Fund includes a lump sum each year to pay for that past service deficit, as well as covering the estimated costs of the future pensions benefits currently being earned by existing staff, that are not covered by employees' own contributions. It should be noted that the funding level of 80% is below the national average for pension funds, which in 2016 was stated to be 85% by the Local Government Pension Scheme Advisory Board.

Inflation

27. The Consumer Price Inflation index, CPI, increased by 0.5% in September 2020. The September 2020 CPI which would normally have been used for the increase in Business Rates, will be set to 0.0% in 2021/22 as the retention scheme review has been deferred for another year. Public sector pension from 2019 were inflated using the Consumer Price Inflation index including owner occupier's housing costs (CPIH). At September 2020 CPIH was 0.7% or 0.2% higher than CPI that was historically used as the inflator. The retail price inflation index, or RPI, was 1.1% in September. As CPIH and RPI are both higher than CPI, inflation remains a pressure on the Council's budget in the medium term, and good contract management will be required in order to mitigate any financial risks. The impact of inflation has been factored in the MTFP and any future changes will be closely monitored.

Education Funding

28. Schools and school-related funding is provided 100% by the Department for Education (DfE), in the form of the Dedicated Schools Grant (DSG), although Councils do have the power to make further contributions of their own, if they can afford to do so. The Government has now introduced a national funding formula. An explanation of the funding method is included in the main budget report.

Health Funding

29. Public Health is funded from a ring-fenced grant. While the budget is prepared on a net nil basis (the budget assumption being that the grant is fully spent) the importance of public health to the financial strategy is fundamental, in that successful public health campaigns and outcomes will in the long term reduce the numbers requiring care, as well as reducing hospital admissions. Under SR20

public health grant to local authorities are to be maintained. Local Government Association projects that the public health grant would have to increase to at least £3.9b by 2024/25 to match growth in overall NHS funding as part of long term planning. The grant for 2021/22 will be circa £3.3b which is the same as 2020/21 excluding one-off Covid-19 supplements. The grant for Luton has been maintained.

30. The Council is of the view that Public Health has a key role to play in order to improve the well-being of the community. There are 2 Service Directors who have specific health responsibilities as well as holding commissioning roles.

Improved Better Care Fund.

31. The Improved Better Care Fund (iBCF) is paid directly to local authorities, whereas the original Better Care Fund is paid to Clinical Commissioning Groups, with priorities agreed jointly. A key issue for the financial future of local authorities is working effectively with the local Clinical Commissioning Groups (CCGs) to ensure both parts of the Better Care Fund are used to improve outcomes and achieve savings across the health and care systems. Luton signed a concordat with the Luton CCG and pooled some budgets and joined up health and care services. Luton, Bedfordshire and Milton Keynes CCGs are required to join together and form one single CCG with effect from April 2021. iBCF grant for 2021/22 remains unchanged at £2.1b.

New Homes Bonus

32. New Homes Bonus was designed to reward local authorities who encourage large scale development in their areas, to enable the level of new build required to meet the projected housing need. The level of overall funding has reduced, initially as a result of a 2015 decision by Government to use funding previously allocated for this purpose to pay for support to Adult Social Care. The bonus, previously payable on all new home building, is now only available if the number of homes in an authority's area exceeds the national average level of increase, set at 0.4% of the existing number of homes. This 0.4% has become known as the 'deadweight', for which no bonus is received. For Luton this severely restricts the prospect of receiving additional bonus, as there are limited prospects for large scale residential developments due to the lack of availability of land. The number of years for which the bonus is payable has also reduced. The 2021/22 allocations will be paid with the legacy payments due from previous years (2018/19 and 2019/20). There will be no legacy payments for the new 2021/22 in-year allocations and no legacy payment was made for 2020/21. The years from 2022/23 remain uncertain. Nationally, NHB reduces by £285m to £622m, and for Luton this represents a £0.2m reduction in 2021/22.

LUTON'S LOCAL CONTEXT

Partnerships

33. Officers have worked closely with the NHS Luton Clinical Commissioning Group (CCG) to integrate the approach to health and social care for both Children and Adults as far as possible, for the benefit of the people of Luton. Staff have been co-located in Arndale House and a number of partnership agreements signed, some

for pooled budgets. However, as noted above, the Luton CCG is not expected to continue as a distinct entity beyond April 2021, with the NHS aiming to create a single Bedfordshire (including Luton) and Milton Keynes CCG from that date. Currently their staffing plans include a Chief Operating Officer for each constituent 'place' including Luton.

There are a number of other specific local public partnership bodies that provide joined up services between public sector organisations, such as in mental health services. The Council adopts a collaborative procurement approach using the Central Buying Consortium (CBC), Pro 4, and other national and local procurement groupings, as well as buying into contracts negotiated nationally by the Office of Government Commerce, and this continues to develop. One specific example where the Council's own contracting expertise is used by other public sector bodies is the temporary staffing and recruitment contract, where others buying in include Police and Fire, Bedford Borough, and Suffolk County Council. The Council has also entered into an arrangement with Hertfordshire County Council to deliver a joint Corporate Fraud service.

34. The Council continues to review options for a greater use of partnerships in the management and delivery of services, in order to achieve the levels of savings that will be required.
35. The Council's People Strategy notes that we are also 'planning future workforce requirements in collaboration with our main partners'. This will include developing joint strategies to overcome medium and long term skills shortages and ensuring our workforce reflects the community it serves. Through its recruitment and retention policy, the Council aims to significantly reduce its reliance on agency staff, and achieve savings in the process.
36. The Council has set up a wholly owned housing company, Foxhall Homes, to which it lends funds and sells land in order that the company can develop housing in Luton. A significant number of properties will be sold on open market and part will be kept for private sector rental. This is in line with the Council's Housing Strategy. Each investment proposal will need full appraisal of the business case, on a case by case basis, to ensure that the investment is value for money for the tax payer, and that the level of risk involved is reasonable. There must be robust governance arrangement in place to ensure decisions are properly made and there is proper monitoring, reporting and scrutiny.

Budget Approach

37. It is essential that the revenue budget and capital programme are considered together. Many resources, both capital and revenue, are only available to spend on specific projects, but others, such as the Airport Dividend, can be switched between revenue and capital spend. The key indicator in the prudential code of capital finance is the revenue effect of the capital programme on the level of council tax and housing rents over the medium term. The ongoing revenue impact of capital programme proposals is one of the key issues to be considered when reviewing the capital programme. The Prudential Code has a deliberate focus on the commercialisation agenda and will require additional disclosures and prudential indicators on the decision making, reliance and monitoring of the commercial estate and investments in our wholly owned subsidiaries.

38. Looking at revenue and capital resources and spend decisions together therefore helps the council to ensure that its resources are used to best effect and that decisions are taken in a 'joined-up' manner.
39. The long-term aim is to have sustainable levels of revenue budget and capital programme focused on council priorities that will enable the council to achieve the targets of the sustainable community strategy and corporate plan, meet its statutory requirements, satisfy the aspirations of residents, demonstrate best value, and keep the Council Tax at affordable levels. This appeared a very demanding aim prior to this period of sustained reductions in Government grant, and is even more difficult now. However, budget setting in any one year cannot be seen in isolation from the medium–term projections and this long-term aim.
40. There are some limiting factors, and key ones are set out below.

- **Scope for increasing non-domestic (business) rates in Luton**. One of Luton's key issues in relation to the current local government finance system is that it is already very heavily developed, with limited amounts of land available for business development, and with major housing need that also has to be considered. These issues were fundamental to the development of the local plan, which was adopted in November 2017. Significant business expansion is now key to the delivery of additional funding for Council services, and the Council's aims in this area are set out in the 2040 Vision. It is worth noting that the pandemic has had significant impact of the income generated form business rates.
- **Demand-led Spend**. Many areas of the Council's spend are demand-led, and have to be provided in accordance with statute. Costs of service provision to the vulnerable are particularly an issue here, and the only way they can be managed down is by implementing effective preventive measures, such as re-ablement, and edge of care services. As life expectancy continues to increase, the numbers of the elderly also increases significantly.
- **The need to reduce the amount of residual waste**. This continues to be a major financial issue facing councils. The Council has produced a draft Waste Management Strategy, which discusses the need to make a step change to enable the town to 'WasteLess, RecycleMore'. There is a significant amount of waste currently put into black bins that could be recycled, which would save money as well as have a positive environmental impact, but there may be costs in achieving this. Also, all the Council's residual waste is currently disposed of outside Luton, 80% at Energy from Waste facilities. The draft strategy states that: 'Specialist disposal and treatment options and facilities may be needed to support future waste services in Luton. These take time to develop and commission and the strategy is needed to give direction to the development of appropriate facilities to meet local and regional needs.' It is important that when any such options are developed, robust business cases are produced to assess them, and this will include ensuring alignment with the requirements of the Government's Resources and Waste Strategy – 'Our Waste, Our Resources – A Strategy for England' published in December 2018.
- The need to produce a 5-year capital programme that is fully resourced, affordable and sustainable and meets the test of prudential borrowings.

- The financial risks surrounding major capital schemes, both individually, and in terms of their combined effect. The draft programme includes schemes which are funded by way of capital grant. Any scheme spend in excess of the grant amounts will fall wholly on the Council. Moreover the Council has plans for future capital projects in the near future which will add to the risk.
- The assumption that London Luton Airport Limited (LLAL) will continue to fund trusts and voluntary organisations subject to LLAL financial position via charitable donations that qualify for gift aid. The overall level of LLAL donations estimated for 2021/22 is now £7.4 million.
- A level of Council Tax per head of population in 2020/21 that was below the average of unitary authorities, and much lower than that of the rest of Bedfordshire.
- A relatively low yield from any increase in Council Tax, due to the fact that 80% of Luton's properties are in tax bands A, B, or C, and the number currently receiving single person discount is also above average. 1% on the Council Tax now yields £730k.
- The Council cannot increase its part of the dedicated schools spend by more than the percentage increase in schools spend, without the agreement of the schools forum.

41. The Council needs to continue to ensure that all its human resource, pay, and recruitment and retention policies for the present and future are set up, maintained and managed in such a way that no new equal pay liabilities emerge.

Capital

42. The Capital Programme included in the Estimates Book is set out for 5 years, in line with the medium term revenue projections. The estimated revenue costs of the capital programme are included in the revenue projections set out below, with the following key assumptions as below.
43. The risks relating to the size of the programme and the overall level of loan finance proposed to London Luton Airport Limited by the end of the current programme period are addressed in the Budget Risk Management Strategy. This is a major issue for the Council, and, if the proposed level of loan finance is accepted as prudent, affordable and sustainable, excellent project management of the capital programme, to budget and to original specification, is fundamental to the Council's financial health, and therefore to its key objectives, particularly the one of being a financially sound and efficient council. In addition, it is essential that the schemes are built to minimise whole life running costs. The capital programme includes the funding and financing of LLAL stabilisation and recovery plan which is discussed as a separate report – EX/01A/21 agenda item 12.
44. The resources used to fund the capital programme have been reassessed as part of the 2020/21 budget process. This includes assumptions relating to revenue contribution to capital to fund assets with shorter economic life and capital receipts which both require ongoing review as they are market-dependent. The programme, projects and potential for resources will need to be kept under regular review to ensure expenditure and resources remain in balance over the medium term.
45. The Council's wholly-owned airport company, London Luton Airport Limited (LLAL), is the freehold owner, but not the operator, of London Luton Airport. The LLAL

Board has approved major capital development, as a consequence of its long-term vision for the airport, published as 'London Luton Airport (LTN) Vision for Sustainable Growth 2020-2050' available at https://www.llal.org.uk/vision2050.html This requires major capital investment, with the resources provided by the Council, and the borrowing is included in the Council's capital programme. The Council takes its own independent advice as to the advisability and risks involved in making such an investment. Loans made by the Council to LLAL must be at a commercial rate, reflecting the nature of the risk, to avoid any question of state aid issues. Given the Council's ability to borrow at historically low rates, this is likely to generate a significant risk premium. However, the Council, as shareholder and as investor, must be confident of the commercial viability of the scheme, and of LLAL making such an investment, as well as of the impact of the proposed level of borrowing on its own balance sheet, before proceeding. Fundamentally, to protect taxpayers' interests, the Council must be confident that LLAL will be able to repay the amounts borrowed, with interest, over the life of the loans, whether or not LLAL is able to develop as quickly and as profitably as it envisages. As LLAL faces significant reduction in income, any further loans should take LLAL financial position and its ability to service the debt and this is discussed as part of a separate report – EX/01A/21 Agenda item no. 12.

46. The Capital programme includes borrowings to finance the acquisition of residential properties. The final business case has been approved by the Executive and the Council has already engaged in the acquisition of those properties which should reduce the overspend on homelessness. The second phase of residential properties acquisition has to be supported by a detailed and robust business before the project is approved and also any investment for yield (this excludes regeneration projects) only is no longer allowed under the new PWLB guidance.

47. It is worth noting that the inclusion of projects in the programme does not mean that the Council has already committed to spend the capital funds allocated. Any commitment for a major project is subject to a full business case and Executive approval is required. The Council will also ensure that proper and robust governance arrangements are in place to ensure proper monitoring, reporting and scrutiny of any decisions including benefits realisation.

Revenue

48. The 4 year grant settlement from 2016/17 gave the Council certainty over a significant part of its income base to 2019/20. This was important as the Council aimed to increase its trading income, and make investments that are intended to generate significant additional income in return. The 2021/22 local government finance settlement is for one year only given the influence of the pandemic. There is no certainty beyond March 2022, and this needs to be considered when assessing the minimum reserve level.

49. It needs to be appreciated that the Council's financial profile is changing as it becomes more reliant on generating its own income, with grants reducing or ceasing and no reliance is placed on any dividend form LLAL. The level of risk associated with its income sources will increase, and hence there is a gearing effect as there is greater reliance on business rates and other income generation than grants.

50. The key assumptions in the base revenue model are as set out below.

- The revenue support grant estimate and business rates top ups for 2021/22 have now been confirmed as part of the provisional settlement. For future years, the model assumes no major changes arising from changes to the Business Rates Retention scheme or rates revaluation, or the fair funding review. The assumption is that the increase in business rate income is offset by grant reduction, and any impact of the fair funding review is mitigated by 'floors and ceilings' on levels of annual loss or gain for individual authorities, in order to avoid sudden major funding changes. This has happened previously when there have been significant changes in the formulae used to determine local government funding.
- Public sector pay has been frozen for 2021/22. As LA employees are not covered by public sector pay rises, any increase will need to go through the National Pay Body. When the sector returns to some form of normality pay awards at 2% per annum for the planning period are assumed (plus increments where applicable).
- A Council Tax referendum limit of 2% for the planning period, plus an additional 3% Adult Social Care precept for 2021/22, with a planning assumption that increases after that may be capped at 2%. (The overall increase in Council Tax income, known as the increase in yield, depends upon the number of properties, and the provision for non-collection, as well as the percentage increase in council tax).
- Provision for price increases are limited to specific contractual requirements where there have not been underspends in previous years. Contractual inflation for 2021/22 and future years has been estimated based on current levels. No other allowance for inflation is included.
- Interest rates being subject to small gradual increases over the planning period. SR20 reports that government will reform the Public Works Loan Board (PWLB) lending terms. The government will cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate. This will in the main reversed the increase in PWLB back in September 2019 to 2020 which at that time made borrowings from DMO more costly and the Council has been borrowings on a short-term basis. The rate at which the Council will lend to its subsidiary companies will have to be kept under review in order to reflect the future trend in interest rates and the business cases have to be adjusted accordingly. The lending to subsidiaries does enable the Council to mitigate the interest rate risk more effectively than most other Councils.
- The currently estimated revenue impact of the capital programme does not make provision for any un-programmed costs arising from major projects. However, the Council does have a Major Projects Reserve held to enable this risk to be addressed.
- No additional costs arising from risks shown in the budget risk management strategy apart from those listed here.
- New Homes Bonus payments ceasing after a couple of years.
- Allowance for Growth identified as part of the 2021/22 budget process, including growth in Adult Social Care limited to precepts, Better Care and Improved Better Care funding. Allowance for additional growth of £4m covers potential additional demographic/service demand pressures including social care, inflation and pay related increases in the supplier market per annum over the period from 2021/22

to 2023/24 to address Any further budget pressures to be funded from additional savings as mentioned in the Revenue budget report section on financial sustainability.

- Provision for Business Rate appeals continuing at their current financial cost including an allowance for future appeals arising from the 2017 revaluation. (It should be noted that historically, more appeals have tended to be made towards the end of a valuation period, i.e. 2021/22, rather than at the beginning.) The pandemic may result in an increase in appeals costs as more business are closed and experiencing a reduction in their income. No allowance has been made in the 2021/22 budget for any further reduction in the business rates income.
- Provision for additional costs arising from the revaluation of the pension scheme. For 2020/21 £2.7m is included as included in the 2019 revaluation. For future yeas a provision of an additional £0.9 million per annum has been made. This will be reviewed in three years' time.
- No real term increase in Business rates has been included in the MTFP as it is currently anticipated that most developments will take place within the Enterprise Zone.
- Dividend from London Luton Airport Limited (LLAL) is been removed form the Council's budget following the effect of travel restrictions on the aviation sector and no dividend has been included in the MTFP. LLAL requires further stabilisation, a recovery plan and additional loans. The situation is fluid and subject to change over the planning period.
- Luton airport planning conditions limit capacity to 18million commercial passengers and this capacity was reached in December 2019. LLAL is consulting as part of process to obtain a Development Consent Order to increase the passenger numbers to 32m. It is worth noting that over the next few years much of the additional income generated by LLAL will be utilised to service the high level of borrowings to fund the DART, the application for a Development Control Order, the stabilisation and recovery plan in line with the Vision for Growth, and other projects.
- Additional income generated (subject to the framework for the stabilisation and recovery plan for LLSAL) from the net effect of lending at commercial rates to enable London Luton Airport Limited to undertake its proposed development strategy.

51. No estimate has been included for significant increases in unfunded demand pressures in future years. Any such estimate would increase the savings requirement. If this is to be avoided, it is essential that positive preventive action continues to be taken, particularly in the care sector in terms of family support, and enabling people to live independently. Demand management plans will be required and any growth contained within budget.
52. The delivery of the Housing and Homelessness strategy is key to manage the increase in demand in homelessness costs. This is a volatile area of the budget and remains a major cause of concern in 2021/22 with additional demand associated with the pandemic likely to add pressure – the current General Fund overspend forecast for Homelessness is £2 million.

53. It is assumed that the confirmed funding from the Improved Better Care Fund, along with the Council's share of the increase in the Better Care Fund, and additional Social Care grant in 2020/21 are wholly used to fund pressures in the Adult and Children Social Care budget. The Spending Review has confirmed that these are now part of the base funding. Hence the MTFP assumes that these funding will continue in the foreseeable future and no reduction is anticipated as part of the next spending review. It is also assumes that the government will fully fund the gap in social care or allow Councils to levy ad additional precepts of 3% to cover those budget pressures. Any reductions or changes top those assumptions will increase the funding gap and will exacerbate the pressure to continue to deliver vital services.

Medium Term Financial Plan

54. The MTFP has been prepared for the next two years as it is difficult to forecast beyond that time frame due to the COVID-19 pandemic, the Fair Funding Review and the next Spending Review. The starting budget for each year is net of estimated changes in capital financing, etc., and the assumptions set out in the bullet points in paragraph 63.
55. The table below takes forward the Medium Term Financial Plan for the following 2 years - assuming that the net impact of underlying Business Rates growth is roughly in line with inflation, the equalisation method (yet to be determined) protects the Council against loss as a result of the introduction of the new system, the top-up and safety net arrangements are protected, and the investment framework is successful in delivering further business rate expansion.

MTFP Three Year Summary	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Net Service budgets inc capital financing costs	**178.96**	**184.48**	**182.77**	**182.29**
Increases in costs and net growth - unavoidable	5.52	0.55	9.92	8.85
Net service costs	**184.48**	**185.03**	**192.68**	**191.15**
Interest payable & Treasury Management	15.03	16.93	19.23	19.74
Capital Financing costs and MRP	-15.02	-14.50	-12.54	-11.09
Specific grants S31 and NHB	-5.70	-8.14	-4.98	-4.64
Reserves and Contingency	-2.88	8.13	6.46	5.60
Total before Income and Grants	**175.90**	**187.44**	**200.86**	**200.75**
Income from LLAL - dividend, interest and rent	-26.22	-30.98	-31.57	-34.07
Additional Income other inc residential investment	-1.01	-0.97	-0.97	-0.97
Total after Income and before Grants	**148.67**	**155.50**	**168.32**	**165.72**

56. The above table shows that net budget before Income and Grants shows an increase of £11.22m over the next two years – an average increase of £5.6m per annum.

MTFP Three Year Summary	2020/21	2021/22	2022/23	2023/24
Net Expenditure	**148.67**	**155.50**	**168.32**	**165.72**
Funding:				
RSG - assumed replaced by B Rates Top Up	-10.70	-10.93	-10.93	-10.93
Business rates	-32.61	-31.99	-33.61	-34.28
Business rates Top Up inc previous RSG	-14.56	-14.51	-14.80	-15.09
Business rates Growth	0.00	0.00	0.00	0.00
Adult Social care - Precepts	-6.94	-9.14	-11.37	-13.60
Improved Better Care Fund & Social care Grant	-11.87	-11.87	-11.87	-11.87
Total Government Grant	**-76.69**	**-78.44**	**-82.59**	**-85.79**
Council Tax	**-71.98**	**-73.25**	**-75.33**	**-77.47**
Council Tax LCST Grant	**0.00**	**-1.54**	**0.00**	**0.00**
Total Council Tax and Grants	**-148.67**	**-153.23**	**-157.92**	**-163.26**
Budget Gap as above	**0.00**	**-2.26**	**-10.39**	**-2.46**
Savings identified as per tracker		**2.26**	**5.41**	**0.00**
In Year gap over the next two years	**0.00**	**0.00**	**-4.99**	**-2.46**
Cumulative Gap next two years	**0.00**	**0.00**	**-4.99**	**-7.45**

57. The Base budget cumulative savings required over the two years amounts to £7m. This is based on continued support for central government for any impact as a result of the pandemic in 2021-22 and future years, compensation for loss in sales, fees and charges, compensation for loss in council tax and business rates and also additional flexibility for raising income through precepts or government properly funding the gap in social care funding. Any changes in these planning assumptions may widened the budget gap.

Sensitivity Analysis

58. There are a vast number of very possible events which could change the figures significantly. For example:
    - Each 1% variation in the pay award would result in approximately £1.1m variation in costs for each year concerned;
    - Each 1% variation in non-pay contractual inflation would result in approximately £1.0m variation in costs for each year concerned;
    - Each 0.5% variation in the Council Tax yield would result in approximately £0.393m variation in income for each year concerned;
    - Each 0.5% variation in the Council's business rates base would result in approximately £0.09m variation in income for the year concerned in the years to 2021/22.
    - There could be significant new growth, due the COVID-19 pandemic and Brexit not currently identified in the medium term plan, over and above the amounts included in the plan.
    - There could be significant additional spend pressure from demand-driven services, particularly care services, if prevention and edge of care services are not effective in keeping costs down.

- The dividend from LLAL has been removed from the Council's MTFP. There is a stabilisation and recovery plan to deal with LLAL financial request for additional support. Any further changes would have to be kept under review and.
- If the fair funding review results in a new formula which reduces the Council's Business Rates Top-Up, and the 'floor' to limit the level of year on year reduction allows for a significant reduction, the Council's income could be significantly reduced.
- The Council could decide that the level of risk involved in making additional debenture loans to London Luton Airport Ltd is too great for the Council to finance developments beyond those already approved, in which case the level of estimated savings required would increase as the surplus to the Council on the debenture loan rate is included in the estimates. This is also discussed as part of the Executive report EX/01A/21 agenda item no. 12.
- The plan assumes successful delivery of significant projects such as Foxhall Homes and investment in both commercial and residential properties which are largely dependent on the state of the market and economy, and are in compliance with the recent guidance issued by Treasury, MHCLG and CIPFA. Any deviation from the final business case and business plan will inevitably lead to additional pressure on the Council's budget.
- The full implementation of Government's welfare benefit changes could have a significant impact on the position. It is likely to make Council Tax debt collection more demanding, and could impact on non-collectable amounts. Further, the changes are likely to make historic housing benefit overpayments very difficult to collect. Many are being collected as direct deductions from current benefit payments at very low monthly levels. When the ability to make direct deductions is removed, the feasibility of further collection will have to be assessed. In 2021/22 it is anticipated that there would be an increase in the number of council tax support claimants and this has been reflected in the tax base
- The overall economic position of the country when the next Spending Review takes place may impact on the levels of funding available to local authorities generally, including Luton. Also the full impact of CIVID-19 on the economy and also impact of Brexit may result in less funding available to local government.
- There are also opportunities as well as risk. The cost of new borrowing has been estimated to be 2% and rising gradually over the years, and it is possible that lower rates may be achieved, although rates remain uncertain and potentially volatile until the moment an agreement is signed.
- The base budget position could vary from that shown. It could be significantly worse if not all the savings including the unachieved savings in 2019/20 are successfully delivered and there could be major overspends on capital programme. It could be better than shown, if the savings are delivered and there is slippage in the capital programme, which will then improve the capital and interest position.

59. On this basis, when considering targets for planning purposes, the Council needs to bear in mind that the figures shown in the medium term estimates table are a single point in a range of potential outcomes. The level of savings required each year could easily vary by £2m per annum either way.

60. A number of the documents that are published with and alongside the 2021/22 Budget Report should also be seen as a vital part of the medium term financial plan. In particular, they are the Budget Risk Management Strategy (Budget Report Appendix B), the Financial Strategy (Budget Report Appendix C), the analysis of Government Funding (Budget Report Appendix D), the assessment of capital resources (Budget Report Appendix G) the assessed lists of proposed savings (Budget Report Appendix L), the unavoidable growth items (Budget Report Appendix M), and the Treasury Management and Investment Strategies.

Medium Term Financial Strategy

61. The medium term financial plan and sensitivity analysis above shows that the position for future years involves significant financial risks and uncertainties.
62. This strategy aims to maximise income generation and efficiency savings and keep down costs in order to minimise the impact on essential services to the public. However, the extent of the savings that have already been made in previous years does mean that it is more challenging each year to find major further efficiencies.
63. The key principles in the Council's medium term financial strategy are as follows.
    - Dividend form LLAL has been removed in the MTFP so that the airport company can meet its financial commitments.
    - A focus on affordable and sustainable service provision that accounts for environmental impact.
    - Draw down on reserves to meet one-off increases in expenditure or loss of income with replenishment in future years.
    - Additional costs and losses of income associated with Covid-19 to be supported by government.
    - New ways of working being accelerated given the learning from the pandemic as well as the flexibility enabled by technological advances.
    - Officers will continue to embed the principles and practices of the 'lean' approach, in order to improve service provision and reduce costs on an ongoing basis. Delivery of a comprehensive a detailed transformation programme "Future Ready" and realisation of cashable benefits.
    - The potential for net additional income (over and above any additional costs incurred in raising that income) will be rigorously assessed and effort invested into viable schemes to improve the Council's financial position.
    - Further efficiency savings will be continually sought and placed on the corporate savings list, with clear accountabilities for delivery by project managers, project leads, and project sponsors.
    - The resources of the Strategic Change Team and Corporate Procurement support team will be focussed on areas where they can have the greatest corporate impact and return on investment.
    - Specific plans will continue to be developed and implemented within overall service commissioning strategies to address and try to use preventative measures to reduce budget growth in the key demand-driven services, such as caring for complex disabilities in both adults and children, home care and

residential care for the elderly, homelessness and the costs of looked after children especially out of borough placement. This will focus on improving the life-experience and independence of the vulnerable, and ensuring that appropriate levels of care are provided.

- The Council will continue to seek ways to maximise recycling and minimise landfill as part of the Waste review.
- The Council will aim to work co-operatively with its public sector neighbours, and any other appropriate authorities, to develop a shared service approach to the provision of services, particularly back office services, in order to rationalise service provision and minimise costs. A benchmarking exercise will be carried out on a regular basis and best practice adopted.
- Every service will continue to focus on value for money, in terms of efficiency, effectiveness and economy, in order to minimise costs and improve services to the public by exploiting opportunities through procurement and commissioning.
- The council will aim to use information technology to support transformation, reduce long-term requirements for office accommodation, minimise manual administration and hence reduce costs. Resources allocated towards improvement programmes have to be supported by a robust business case with benefits realisation plan and a payback which reflects the risk associated with the project e.g. less than 5 years for IT projects. The aim is also to use human resources services as an agent of organisational development to improve service and minimise costs.
- The transformation of the council will continue be based on the design principles adopted by Executive in 2010 (minute EX/126/10), which included, once opportunities for efficiency and service modifications have been optimised, determining which are essential services and prioritising non-essential services for cuts, and moving towards a commissioning approach as the default position for service provision.
- Officers will use e-procurement to ensure transparent procurement policies and the use of corporate framework contracts to minimise costs and achieve rebates where appropriate.
- Structures will continue to be assessed on a One Council basis to ensure that the organisation is focussed on excellent customer service at the minimum cost to the council taxpayer, and that structures facilitate rather than hinder achievement.
- Officers will continue to monitor budgets extremely closely, ensuring that outturn predictions reflect current realities, and that all variations are raised corporately on a timely basis in order that the budget can be managed effectively at an overall level, avoiding unexpected overspends and/or underspends so that the accounts can be closed in line with estimates. This remains key to managing budget risks, and avoiding the need to increase reserves.
- The council will continue to seek to develop its commercial approach, without impacting on the services to the vulnerable.
- The Council will use technology and connectivity to exploit digital opportunities and drive value for money as part of the modernisation programme.

64. A key aim is to continue to improve collection of Council Tax and Business Rates, including arrears, in order to maximise the income available to the Council, and to ensure that those who do pay their tax are not subsidising those who can afford to pay, but try to avoid paying. This may prove to be a challenge due to the pandemic.
65. The Council will strongly encourage appropriate business development in the town and in the Enterprise Zone.
66. The Council will strive to minimise costs and maximise income from treasury management, but this will be within the context of the overriding importance of minimising risk to the Council's investments.
67. The Council will continue to develop sites, and consider marketing for sale non-operational land and buildings which do not yield significant rental income in order to generate capital receipts to pay for capital expenditure on the maintenance of buildings, highways and street lighting, including work required for health and safety reasons. The state of the property market will continue to be assessed to determine the most appropriate time to make major sales. Foxhall Homes gives the Council an opportunity to develop its land for residential purposes through its wholly owned subsidiary company.
68. The scale of the Council's current capital programme brings with it risks and risk management requirements, particularly in terms of managing the level of financial risk and commitment made at any one time across the programme as a whole, rather than simply managing the risk of a single project, or a single department's projects. The Council is addressing this at officer level through its Major Projects Group, which takes an overview of those major projects.
69. Constant monitoring of the level of borrowings an assessment of financial reliance of the Council and its subsidiaries to ensure that the level of borrowings are prudent, affordable and sustainable taking into account the projects financed by those borrowings. This has to be constantly monitored to reflect any development of the COVID-19 pandemic and impact on the airport. A disproportionate level of borrowing may have an adverse impact the Council credit ratings and future rates at which the Council can borrow and /or refinance existing borrowings.
70. The other general principles guiding the strategy will be:
    - To maintain a balanced budget position which is robust, affordable and sustainable without the ongoing use of reserves, and as part of the budget process, to set a medium term financial plan demonstrating how that position will be maintained. Any use of reserves in the short-term has to be replenish over the medium–term.
    - Spending plans will be aligned with the Council's aims and objectives and also the Luton 2040 vision.
    - The Council will maintain a prudent level of reserves on an ongoing basis. The level of reserves have to be increased to reflect the change in the level of risks as the Council embarks on expanding its commercial activities.
    - Revenue and Capital budgets will be continually reviewed and modified where necessary to ensure that resources are used effectively and targeted to achieve key objectives and offers value for money.

Cost of change

71. A key issue for forthcoming budgets is the cost of making the levels of change that will be required to make the budget reductions necessary. For the 2021/22 budget there may be some redundancies and associated costs of pension strain to the authority for those able to claim their pension early as a result of redundancy (those between 55 and their standard retirement age). The planning figures assume this cost being met from revenue provision.

Budget Risk Management Strategy

Introduction

1. The Council's total net annual service expenditure including capital programme for 2021/22, will be close to £268 million, and these funds provide an extremely wide range of very different services, many of them demand-led. As a result, the Council faces a great variety of risks, many of which could adversely affect the overall budget. It is important in terms of corporate government and the continuing review of the risk management strategy that the Council undertakes ongoing assessment of the risks it faces and takes steps to manage and mitigate, as far as is practicable, those that cannot be eliminated or avoided.

2. Key strategic risks have been identified on the corporate risk register. In addition, each department has its own risk register, and all reports to Executive have to consider risk implications. This is intended to ensure that new risks are analysed and where necessary risk management plans developed. It has to be accepted that new risks can arise at any time. The major budget risks apparent at the moment, and the methods of risk management being adopted, are set out in the table below, which will be used as a basis for managing and monitoring the risks.

3. For 2021/22, there are immediate and major risks relating to the impact of Covid-19 on the town, the airport, the people of Luton, the Council's operations and those of the Council's 100% owned companies, in particular London Luton Airport Limited.

4. As an overview, the ongoing major risks include:
    - Revenue budget overspends or reductions in income
    - The loss of major business ratepayers from the area
    - Appeals against VOAs business rates valuations being successful and resulting in significant reductions in business rates.
    - The prospect of future changes in the business rate system and central government's methods of funding local government
    - Increases in the number requiring council tax support.
    - Pressures on Council Tax income and care budgets following the full introduction of Universal Credit alongside other welfare reforms
    - Increases in the number and cost of those requiring social care (adults and children)
    - Increases in homelessness.
    - The costs of redundancies and pension strain being greater than estimated.
    - Personalisation of care services resulting in clients not buying those services from the Council
    - Capital projects overspending including subsidiaries' capital programmes (a particular issue for Luton currently because of the scale of the capital programme which includes LLAL projects)
    - Expected grant income not being received Estimated capital receipts not being realised (future receipts being required to fund the current capital programme)
    - Risks (and opportunities) relating to Airport funding, which could impact on amounts available to donate to local groups or provide dividend to the Council
    - Legal risks, including any residual equal pay issues.
    - A combination of significant revenue and capital overspends putting the Council's finances under particular pressure.
    - Not achieving the approved proposed savings including those unachieved in previous years and rolled forward Income target and return on investments not

achieved from subsidiary companies (e.g. LLAL and Foxhall Homes), and investment in commercial and residential properties.

- Reduction in the collection rate for council tax and business rates and increase in level of bad debts and appeals costs.
-
- Changes in demographics creating new demands or additional pressures on existing services
- The next pension revaluation resulting in significant increases in pension costs in 2023-24.
- Contractual inflation being higher than budgeted for
- Interest rate fluctuations affecting the costs of future borrowing
- The potential for changes – either positive or negative – to arise following the Brexit trade agreement and subsequent UK/EU agreements. (It should be noted that an air services agreement, part of the Trade and Co-operation Agreement, preserves traffic rights for UK and EU carriers between the UK and EU).

5. Following this description of risk, there is an attempt to quantify potential risk levels and probabilities, in order to derive an appropriate level of specific and general contingencies, and to contribute towards the assessment of the appropriate level of reserves.

6. The airport risk is a unique one for the council and deserves specific appraisal. The Council wholly owns London Luton Airport Limited, LLAL, the freehold owner of the airport. who leases the airport to London Luton Airport Operations Limited, LLAOL (owned by Aena and AMP Capital), under a concession agreement whereby LLAL receives income (a concession fee) based on the numbers going through the airport, with a minimum fee level. The concession agreement (a document to which the Council is not a party) includes clauses relating to 'force majeure events', that is, events outside the control of the parties. Where those force majeure events are ongoing, the risks fall principally on LLAL and the minimum fee level does not apply.

7. LLAL makes substantial donations to charitable organisations who carry out functions in relation to social care, health, advice, sport and leisure. If those donations were not made, it is likely that many if not most of those organisations would try to request some replacement funding from the Council.

8. The LLAL board has allocated approximately £7.4 million in 2021/22 to make gift aid donations to charitable organisations. PricewaterhouseCoopers, the leading accountancy and taxation advisors, have previously advised that the payment of gift aid by LLAL to support organisations in this way is reasonable.

9. The risks in relation to this include the following.
    - The government could cease the gift aid scheme. This is highly unlikely. Should it happen, the tax impact would mean that there would be £1.4 million per annum less funding available for Luton
    - The ability to claim the gift aid tax deduction would be disallowed should LLAL, or the Council, be seen to benefit commercially from a gift aid donation, or if the tainted donation rules were to be interpreted in a way that impacted on the Council.
    - That LLAL's net income reduces to the degree that it is unable to make the gift aid payments. This could result in appeals for Council funding from some of the organisations affected. If this happens, use of the Airport Specific Risk Reserve could be considered by the Council on a one-off, case by case basis. .

10. LLAL's income in normal times is based on the airport's passenger throughput. Passenger numbers have reduced substantially due to the Covid-19 epidemic, and there are longer term risks if reactions to the epidemic reduce people's appetite for flying. The other key long-term risk relating to passenger numbers would be one of the major airline users of the airport (currently easyJet and Wizz) moving away from Luton. It is worth noting that a reserve has been created re Funding Equalisation Account to partly cover this specific risk. However any use of reserve is a short term measure until on-going sources of income or savings can be found to make up for any shortfall in income and/or grant.

11. LLAL's income currently is impacted by both the reduction in passenger numbers and the implications of the force majeure clauses. For planning purposes, the Council is not expecting any dividend from LLAL in 2021/22, and the impact on LLAL is such that the Council anticipates requests from the company for aid in ensuring its financial stabilisation.

12. It is important to understand the legal and financial background when considering such requests. LLAL was created because a government direction under the terms of the Airports Act 1986 prevented the Council from continuing to be the freehold owner of the airport land. Therefore, should LLAL's financial position deteriorate to the point where it could no longer be a going concern, it does not appear that the Council could buy back the ownership of the airport land.. A forced sale of assets would have significant implications for the Council and it is important for the Council to work with LLAL in order to ensure LLAL is a going concern and at the same time any support provided are affordable and sustainable from the Council's view point. This is considered as part of a separate report – EX/01A/21 – agenda item no. 12.

13. However, at the same time the Council also needs to review the risks arising from its ownership of LLAL, in terms of the extent of its reliance on airport dividend to fund the revenue budget. This risk has been highlighted by the impact on LLAL of the Covid-19 epidemic, resulting in the need for the July 2020 emergency budget and the application to MHCLG for a potential capitalisation direction to address the dividend shortfall without a major reduction in reserves. MHCLG have highlighted this risk and advised that the Council should reduce this reliance on an ongoing basis.

14. It is suggested that a review of options to reduce reliance on dividend should be undertaken, and that the Council should aim to focus use of dividend on the capital programme and one-off items when this can be achieved without adversely affecting core services to the vulnerable.

15. Other impacts of the current economic position also require specific attention in a review of budget risk.

16. Building control, development control, land charges and property rental income are dependent on a vibrant property market. Off-street car parking is dependent on the strength of the local economy and visits to local shops, and in addition income from other charges is at risk when individuals do not have the disposable income to pay to use chargeable Council services. Further, when the numbers on benefits increase, the proportion of people who pay for services reduces, and the numbers entitled to free provision increases. In addition, the collection of council tax and council rents is more difficult in hard economic times.

17. There is also an impact on demands for service provision, particularly in housing benefit, homelessness and prevention, regeneration, care and education services.

18. The historically low interest rates reduce income from investments, and there are a very limited number of banks with a high enough credit rating to appear a relatively safe place for funds. However, the other aspect of this risk is that rates for new borrowing are low.

19. Balances around £80 million of the current Capital Financing Requirement are financed by internal cash reserves. There is a risk that interest rates could increase over the medium term and if this happens and internal cash reserves reduce the Council may have to borrow at higher rates of interest and this would have an impact on the Revenue budget in the future.The S151 officer is in advanced discussion with EIB to secure a loan amounting to £120m which will carry a fixed rate of interest in order to de-risk the exposure of the Council to long-term fluctuations in interest rates.

20. The ongoing level of reduction in Government grant from 2010 to 2019/20 had a fundamental impact on the Council's financial position and the long term funding of local government finance is still uncertain.

21. The number of expensive placements in social care, both for children and adults, is volatile. An increase in the numbers requiring complex care puts a major pressure on the Council's budget.

22. The Council has developed trading activities, largely with other public sector bodies and schools. This work is dependent on the Council continuing to win contracts.

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
1.	Some of the approved savings proposals and additional savings target to address budget pressures might not be achieved. (medium likelihood, significant impact)	a. Identification of volatile and risky budgets (including items 3 to 5 below) for particular attention in budget monitoring by Executive and Corporate Improvement Board.	Corporate Accountancy	2021/22 Lists by May 2021
		b. Identification of savings proposals requiring specific plans and project management & identification of an individual accountable for the proposal.	All Finance Teams	May 2021
		c. Regular reviews of the overall budget position and budget deficit recovery plan by Executive and Corporate Leadership Management Team	Leader, Chief Executive & Service Director, Finance, Revenues & Benefits	Ongoing
		d. Further savings actively sought in year	CLMT	Ongoing
		e. Active management in accordance with the cash limit scheme by all cost centre managers. New savings required in year where there is an overspend.	All Cost Centre Managers	Ongoing
2.	Potential Costs of Implementing Savings greater than estimated (low likelihood, noticeable impact)	a. As part of the final accounts process, double check that post-holders at risk as at 31.3.2021 are all identified and ensure costs are accrued, provided for, or have reserves earmarked as appropriate in accordance with proper practice.	All Finance Business Partners	By 30th April 2021
		b. Apply the principles of the organisational development policy to redeploy affected staff and keep the number and costs of redundancies to a minimum.	Service Director, Customer and Organisation Development	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
		c. Put underspends into the reorganisation reserve to provide funding for the costs of implementing change	Service Director, Finance, Revenues & Benefits	Ongoing
3.	Demand-led spend in Community Care is well above budget levels (low likelihood, critical impact)	a. Include in volatile budgets list for specific financial and performance monitoring.	Corporate Accountancy	2021/22 Lists by May 2021
		b. Pro-active work with potential clients with learning and/or physical disabilities about to leave school to enhance their ability to live independently. Move more towards direct payments, assessing impact on directly provided services Continue re-ablement work to increase prevention and independence	Social Work Teams	Ongoing
4.	Spend on children requiring care is above budgeted levels, particularly when there is a major national focus on the 'at risk' registers (medium likelihood, critical impact)	a. Include in volatile budgets list for specific financial and performance monitoring.	Corporate Accountancy	2021/22 Lists by May 2021
		b. Continue utilising risk-based approach and prevention team. Continue to increase fostering and care capacity within Luton.	Social Work Teams	Ongoing
		c. Implementation of refreshed 2019/20 action plan (i.e Children Financial Sustainability model).		
5.	Interest Rates on investments reduce still further/investments at risk due to banking crisis	Ensure continuing active management of the Council's Treasury Management portfolio, using specialist advice as necessary	Service Director, Finance, Revenues & Benefits	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
	(Medium likelihood, critical impact).			
6.	Failure of key supplier	Review key suppliers credit worthiness on an ongoing basis. Begin planning for alternative provision at the warning stage.	Corporate Procurement Manager	ongoing
7.	Combined impact of a number of individual risks (eg savings not achieved, additional spend pressures, income reductions, capital programme overspends) (Low likelihood, critical impact)	Ensure individual risks appropriately managed. Focus on prompt monitoring and active management. Base reserves available should a major combination of events occur which cannot be actively managed, but the use of the core reserves will require building them back up in future years, adding to the savings target	CLMT, Executive and Service Director, Finance, Revenues & Benefits	ongoing
8.	Need to hold Council Tax referendum in relation to the Council's own tax level (low likelihood, medium impact)	Set a budget with a tax increase below the maximum level set by the Secretary of State or a zero tax increase.	Council & Service Director, Finance, Revenues & Benefits	February 2021
9.	Airport Income reduces significantly (low likelihood, critical impact)	a. Maintain a prudent minimum reserve balance.	Full Council & Service Director, Finance, Revenues & Benefits	February 2021
		b. Regular review of the airport situation by the airport client function.	Airport Client function	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
		c. Readiness for a radical reappraisal of the Council's budget and capital programme should there be any long-term impact on airport income.	Service Director, Finance, Revenues & Benefits with CLMT	Ongoing
10.	The Airport Company is unable to make charitable donations to organisations on an ongoing basis (low likelihood, critical impact)	a. Maintain sufficient levels of reserves to enable payment from the council in the short term. b. Re-appraise the Council's budget to ensure it aligns with the revised resource situation in the medium term.	Full Council & Service Director, Finance, Revenues & Benefits	Ongoing
11.	Pressure for Additional Expenditure/New Growth during 2021/22	Continuous monitoring of budgets to ensure early identification of problems and finding of alternative budget reductions to keep service within budget including the delivery of savings amounting to £7.5m rolled forward in 2021/21	All Finance Teams	Ongoing
12.	Inflation increases substantially (low likelihood, significant impact), or spend on certain services is higher than the service-specific inflation allowance, eg in Care services.	a. Ensure use of corporate contracts to minimise the opportunity for price rises. Review prices for care services as key volatile budgets and address corporately if there is a major problem.	Service Directors,	Ongoing
		b. Monitor expenditure carefully as part of the monthly budget monitoring process.. Apply cash limit scheme if specific areas begin to overspend. Set sufficient contingency budget.	All Finance Teams, energy budgets with Energy Manager.	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
13.	Grant Repayment (low likelihood, significant impact)	Ensure grant conditions are complied with and that grant-giving bodies are contacted when circumstances change, explaining the reasons for those changes.	Relevant Finance Teams	Ongoing
14.	Slippage of Capital Programme spend (medium likelihood, noticeable impact)	Regular monitoring of the capital programme spend and the interest estimates.	Property & Construction & Corporate Finance	Ongoing
15.	Slippage of spend on projects where grant is time-limited (medium likelihood, critical impact)	Review specific schemes and structure to minimise risk, seeking mitigation schemes where necessary	Corporate Director Inclusive Economy, Service Director, Sustainable Development	Current and ongoing
16.	Slippage/reduction of Capital Resources (high likelihood, significant impact). Capital programme is based on capital receipts from land and property, Council House sales, and developer contributions (S106), particularly in the medium term.	Monthly reviews of resources & review of programme if pattern of expected receipts changes significantly	Property & Construction & Corporate Finance	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
17.	The scale of the Capital Programme and Major Projects (low likelihood, potentially critical impact needs to be managed down as shown). Projects include: London Luton Airport - DART.	a. Ensure that the terms of any external funding for projects, and the responsibility for cost overruns are clear prior to commitment. Risk assess where Council is responsible for cost overruns prior to any commitment.	Project Teams	Before Projects are committed
		b. Corporate Major Projects Group consider the potential impact of a major capital scheme and make recommendations to Executive in line with agreed protocol prior to commitments.	Corporate Major Projects Group	Before Projects are committed
		c. Consider potential revenue impact of major capital schemes as part of any decision.	Corporate Major Projects Group	Before Projects are committed
		d. .Consider resource requirement for projects in the light of risk assessment of cost overrun, and budget for potential prudential borrowing accordingly	Capital and Asset Forum	Before Projects are committed
		e. Employ expert project management techniques.	Project Teams	Ongoing
18.	Residual Equal Pay risk (low likelihood, significant impact)	Continue to consult unions and aim to reach agreement on issues. Address any claims based on legal advice. Ensure all managers comply with the terms of the single status agreement.	Service Director, Customer and Organisation Development CLMT	Ongoing
19.	Claims against the Council, (medium likelihood, significant impact)	Ensure that the Council, its officers and members continue to act appropriately, and not in any way that could result in legitimate claims.	Executive, CLMT & all Service Directors.	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
20	Demand for free services increases and income falls as numbers able to pay reduce (medium likelihood, high impact)	Review pressures on care budgets, school meals, etc throughout the year	Finance Business Partners	Ongoing
21.	Partnerships result in unbudgeted/increased cost (low likelihood, significant impact)	a. Ensure that all officers follow guidance issued by Finance, that all partnerships are registered with the Service Director, Policy, Communities & Engagement. The Council's risk officer assesses each potential new partnership and that the partnership assesses its risk and maintains a risk register.	Service Directors,	Ongoing
		b. Where partners fail, it is essential that Council officers assess the situation, keep all funding bodies informed throughout, and develop plans to minimise the cost to the Council while trying to maximise the benefit to the people of Luton	Service Directors,	As situations arise
22.	Joint Arrangements and Pooled Budgets result in unbudgeted cost (medium likelihood, significant impact)	a. Ensure that legal agreements are in place clearly documenting each participant's contribution and the method of calculation.	Service Directors,	Prior to commence ment of P'tnership
		b. Send bills out quickly and pursue them vigorously, up to and including legal action if necessary.	Finance Business Partners	ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
		c. Ensure that procedures for ending joint arrangements are carried out in accordance with the contracts, and that future arrangements do not adversely affect the Council.	Service Directors,	As situations arise
23.	Emergencies and extreme weather events require significant expenditure (medium likelihood, significant impact)	Emergency Expenditure to be separately recorded to enable the Council to apply to use the Bellwin Scheme of emergency financial assistance if expenditure is above the 0.2% threshold.	Finance Business Partners	As situations arise
24.	Schools in deficit (high likelihood, significant impact)	a. Work closely with schools in deficit to introduce good financial management to enable them to remain viable and break even in the longer term.	Children, Families & Education Finance Team	Ongoing
		b. Set out clear parameters for when delegation will be withdrawn.	Corporate Director, Children, Families & Education	Ongoing
		c. Ensure that any schools who fall into special measures do not resort to unbudgeted spending to buy their way out of those measures at the cost of a significant deficit.	Children, Families & Education Finance Team	Ongoing
25.	Schools no longer using LBC services (medium likelihood, noticeable impact)	Continue to provide good services to LBC schools and academies, and review on an ongoing basis. Where income from schools reduces, reduce expenditure in line.	Relevant Service Directors,	Ongoing
26.	Non-schools trading contracts are not renewed	Provide quality services, continue to review, and if contracts are not renewed, seek other opportunities or reduce expenditure in line.	Service Directors	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
27.	Local organisations request additional funding from council (medium likelihood, significant impact)	Enable local developments by providing support in non-monetary ways wherever possible, and advising on alternative funding sources Ensure requests are assessed consistently in line with council and community objectives, and prioritised consistently against all other council commitments	Economic Growth, Property & Construction, Housing CLMT, Executive	Ongoing
28.	Pupil number increases causing demands for transport and new build (high likelihood, significant impact)	Assess numbers accurately Lobby for national funding for new build to proceed without impact on LBC resources	Education Directorate	Ongoing Immediate
29.	Population increases no longer recognised in Government grant cause additional service demands, e.g. waste, schools, care (high likelihood, significant impact)	Try to achieve additional income from Business Rates and Council services and assets to help pay for additional costs.	Service Director, Sustainable Development, Service Director, Citizen Engagement & Legal Services	Ongoing
30.	Income budgets not achieved (e.g. building regulations, land charges, development fees, rent income, use of facility fees, parking) (Medium likelihood, noticeable impact)	Identify key areas for inclusion in critical and volatile budget monitoring. Review income v budgets regularly.	Finance Business Partners Cost centre managers	May 2019 ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
31.	In year reductions in grants, particularly specific grants such as Benefit Admin, Independent Living Fund etc. (high likelihood, significant impact)	Review Government announcements on an ongoing basis. The general principle adopted has been that where a specific grant supporting a particular service is reduced or withdrawn, the service should produce plans to manage within the reduced funding total. It is then for Executive to determine whether or not: 1) that grant reduction is made, or 2) if additional funding can be found – with the consequential impact on savings targets – to continue to fund the service.	Service Director, Finance, Revenues & Benefits and Service Directors,	Ongoing
32.	Changes in service provision by organisations, such as Active Luton and the Luton Culture Trust, trigger provisions for LBC to pay redundancies or staff to return to LBC (medium likelihood, noticeable impact)	Work co-operatively with the Trusts to ensure their continued viability is a key consideration alongside LBC needs	Health & Wellbeing client officer	Ongoing
33.	Audit qualification of grant claims resulting in grant repayment (low likelihood, noticeable impact)	Grant claims to be prepared in line with grant requirements, and regulations closely followed. All issues raised in previous audit are addressed promptly.	Service Director, Revenues, Benefits and Customer Services & Service Director, Finance, Revenues & Benefits	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
34	Council Tax and Housing Rent collection do not continue to improve as planned (medium likelihood, significant impact)	Focus on ensuring that people are able to claim benefits to which they are entitled. Monitor both tax and rent incomes closely (key issues for C&C department)	Service Director, Finance ,Revenues & Benefits & Service Director, Housing	Ongoing
35	Pay award above budget - (low likelihood, significant impact)	Input to Local Government Employers negotiations re affordability	Service Director, Customer and Organisation Developmen	Ongoing
36	Pay costs above budget as turnover provisions put pressure on managing budgets. (low likelihood, noticeable impact)	All finance and cost centre managers to ensure that turnover provisions and budgeted employee savings are actively managed, and that in services other than directly customer facing, vacancies are held to cover the provision plus advertising etc	All cost centre managers with Finance Business Partners	Ongoing
37.	The personalisation of care budgets leaves the Council with increased costs if individuals choose to use their budgets on services other than those that the Council is currently providing, and the service cannot be reduced in the short term.(medium likelihood, significant impact)	Ensure services are of appropriate quality and value to encourage people to buy them. Assess trends on an ongoing basis and react quickly to any reductions in levels of service purchased	Service Director, Adult Social Care	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
38.	Implementation of savings proposals is later than estimated due to the scale of HR and management work required in terms of organisational change, interviews with staff affected etc. (medium likelihood, noticeable impact)	Clear project plans developed – steps set out timescales and accountabilities clearly identified	HR business partners, project leads	Immediate
39.	Council share of Better Care Fund allocation less than anticipated	Ensure that outcome measures in Better Care Fund bid are met. Agree basis of the share of allocations with Clinical Commissioning Group. Also use of any one off funding are optimised with robust exit strategy.	Service Directors of Adult Social Care, Service Director, Health Care & AC, Service Director, Service Director, Finance, Revenues & Benefits, Health and Wellbeing Board	April 2021 Ongoing
40.	New spend pressures emerge in year, either locally or nationally (high likelihood, significant impact)	Monitor and try to manage and minimise. Report any potential issues early to CLMT along with proposals of how the cost can be managed within existing budgets	CLMT and Service Directors	Ongoing
41.	Court costs income reduces further (medium	Seek alternative income sources	Service Director, Finance,	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
	likelihood, noticeable impact)		Revenues Benefits	
42.	Medium and Long Term Risk: Income from Business rates and Council Tax does not increase. This could be from lack of new developments in town, businesses becoming bankrupt, as well as from successful valuation appeals. (low likelihood, critical impact)	Development of investment strategy and action plans to implement that strategy. Encourage and enable sustainable development where there is a clear business case for that development. Work with businesses where possible. Promote Enterprise Zone and work closely with SEMLEP to ensure additional business rates are ploughed back to promote economic growth in Luton. Monitor impact of LIF Phase II and ensure outcome are realised.	Corporate Director Inclusive Economy, Service Director Sustainable Development,	Ongoing
43.	Medium and Long Term Risks - Pension Costs, with those in the scheme able to take a pension at any time from 55 (actuarially reduced) to 70	Minimise early retirements. VSS scheme includes financial test and affordability. Review pension position on an ongoing basis	Service Director, Customer and Organisation Development, CLMT Service Director, Finance, Revenues & Benefits	Ongoing
44.	Medium and Long Term Risks - Grant loss/reduction (specific grants)	Exit strategies for one off grants.	Finance Business Partners	As grants are initially given and ongoing
45.	Medium and Long Term Risks - Funding levels not linked to need, as the Revenue Support Grant	Develop the Town's infrastructure so that more businesses can develop in Luton and business rates increase.	Service Director Finance, Revenues & Benefits	Ongoing Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
	system ends and Business Rates Retention is increased		Service Director, Sustainable Development, Service Director, Inclusive Growth	
46.	Medium and Long Term Risks – third sector groups providing services under service level agreements may have funding issues	Work positively with third sector service level agreement providers to support them wherever possible within the context of reduced funding available to all.	Service Directors	Ongoing
47.	Medium and Long Term Risks - Third Party funding of the Capital Programme	No commitments to be given until the funding is guaranteed.	Capital and Assets forum	Before Projects are committed
48.	Medium and Long Term Risks – pupil number increases requiring new school build when funding from Government is not available	Discuss funding needs with Government/EFA on an ongoing basis. Work with potential free school providers	Corporate Director, Children, Families & Education Services	Ongoing
49.	Medium and Long Term Risks to the Council's service provider role arising from the personalisation of care budgets	Continue to ensure all care, transport and support services are as efficient and effective as possible to enhance the chances of buy-back. Review the likelihood of buy-back given the relative prices of LBC and other providers. Plan the provision of future services based on realistic assumptions about individual choices	Service Director, Adult Social Care, Service Director, Sustainable Development , Corporate Director of	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
		Review the provision on an ongoing basis given choices that are made in future. Adapt the size of in-house service provision to match the level of buy-back, to ensure no unnecessary costs remain to be met by the taxpayer.	Population Wellbeing	
50.	Medium and Long Term Risks - Collection fund performance levels decrease	Monitor actual collection performance and reassess basis of tax-base calculation. Consider potential returns from more investment in debt collection.	Service Director, Finance, Revenues & Benefits	Ongoing
51.	Medium and Long Term Risks - Trusts requesting support when external funding ceases	Monitor any requests which would need to be carefully prioritised against existing spend and demands for current council services.	Service Director Finance, Revenues & Benefits	As they arise
52.	Medium and Long Term Risks - Costs of Waste Disposal	Develop a Municipal Waste Strategy focussed on minimising waste. As part of the strategy assess the costs and benefits of alternative approaches to dealing with waste, and the options for partnership working.	Service Director, Neighbourhood Services	Ongoing
53.	Medium and Long Term Risk – transfer of responsibilities from other public sector bodies to the Council	Review funding options, and lobby if it appears that the transfer will result in significant additional costs to the Council	Service Director Finance, Revenues & Benefits	Ongoing
54.	The ongoing implementation of the Care Act 2014 requires substantially more financial assessments, and greater	Review the local requirements for assessments and the levels of deferred payments on an ongoing basis. Ensure that the administration is efficient, effective and economic.	Service Director, Adult Social Care and Service Director Finance,	Ongoing

No.	Risk	Risk Mitigation – Tasks	Responsibility	Timescale
	volumes of deferred payments, than provided for.		Revenues & Benefits	

Mitigating against these risks, opportunities include:
1) The potential for underspend overall, given that this has occurred in most recent years;
2) The potential for some savings proposals to deliver greater levels of saving than have been included in the budget, when they are fully implemented;
3) The potential for further efficiency savings to be developed as officers seek to bring forward more proposals during 2021/22 that can be implemented during the year.
4) Prevention work undertaken in conjunction with health reduces spend on those coming into social care.
5) Prevention work undertaken to reduce the number of homelessness.
6) Robust monitoring and reporting and timely action and mitigation plan put in place.

Adequacy of Reserves

1 The adequacy of reserves depends upon:

- The budget proposed for 2021/22
- The delivery of unachieved savings in 2020/21 now rolled forward to 2021/22
- The scale of budget risks, both revenue and capital – and the Budget Risk Management Strategy being rigorously applied and monitored
- The medium term financial situation
- The level of reserves remaining at 31 March 2021.

2 There was a very small year-end budget deficit in 2019/20, the first for many years. Covid-19 adds significantly to the risk of deficit though in 2020/21 the government has provided very significant unringfenced Covid-19 grant funding. The budget proposed for 2021/22 is challenging but appears to be generally robust, taking into account the plan to address the existing budget pressures and delivery of unachieved savings rolled forward.

3 The key issues currently, are the position of LLAL, discussed in paragraphs 6 to 15 above, and the following:

a) In areas where spend is largely demand-driven, such as homelessness and looked-after children, the requirement to keep within budget is challenging. This year additional funding (social care grant) has been allocated in order to address any ongoing budget pressure.
b) Uncertainty regarding future grant funding.
c) Further efficiency savings are required for future years.
d) The general fund capital programme for 2021/22 amounts to £276m which is high for a Council of Luton's size. This brings with it risks in relation to overspends.
e) The business rates retention scheme continues to carry a large risk in terms of appeals, and any proposed new scheme will undoubtedly result in winners and losers at an individual council level.
f) The opportunity to increase Council Tax income is likely to continue to be limited by the prospect of a referendum over any significant increase, with the risks and cost that involves.

4 Based on the risks set out above and given the savings to be achieved in 2021/22, my calculation of the minimum reserve required by Luton Borough Council is as follows:

Risk Assessment of Reserves	Probability	Amount p.a.	Reserve
General Reserve inc. future liabilities		£	£
Risk of call on reserves from overspend in excess of contingency	0.1 p.a. for 5 years	500,000	2,500,000
Collection Fund risks – appeals/demolitions/council tax support caseload/collection risks on the introduction of universal credit	0.1 p.a. for 5 years	5,000,000	2,500,000
Minimum working capital requirement in view of the range of financial risks facing the Council as set out in the report including COVID-19 risks.			5,000,000
Contingency for Revenue funding loss, loss of trading contracts and potential costs arising from any unforeseen events			4,000,000
Total			**14,000,000**

5 While £14 million is an estimate of the minimum general fund reserve required on an ongoing basis in times of normal operation, it should also be noted that:

a) The total amount of capital spend over the next five years amounts to £107m. Hence it is advisable to maintain the Major Projects reserve at its current level.
b) The specific risks relating to Airport funding, set out in paragraphs 6 to 15 above, require the maintenance of a specific risk reserve. This continues to be required even though the 2021/22 budget does not include airport dividend.
c) The insurance reserve is an essential business tool to enable the Council to self-insure specified risk including claims resulting from potential breaches in law.

The likelihood of all these risks occuring in 1 year is limited, though this is taken into account to a degree in the probabilities used.
There are also potential underspends and one off gains that occur in various services.
The contingency provision required has to be seen in this context. Based on this, a reduction of £2.55m is suggested

	-2,550
General Contingency	**2,250**
Provision for Redundancy Costs - Redundancy, Pension Strain etc	700
Children's Social Care Contingency (financial sustainability plan)	320
Framework for the funding and financing of LLAL Stabilisation and Recovery Plan	2,000
Total Contingency and Provisions	**5,270**

Luton Borough Council
Financial Strategy 2021/22

Purpose

1. To show how the Council intends to structure and manage its finances over the medium term, to support the achievement of the sustainable communities strategy, the corporate plan, the aims of the Council's prospectus, and those of the Council's Investment Framework.

Strategy Statement

2. The Council has previously approved the following 4 aims as the principles behind its medium term financial strategy. This overall financial strategy confirms those aims and sets out how these dovetail with the Council's wider policy and planning aims.

i) To maintain a balanced budget position, and to set a medium term financial plan demonstrating how that position will be maintained.

ii) Spending plans will be closely aligned with the Council's aims and objectives

iii) The Council will maintain a prudent level of reserves

iv) Budgets will be continually reviewed and modified to ensure that resources are targeted on key objectives.

Strategy Statement Review in light of the Covid-19 Epidemic

3. The terms of the strategy statement remain essential and relevant. However, the way in which a balanced budget is maintained needs review. The best way to manage a balanced budget is to keep it balanced every year, with no contributions from reserves. However, general reserves are maintained for exceptional circumstances when they may be needed on a one-off basis, and a time when airport dividend has reduced from £19million to nil is certainly exceptional in financial terms. Therefore, when there are times that the Section 151 officer deems truly exceptional, it is reasonable to develop an approach to balancing the budget over the medium term, rather than in a single year. However, it is essential that this approach involves maintaining a prudent level of reserves at all times, and it is vital that any sustained reduction in income, or increase in expenditure, must be met by a realignment of the budget, rather than by any attempt to use reserves on an ongoing basis. The plan should also include ways by which any the reserves can be replenish to a level which is considered prudent taking into account the level and nature of risks and uncertainties.

4. The impact of the reduction in airport dividend on the Council's budget does make very clear the extent of the risk of reliance on this income source, as has been set out in the Council's budget risk management strategy for many years. The Council does need to reduce that reliance, and proposals are set out in this strategy to do so.

Achieving the Aims of the Corporate Plan, the Luton Investment Framework and the Luton 2040 Project

5. The Corporate Plan and Luton Investment Framework are key documents setting out the Council's vision, aims and objectives for the future. To this, the Council has now added the Luton 2040 project, with its vision of Luton as a place where, by 2040, no one lives in poverty. They are all linked, and focus on improving the town for the benefit of its residents, by building economic growth and prosperity, enhancing skills and education, improving health and wellbeing, developing quality homes and infrastructure, supporting safe, strong, and cohesive communities, and creating a 'One Luton' approach to service delivery. There are specific projects and targets in terms of key areas such as job creation. The focus of the Financial Strategy is on enabling the achievement of the aims and objectives of the Corporate Plan, the Luton Investment Framework and Luton 2040 within the necessary context of maintaining a healthy financial position, as set out in the Strategy Statement above, while also ensuring that the principles set out in the Council's People Strategy are maintained.

Budget Implications – Revenue and Capital

6. The Council needs to balance its budget. The focus has to be:
   a) On the successful implementation of the action plan to achieve the aims of the Luton Investment Framework and Vision 2040;
   b) On the continued development of viable options to increase income from commercial activities and collection of debts, and optimise income from fees and charges; and ensure that the Council receives its fair share of government grants;
   c) On the development of effective preventive mechanisms to minimise demand for high cost care, homelessness and other demand led services, and.
   d) On the economy, efficiency and effectiveness of services – focusing on outcome including benefits realisation

7. The Government has previously announced its intention to move away from the revenue support grant system, and to replace this with a system based on 75% retention of increases in business rates. It is therefore critical that, the Council is successful in its strategy to become less grant dependent, which requires increasing income from other sources. Where rigorously assessed, viable plans can be developed, reserves can be used to make investments necessary to achieve those improvements in income.

8. The Council's corporate planning framework includes the following, recently refreshed core values:
   - Collaborative
   - Ambitious
   - Respectful
   - Empowering
   - Supportive

9. It is essential that the financial strategy empowers, supports, and collaborates with service providers and Councillors in an ambitious and respectful way in order to deliver the Council's objectives on behalf of the people of Luton.

10. Benchmarking information will continue to be used to assess service areas, and those that are shown to be above average in cost when compared with other 'nearest neighbour' authorities will be challenged and reviewed, and if there is not a clear policy-driven reason for the above average level of spend, will be prioritised for budget reductions. Departments will also have to look into service delivery models to ensure value for money.

11. The Council seeks to improve its own services and deliver savings through the work of its Strategic Change team and the advice of Corporate Procurement. Intelligent commissioning is also key to the council's drive to improve services and reduce costs, and to finding efficiency savings to meet the targets set in the medium term financial plan.

12. Corporate and Service Directors work corporately to achieve the maximum possible efficiency savings in all of their service areas, and approach this as a year-round task, not one that is limited to the traditional budget-setting time. This is essential if significant change projects with a long lead time are to be developed successfully. Options are considered corporately by Corporate Leadership Management Team (CLMT) in conjunction with executive members. Those options remain confidential while they are subject to draft assessment and prioritisation, to enable officers and executive members to consider options without affecting the motivation of staff working in potentially affected areas, until they are clear that the options are to be realistically considered. Once the options to be considered are clarified, they will be assessed in terms of their impact on Council priority objectives, equality impact, and values, and prioritised by CLMT and the Executive based on the budget plan and detailed consultation if necessary.

13. The budget put to Executive will be based on the Executive's assessment of the relative priorities for unavoidable expenditure pressures, and options for savings, to aim to meet the requirements of the Strategy Statement Aim 1, *to maintain a balanced budget position, and to set a medium term financial plan demonstrating how that position will be maintained*.

14. In outline, this also shows how *Spending plans will be closely aligned with the Council's aims and objectives* (Strategy Statement aim 2), and how *Budgets will be continually reviewed and modified to ensure that resources are targeted on key objectives* (Strategy Statement aim 4). This will be complemented by the Annual Budget Guidelines and Capital Programme Instructions, the Budget Report, and the Scheme of Devolved Financial Management, which, along with other documents (see below), form a core part of the Council's financial strategy process.

Capital Programme Prioritisation

15. Capital programme prioritisation is based on the Council's capital investment strategy and asset management plan. The method used and approval requirements are outlined in the Budget Report. New schemes must be robustly assessed in accordance with the principles and guidance set out in HM Treasury's 'Green Book' using the Five Case Model for the development of a project business case as described there.

16. Expenditure on major capital schemes (£10m and over) will be subject to specific review and monitoring requirements, including estimating cash flows, to enable an overall assessment of the total potential financial impact (whole life costs) of the capital programme as a whole, in order to limit the Council's exposure at any one time to schemes where an overspend could have a significant impact on the Council's overall financial health.

Resource Limitations and the Financial Strategy

17. The basis of the financial strategy is determined by the Council's current financial position. The medium term projections show that savings continue to be required in future years. The 2021/22 provisional local government settlement has been announced. For 2021/22 authorities are able to increase the level of Council Tax by up to 2% plus an additional Adult Social Care precept of 3% without needing to hold a referendum. This means that the maximum the Council can raise from Council Tax is an additional 5% in 2020/21. At this stage there is no indication of how much might be allowed in future years. Hover the MTFP assumes that government would properly fund social care or allow councils flexibility to raise additional income through a social care precepts of at least 3%. Business rates currently increase annually each April in line with the previous September's CPI, which in 2020 increased by 0.55%, although the 2021/22 increase has been frozen, with Councils receiving an equivalent government grant in compensation.

18. The capital programme is largely funded by specific resources (including interest payments on debentures from Council-owned companies). However, the core programme – basic maintenance of buildings, highways and lighting, and part of the funding for disabled facilities grants – has to be found principally from the Council's own resources. This means that there has to be a major focus on developing opportunities to achieve capital receipts without affecting revenue income. This requires commercial development of property opportunities available to the Council, where this can be achieved in line with the Council's policy on property disposal. Over the years the Council has used receipts from disposal of Council land and buildings to fund a major part of the capital programme. As a result it is proving more challenging to generate additional capital receipts as the asset base shrinks. Moreover, a likely long-term outcome of the Covid-19 epidemic is a much greater emphasis on working from home, which is likely to have a negative impact on the price and marketability of commercial property. Therefore the Council has set up a Capital Reserve to enable infrastructure funding. In future the Council may need to consider whether

this should become a sinking fund with regular contributions in order to ensure future funding of the capital programme is affordable and sustainable. This would have an impact on the revenue budget and hence has to be considered in line with the Council's other priorities.

19. The Council's resource position also means that the Council will need to take a commercial approach to increase funding wherever possible and seek alternative funding sources that will fund schemes in line with the Council's vision and values.

20. At all times however the Council's success in achieving external resources needs to be risk assessed, to ensure that the council can manage the risks taken on if the resource is accepted. In particular, as stated in paragraph 16 above, when large schemes are proposed, the risk of the overall size of the capital programme needs detailed consideration and regular monitoring and corrective measures put in place to address any overspend.

21. It is vital for the financial health of the Council that all accept the limitations and work within them to optimise the Council's position by careful prioritisation. The capital programme will principally comprise schemes funded by specific grants, replacement vehicles and equipment, plus funding up to the level of grant provided by the Government.

22. These limitations on resources mean that the Council must consider very carefully indeed every choice to spend money. They also mean that the Council can no longer afford to accept that increased demand, even for statutory services, automatically means budgets will be increased in line with that demand. Ways have to be found to provide demand-driven services within the parameters of the medium term financial plan.

Airport Funding

23. The Council normally receives an annual dividend, interest on debentures and rental income from its wholly owned subsidiary, London Luton Airport Limited (LLAL). That revenue income supports both capital projects and the revenue budget. The MTFP assumes that no dividend will be received form LLAL for the foreseeable future.

24. The extent of the funding from LLAL, and its link to passenger numbers going through the airport, means that since 1998 the airport funding has been both the Council's greatest financial asset and its greatest risk. The Council has maintained a specific risk reserve as a consequence, and its general reserve minimum level has been higher than many other Councils for the same reason. Prior to Covid-19, the underlying pattern was of substantial increased income for over 20 years.

25. However, the impact of Covid-19 and the potential operation of the force majeure clauses in the commercial contract between LLAL and the airport operator, LLAOL, has shown that in the circumstances of a pandemic impacting drastically on aviation, further action needs to be taken.

26. A Government direction under the terms of the Airports Act 1986 prevented the Council itself from being the freehold owner of the airport, hence the creation of LLAL. The Council now requires the development of a strategy that:
    a) ensures the financial stability of LLAL, and;
    b) seeks to reduce the risk to the Council's financial position arising from the extent of its reliance on airport income.

27. Proposals to stabilise LLAL and improve its governance are at the time of writing in active discussion between LBC and LLAL. The Budget report will include a recommended aim to focus the use of any future Airport dividend on the capital programme and one-off schemes, and it is proposed to undertake a review of potential options to reduce reliance on airport dividend.

28. It is also key to note that the Council's borrowing requirement has been substantially affected by the strategy of the Council providing loan financing to LLAL to enable the company to finance its capital projects, which in recent years have been very large, e.g. the DART project and the Development Control Order. Those schemes are all subject to the production of business case, and rigorous assessments of their viability, deliverability, affordability, sustainability and risks from a shareholder viewpoint. As a consequence the overall level of borrowing is very high for a Council of Luton's size. The Council has added a margin (a risk premium) to the debenture loan rate payable by LLAL, and also takes a fixed charge on the company's assets as security for the loan. Thus the underlying financial stability of LLAL is a key issue for the Council.

Housing Finance Strategy

29. The Housing Revenue Account is self-financing, and the aims are as follows:-

a) To maintain a financially healthy, balanced Housing Revenue Account, with rent levels that are affordable for tenants.
b) To ensure council-owned homes are properly maintained to at least the decent homes standard.
c) To develop new stock wherever possible within Luton that is affordable within the Housing Revenue Account and this will be part of the new Business plan.
d) To work with others to generate further housing developments outside the Housing Revenue Account wherever possible without adversely affecting the general fund; for example with Foxhall Homes.
e) To work with partners and neighbouring authorities to ensure that Luton's housing need is properly recognised and urgently addressed as a regional issue.
f) To manage the service effectively and ensure that the HRA is sustainable within the rent-setting parameters set by Government, which are currently a maximum rent increase of CPI plus 1%.

g) To address the long-term sustainability of the HRA in view of the challenges that arise from right to buy sales and the tight controls on the use of receipts, the rent reductions, and the lack of any provision in the account for repayment of principal on HRA loans.

Fees and Charges Strategy

30. The Executive's current fees and charges framework is based on the principles of viability, fairness and inclusion.

31. The following principles will be used when setting charges:

Viability	Fairness	Inclusion
The Council will aim to maximise income from fees and charges by ensuring that charges to users reflect the full cost of the service provision, unless otherwise required.	Fees and charges should be set at a level that is fair to users and council tax payers and in line with the Council's principles of equality, cohesion and inclusion. Commercial organisations should always pay the full cost for services received unless there is a statutory reason why not.	Concessions should ensure that the disadvantaged are not denied access to services.
Charging levels should take account of market demand, competition from other service providers and comparisons with charges made by other comparable local authorities.	A tough stance should be taken on fee dodging so that other users do not pay more to compensate for non-payers.	New charges should be subject to an equality impact assessment

32. The Council has to look very seriously at every option to increase income from fees and charges, but also must ensure that increasing or introducing charges is not in conflict with policy objectives, including the Council's objectives for social inclusion.

Trading Strategy

33. The Council aims to optimise trading opportunities with other public sector bodies, as defined by the Local Authority (Goods and Services) Act 1970, where

such trading can be certified by the relevant Finance Business Partner to make a positive contribution towards the Council's finances, and where the service manager can certify that it does not adversely affect the service to the people of Luton.

34. The Council has set up a trading company, Luton Traded Services Limited, to trade outside the confines of the 1970 Act, again where such trading can be certified by the relevant finance and service managers as making a positive contribution to the Council's finances without adversely affecting services to the people of Luton. Trading of any scale requires a full robust business case based on the Five Case Model, with the level of detail and analysis required in the private sector. Both the economic and financial case have to be robust and adopt the concept of whole life cost**.**

Commercialisation

35. The Council has embarked on various projects with view to generate additional income. These projects have ranged from investing in commercial properties to providing services to other authorities. Since the Government's announcement that Councils investing for yield will not have access to loans from the Public Works Loans Board (PWLB) the Council has suspended its commercial investment strategy and will not include any such investments in its capital programme. The Council is investing in residential properties with a view to reduce the cost of homelessness. This is subject to a robust business case and was approved by Executive. The capital programme also includes the provision of additional loans to Foxhall Homes, again subject to a robust business case appraised by the Council as shareholder as well as by Foxhall Homes as developer.

Value for Money

36. Each service is subject to review to maximise the savings potential, and is expected to adopt lean principles in all its activities in order to ensure that services are delivering value for money. Benchmarking and adoption of best practice will have to become the norm and regular assessments have to be carried out to ensure the Council is delivering value for money.

Council Tax Strategy

37. The Council will aim to achieve the lowest level of council tax per head of population that will provide the level of services the people of Luton need and deserve over the long term, in accordance with the Council's overall objectives.

38. Within that overall aim, the Council will seek if at all possible to keep the average tax per household below the unitary authority average, maintain the lowest level of tax within Bedfordshire, (average tax per household), and set the tax at a level that will avoid triggering a referendum.

39. More than 84% of the Council residential properties are at band C or below. The cost of homelessness has shown that there is a lack of properties in Luton designed for larger families. The Council will aim to encourage the development of properties which are valued at band D and above in order to meet the growing demand and also to ensure that the mix of properties is fairly balanced. Also the Council has been acquiring properties in order to meet the demand for such properties and hence reduce the level of overspend in the homelessness budget.

General Government Funding Strategy

40. The Government's strategy has been to encourage authorities to become self-financing, with the aim of switching from revenue support grant to increasing business rates retention, previously announcing a target of moving from the current 50% business rate retention scheme to a 75% retention scheme. This has however been delayed more than once, and a thorough review of business rates is due to report shortly.

41. A point that arose during an earlier funding consultation was that a majority of respondents proposed that 'high risk' properties, particularly power stations and airports, should be removed from local rating lists and placed on the central list. The government proposed further consideration of this option. Should this happen, it would have a very significant impact on Luton, as London Luton Airport is a major part of the Council's current rating list. It would make Luton far more reliant on the business rates 'top up', and remove the potential link between future development of the Airport providing additional business rates income for the town.

42. The previous Government confirmed its intention to continue with a system of equalisation, based on fixed periods for system resets, with the potential for partial resets. The method used for equalisation will be very important for Luton. The Council currently relies on significant top-up funding and the Revenue Support Grant, whereas some Councils will have no business rates and revenue support grant. Hence it is very important to try to ensure the move to a new system does not have a significantly negative distributional impact on the Council. The Section 151 Officer will continue to be an active member of the Unitary Treasurers Group, who are represented on the Settlement Working Party that discusses potential changes to local government funding from central government. He will ensure that the Unitary Treasurers representative is briefed on any specific issues of concern to Luton, and will check agendas and minutes accordingly.

43. The Section 151 officer will also liaise with the Local Government Association (LGA) regarding their general lobbying strategy, where required to promote Luton's interests.

44. The Chief Accountant will check that the details of the provisional grant settlement are correct prior to the end of each annual consultation period, and respond to MHCLG if there are any specific issues. The Section 151 officer will assess responses to any proposed changes by the LGA and unitary treasurers, contribute as required to protect Luton's interests, and determine whether a Luton-specific response should be made.

Pensions Strategy

45. The Council's non-teaching staff are entitled to enter the Bedfordshire Pension Fund according to statute, and all employers are required by law to encourage staff to join their workplace pension scheme, using an automatic enrolment process. Employees in the scheme are required to make contributions at nationally set percentages of their pay, and the Pension Fund is required to invest the funds it receives for the benefit of current and future pensioners. The total of employees' contributions and investment profits is not sufficient to meet the combined cost of current pensions in payment, plus the estimated future pension liability that has been earned to date by non-pensioner members of the scheme. The Council is legally required to fund the shortfall on an ongoing basis, and the amount required is determined by the Fund's actuaries, Barnett Waddingham appointed as from 1 September 2018.

46. There are 2 parts of the Council's contribution to pension costs. The first is an employer's contribution to cover the estimated value of the pension earned to date by each current employee, based on the actuary's estimates of how long current employees are likely to live and hence have a pension entitlement. This is calculated as a percentage of each current employee's pay, and the new rate is 19.5%. The second is a contribution towards recovering the estimated deficit on the costs of past service. This is dealt with as a lump-sum payment certified by the actuary as being the amount required to address the deficit as part of a 17 year deficit recovery plan. For 2021/22 this is £11m.

47. The level of deficit is not only influenced by the value of, and the return on, fund investments, but is also affected by:
    1) the increasing life-expectancy of pensioners, which means they receive a much greater level of payments over their lifetime than did their predecessors, and
    2) the low level of long-term bond rates, which are used to discount the value of future payments to pensioners. If bond interest rates increase, the pension liability will decrease.

48. The Council's strategy is to pay the annual contributions to the pension fund as certified to be required by the fund's independent actuary and also to consider making additional revenue payments when funds are available, provided that actuarial estimates of likely fund returns are greater than the level of investment

returns achievable by the Council. (Pension funds can invest in a wider variety of financial instruments than are open to the Council, including the stock market, so rewards – and risks – are potentially greater).

Reserves

49. As part of the annual budget report, the Council's Section 151 officer will estimate an adequate minimum general reserve level for the general fund, and an amount that may be required to pay towards reorganisations included in the budget. The Council will strive to maintain reserves at that level, with any additional one off surplus/gains being transferred to the Invest to Save reserve and Funding Equalisation Account, to be used in accordance with the rules of that reserve for the direct benefit of the town. It is worth pointing out that the level of reserves held by the Council is below the average when compared with statistical neighbours.

50. The minimum level of reserves for the Housing Revenue Account (HRA) was for some time set at £1.5 million in the business plan, in line with the level recommended previously by PriceWaterhouseCoopers. In view of the Grenfell Tower tragedy it was felt necessary to revise this reserve to £3m.

51. The consistent application of this part of the strategy will ensure that the Strategy Statement Aim 3 is achieved; the Council will maintain a prudent level of reserves.

Capital Receipts

52. The Service Director Fixed Assets is responsible for managing the council's property estate, in accordance with the Asset Management Plan, in order to create development opportunities, to maximise the potential for capital receipts without losing significant revenue income from asset disposals.

53. Such management will be in accordance with national and local plan guidance.

54. In special cases, members will earmark receipts from specific sites to specific projects. This will be kept to a minimum, since the general aim of achieving capital receipts is to enable the Council to maximise its capital programme, which is prioritised to enable the Council and the community to achieve their key objectives in accordance with the Local Investment Framework. For example, receipts (other than the sale of council houses) achieved as a result of the implementation of the Marsh Farm Masterplan were earmarked for the Marsh Farm development. Further areas for earmarking will require the approval of the Capital Assets Forum, Corporate Leadership Management Team, and the Executive.

55. The Council's general fund capital programme is partially funded by projections of future capital receipts. A plan to achieve the required level of receipts with no significant loss of rent (with the exception of car park income) has been produced by the Service Director, Property and Infrastructure. However, in order to develop the value of sites to avoid rent loss, many of these receipts require some years to be developed as is the case with Foxhall Homes. Options such as a joint venture to create an asset backed vehicle will also be considered if they can generate a greater level of receipts.

56. The development of potential receipts is difficult and subject to delay, changes in value, and uncertainty as the market changes, adjacent properties which would add value become available or unavailable, etc. The longer term aim is to be able to move to a position where the next year's capital programme is based on receipts actually achieved, rather than projected receipts. However, the impact of Covid-19 on the commercial property market makes this even more difficult to achieve

57. Should receipts not be produced in line with the timetable due to delay in selling the properties or shelving of projects, the programme may need further realignment and/or curtailment based on affordability.

Baseline Position

58. The Medium Term Financial Plan is a specific appendix to the Budget Report. Significant effort continues to be required to balance the budget in the medium term, hence the effort that needs to be put into developing viable income generating opportunities that are in line with the Council's priorities and values.

59. Council Tax levels per head of population remain the lowest in Bedfordshire by some distance and are currently below average for unitary authorities.

Risk Management

60. The Council produces, monitors and maintains a budget risk management strategy, and has a specific treasury risk management policy to minimise financial risks.

Documents that are also key parts of the Financial Strategy

61. The strategy depends upon the Council's Corporate Plan, and the Annual Service Plans. Other key documents that are also part of the Financial Strategy are set out below.

- Luton 2040 Vision – A place thrive
- Corporate Plan and Prospectus
- Luton Investment framework
- Asset Management Plan and Capital Strategy
- Treasury Management Strategy
- Budget and Capital Programme Report, including Budget Risk Management Strategy, Medium Term Plan and Strategy, Prudential Indicators, Protocol for the management, control and use of reserves, and Model for Assessing Levels of Affordable Borrowing
- Procurement Strategy
- Budget Monitoring timetable and reports
- Annual budget guidelines
- Capital programme instructions
- Scheme of Devolved Financial Management
- Financial Regulations
- Scheme of Cash Limits
- Housing and Homelessness strategy.
- ICT Strategy
- Transformation and Digitisation strategy

Government Grant Funding (Excluding Specific Grants)

1. General Government grant funding for Luton currently comprises the Revenue Support Grant, and the Business Rates 'top-up'.

2. The business rates top up is guaranteed to be increased by an inflation factor each year. The Revenue Support Grant calculated by Government is shown below.

Revenue Support Grant for Luton	**2016-17 £**	**2017-18 £**	**2018-19 £**	**2019-20 £**	**2020-21 £**	**2021-22 £**
Upper Tier Services (Children, Adults, etc)	24,770.3	18,647.3	14,470.8	10,333.7	10,704.5	10,560.2
Lower Tier Services (Waste Collection, etc,)	3,998.7	2,455.0	1,470.4	370.7	172.3	378.8
Total	**28,769.0**	**21,102.3**	**15,941.2**	**10,704.4**	**10,878.8**	**10,939.0**
Percentage Reduction / (Increase)	25.0%	26.6%	24.5%	32.9%	1.6%	(0.6%)

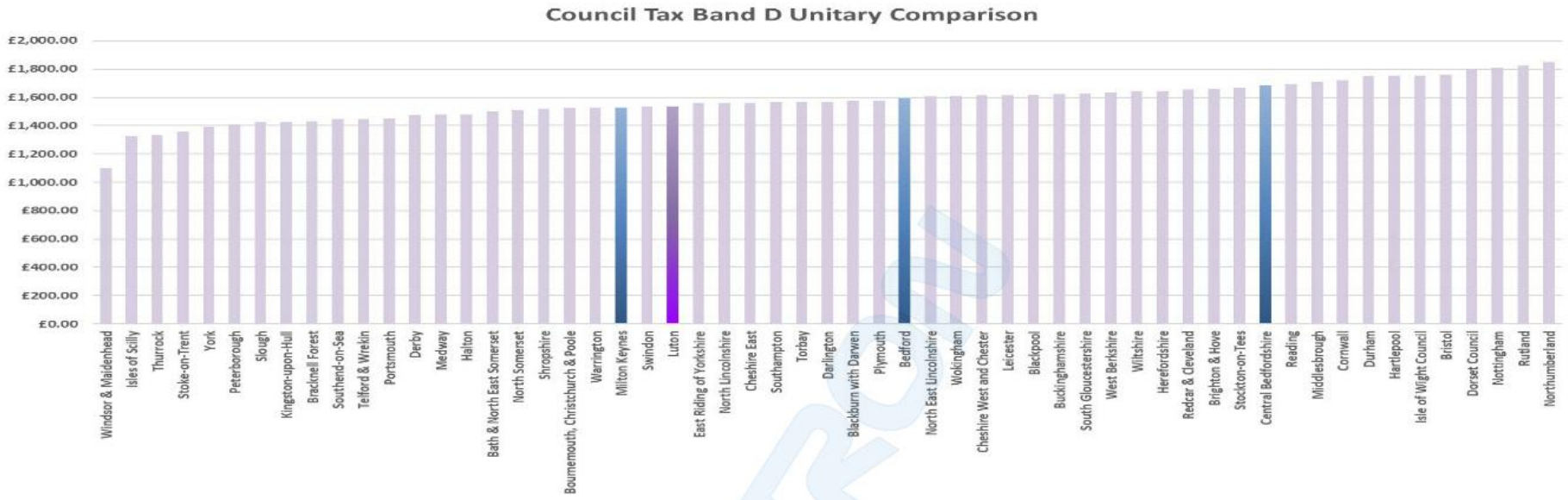
3. Lower tier services are those provided by district councils. Upper tier services are those provided by county councils. As a unitary authority, Luton is required to provide both.

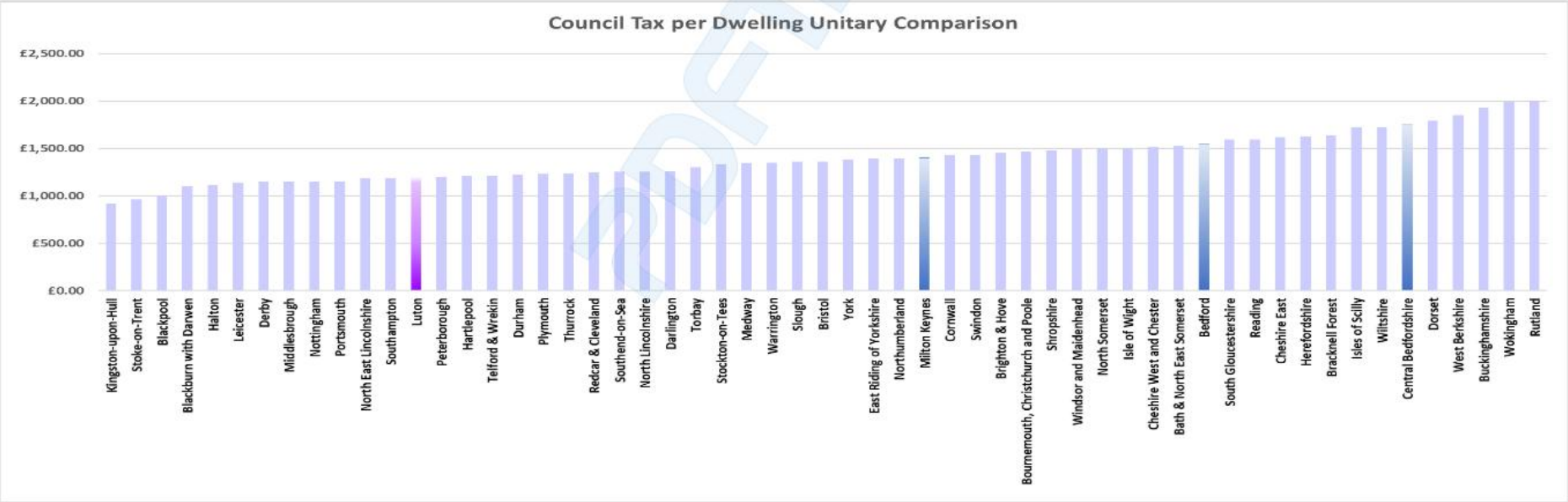
   a) There are no expected major funding transfers in or out of the provisional grant settlement between the years and the figures shown are the Revenue Support Grant allocations provided by Government.

   b) New powers introduced at the 2016/17 grant settlement also allowed Authorities to submit an Efficiency Plan as part of the 2017/18 settlement, to gain increased certainty on future grant funding levels by fixing these over the medium term planning horizon. Luton's plan was submitted in October 2016 and was approved by DCLG which means that the RSG was fixed until 2019/20. The full spending review has been delayed and this year's spending round confirms the settlement for one year only and hence there is still uncertainty over the future of local government funding.

   c) The level of grant reduction in recent years has been very high and this has created a significant challenge for the Council. It should also be noted the Institute for Fiscal Studies (IFS) has stated that, over the course of the previous parliament cuts in spending power were much greater for poorer Councils, because DCLG effectively cut everyone's grant by around the same percentage. A standard percentage cut has a much greater effect on those Councils who rely more on grant income than on Council Tax to fund their spending. DCLG are now making relatively smaller cuts in the grants for Authorities who are most reliant on grant, but this still continues to have a significant impact. Confirmation of the final figure for 2021-22 is not expected to be received until the January 2021.

   d) The real term reductions in overall spending power for the most grant-reliant authorities have been higher than for those who are least grant reliant and this is examined in more detail in the wider revenue budget report.


Council Tax Band D Unitary Comparison
£2,000.00
£1,800.00
£1,600.00
£1,400.00
£1,200.00
£1,000.00
£800.00
£600.00
£400.00
£200.00
£0.00
Windsor & Maidenhead
Isles of Scilly
Thurrock
Stoke-on-Trent
York
Peterborough
Slough
Kingston-upon-Hull
Bracknell Forest
Southend-on-Sea
Telford & Wrekin
Portsmouth
Derby
Medway
Halton
Bath & North East Somerset
North Somerset
Shropshire
Bournemouth, Christchurch & Poole
Warrington
Milton Keynes
Swindon
Luton
East Riding of Yorkshire
North Lincolnshire
Cheshire East
Southampton
Torbay
Darlington
Blackburn with Darwen
Plymouth
Bedford
North East Lincolnshire
Wokingham
Cheshire West and Chester
Leicester
Blackpool
Buckinghamshire
South Gloucestershire
West Berkshire
Wiltshire
Herefordshire
Redcar & Cleveland
Brighton & Hove
Stockton-on-Tees
Central Bedfordshire
Reading
Middlesbrough
Cornwall
Durham
Hartlepool
Isle of Wight Council
Bristol
Dorset Council
Nottingham
Rutland
Northumberland


Council Tax per Dwelling Unitary Comparison
£2,500.00
£2,000.00
£1,500.00
£1,000.00
£500.00
£0.00
Kingston-upon-Hull
Stoke-on-Trent
Blackpool
Blackburn with Darwen
Halton
Leicester
Derby
Middlesbrough
Nottingham
Portsmouth
North East Lincolnshire
Southampton
Luton
Peterborough
Hartlepool
Telford & Wrekin
Durham
Plymouth
Thurrock
Redcar & Cleveland
Southend-on-Sea
North Lincolnshire
Darlington
Torbay
Stockton-on-Tees
Medway
Warrington
Slough
Bristol
York
East Riding of Yorkshire
Northumberland
Milton Keynes
Cornwall
Swindon
Brighton & Hove
Bournemouth, Christchurch and Poole
Shropshire
Windsor and Maidenhead
North Somerset
Isle of Wight
Cheshire West and Chester
Bath & North East Somerset
Bedford
South Gloucestershire
Reading
Cheshire East
Herefordshire
Bracknell Forest
Isles of Scilly
Wiltshire
Central Bedfordshire
Dorset
West Berkshire
Buckinghamshire
Wokingham
Rutland

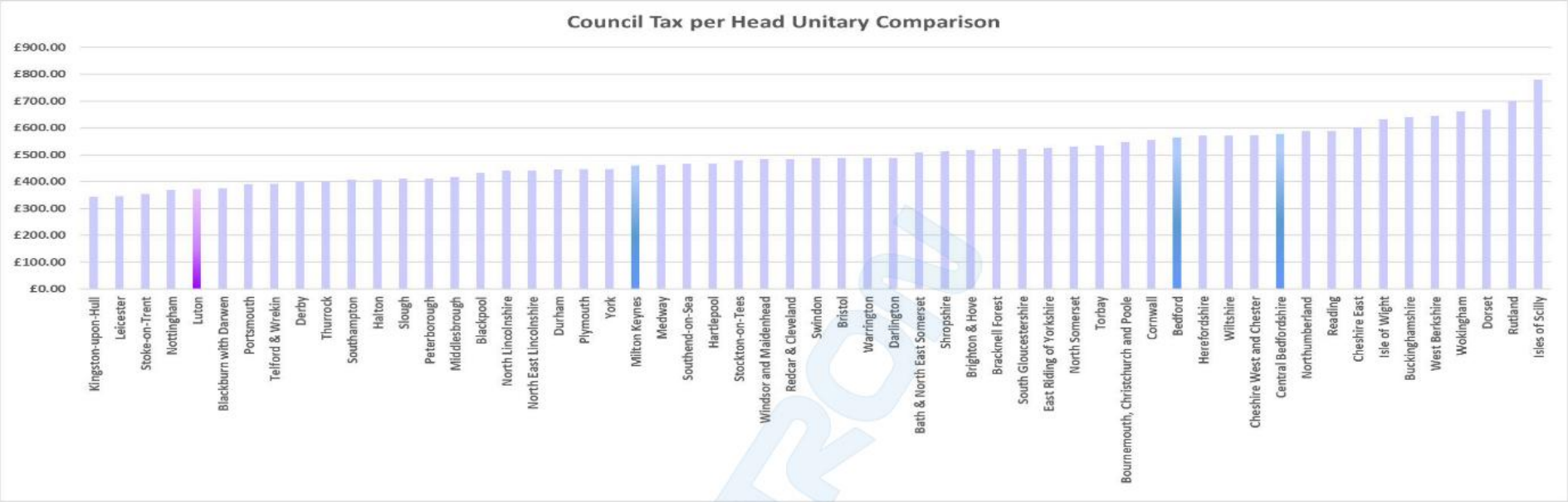

Council Tax per Head Unitary Comparison
£900.00
£800.00
£700.00
£600.00
£500.00
£400.00
£300.00
£200.00
£100.00
£0.00
Kingston-upon-Hull
Leicester
Stoke-on-Trent
Nottingham
Luton
Blackburn with Darwen
Portsmouth
Telford & Wrekin
Derby
Thurrock
Southampton
Halton
Slough
Peterborough
Middlesbrough
Blackpool
North Lincolnshire
North East Lincolnshire
Durham
Plymouth
York
Milton Keynes
Medway
Southend-on-Sea
Hartlepool
Stockton-on-Tees
Windsor and Maidenhead
Redcar & Cleveland
Swindon
Bristol
Warrington
Darlington
Bath & North East Somerset
Shropshire
Brighton & Hove
Bracknell Forest
South Gloucestershire
East Riding of Yorkshire
North Somerset
Torbay
Bournemouth, Christchurch and Poole
Cornwall
Bedford
Herefordshire
Wiltshire
Cheshire West and Chester
Central Bedfordshire
Northumberland
Reading
Cheshire East
Isle of Wight
Buckinghamshire
West Berkshire
Wokingham
Dorset
Rutland
Isles of Scilly

Table 7: 2020-21 Council tax (average Band D) and % change on 2019-20: individual local authorities

Local authority	Average council tax for the authority including adult social care precept, excluding parish precepts (Band D)		Average council tax for the authority including adult social care and parish precepts (Band D)		Adult social care element of Average Band D council tax	Adult social care element of 2019-20 Average Band D council tax
	£ (Column 1)	% change (Column 2)	£ (Column 3)	% change [a] (Column 4)	£ (Column 5)	% (Column 6)
SHIRE UNITARY AUTHORITIES						
Bath & North East Somerset	1,457	3.98	1,500	3.98	28	1.86
Bedford	1,566	3.85	1,596	3.85	30	1.89
Blackburn with Darwen	1,570	3.99	1,575	3.98	30	1.92
Blackpool	1,618	3.99	1,618	3.99	31	1.92
Bournemouth, Christchurch & Poole [b]	1,518	2.80	1,525	2.87	30	1.94
Bracknell Forest	1,356	3.99	1,432	4.01	26	1.82
Brighton & Hove	1,659	3.99	1,660	3.99	32	1.92
Bristol	1,758	3.99	1,758	3.99	34	1.92
Buckinghamshire [b]	1,551	3.99	1,621	4.01	0	0.00
Central Bedfordshire	1,560	3.95	1,684	3.89	30	1.78
Cheshire East	1,504	3.99	1,561	4.15	29	1.85
Cheshire West and Chester	1,581	3.99	1,613	3.98	30	1.89
Cornwall	1,588	3.99	1,722	4.23	31	1.77
Darlington	1,566	3.98	1,571	3.97	30	1.92
Derby	1,474	3.99	1,474	3.99	28	1.92
Dorset Council	1,695	3.99	1,802	4.03	33	1.80
Durham	1,654	3.99	1,750	3.89	32	1.82
East Riding of Yorkshire [R]	1,506	3.98	1,560	4.05	29	1.92
Halton	1,476	3.99	1,480	4.04	28	1.92
Hartlepool	1,751	3.90	1,752	3.90	34	1.92
Herefordshire	1,573	3.87	1,643	3.88	30	1.84
Isle of Wight Council	1,663	3.99	1,754	3.95	32	1.82
Isles of Scilly [R]	1,328	3.99	1,328	3.99	26	1.92
Kingston-upon-Hull	1,426	3.99	1,426	3.99	27	1.92
Leicester	1,614	4.00	1,614	4.00	31	1.92
Luton UA E0	1,537	3.99	1,537	3.99	30	1.92
Medway	1,472	3.99	1,478	3.99	28	1.92
Middlesbrough	1,710	3.99	1,711	3.99	33	1.92
Milton Keynes	1,430	3.49	1,528	3.53	21	1.36
North East Lincolnshire	1,591	3.98	1,608	3.97	31	1.90
North Lincolnshire	1,528	3.89	1,561	3.88	29	1.87
North Somerset	1,434	3.99	1,510	4.87	28	1.83
Northumberland	1,761	3.85	1,848	3.78	34	1.83
Nottingham	1,808	3.99	1,808	3.99	35	1.92
Peterborough	1,398	3.99	1,410	3.96	27	1.91
Plymouth	1,575	3.99	1,575	3.99	30	1.92
Portsmouth	1,452	3.99	1,452	3.99	28	1.92
Reading	1,692	3.99	1,692	3.99	33	1.92
Redcar & Cleveland	1,640	3.99	1,655	3.94	31	1.90
Rutland	1,773	3.99	1,824	4.03	34	1.87
Shropshire	1,444	3.99	1,522	4.12	28	1.82
Slough	1,419	3.84	1,424	4.01	27	1.92
South Gloucestershire	1,543	3.99	1,626	4.14	30	1.83
Southampton	1,566	2.00	1,566	2.00	31	1.96
Southend-on-Sea	1,437	3.99	1,445	4.00	28	1.91
Stockton-on-Tees	1,651	3.90	1,666	3.88	32	1.91
Stoke-on-Trent	1,358	3.99	1,358	3.99	26	1.92
Swindon	1,421	3.99	1,535	4.16	27	1.78
Telford & Wrekin	1,353	3.99	1,446	4.23	26	1.80
Thurrock	1,333	3.49	1,333	3.49	26	1.93
Torbay	1,563	3.99	1,571	4.02	30	1.91
Warrington	1,493	3.98	1,527	3.97	29	1.88
West Berkshire	1,565	3.99	1,633	3.99	30	1.84
Wiltshire	1,515	3.99	1,642	4.36	29	1.77
Windsor & Maidenhead	1,077	3.99	1,100	4.08	21	1.88
Wokingham	1,543	3.99	1,609	4.05	30	1.84
York	1,383	3.99	1,395	4.01	27	1.91

Sources: CTR forms

(a) These figures are shown to 2 decimal places, but unrounded figures lie within the cell.
(b) The year-on-year percentage change has been calculated using alternative notional amounts that reflect what the average band D figure would have been in 2019-20.
(R) Correction to figure reported to MHCLG for the Adult Social Care element by the Isles of Scilly.
(R) Revised following a correction by East Riding of Yorkshire.

Protocol for the Management & Use of Reserves

1. CIPFA's Guidance Note on Local Authority Reserves and Balances states that 'it is important that local authority councillors take responsibility for ensuring the adequacy of reserves and provisions when setting the budget'. The Guidance Note requires the Section 151 Officer (the Service Director Finance & Audit) to advise members about the level of reserves they should hold and to ensure that there are protocols for their establishment and use.
2. The Council's Financial Regulations state that for each reserve established, the purpose, usage and basis of transactions should be clearly identified, and that authorisation and expenditure from reserves is by the appropriate Corporate Director or Service Director in consultation with the Service Director Finance & Audit.
3. When a reserve is to be established, the Service Director Finance & Audit must be satisfied:
   a) Of the reason for the reserve, and its purpose.
   b) That setting up the reserve complies with the latest version of the Code of Practice on Local Authority Accounting in the United Kingdom
4. Contributions to and from reserves shall be included in the Council's accounts, which are approved by the Service Director Finance & Audit and the Audit and Governance Committee.
5. Control of Reserves shall involve:
   a) An annual review of the relevance and adequacy of reserves, as part of the Service Director Finance & Audit's budget report.
   b) Monthly budget monitoring of the Council's overall revenue position to assess the potential extent of the use of general reserves in any year.
   c) A year end assessment by the Service Director Finance & Audit of the potential use of reserves in order to optimise the Council's financial position, with any such use reported to the Audit and Governance Committee as part of the report on final accounts.
   d) It should also be noted that the External Auditor may wish to review the level of reserves at any time, and that the Service Director Finance & Audit will take into account any views expressed by the External Auditor on reserves as part of the budget report.
6. This report takes into account the assessment of reserve requirements in Appx B.
7. The estimated levels of reserves shown assume no changes to current plans in the table below remains subject to any final adjustments required from the final closure of the 2018/19 Accounts.
8. It should be noted that this table only includes usable reserves. Unusable reserves by definition are not cashable – they relate for example to notional gains or losses from annual revaluations of assets that are not intended to be sold, such as London Luton Airport.

Reserves (usable reserves only)	Reason/Purpose	Management & Control	Use	Estimated Balances
General Reserve (including future liability)	To fund any overspend on the Council's annual budget. To ensure that the Council has funds to cover unexpected events in the short and medium term. To provide a prudent basis for operating.	As per 5 (a) to (d) above	To fund any overspend on the Council's annual budget – in which case, if the level goes below the minimum shown in Appendix B, the reserve will need to be replenished the following year	31.3.21 £14.0million. 31.3.22 £14.0million Adequate, See Appendix B, Adequacy of Reserves
General Reserve – Specific Risk Management	In recognition of the specific risk resulting from reliance on donations from the Airport Company to fund charitable partners of the Council whose work would have to be funded by the Council if Airport funding was not available.	As per 5 (a) to (d) above	To fund key partners if the Airport Board is unable to provide make donations in future – in which case, the base budget and reserve requirement will need urgent reassessment to determine future requirements	31.3.21 £3.0m 31.3.22 £3.0m Adequate at minimum level, see Appendix B Adequacy of Reserves
General Reserve – Invest to Save	To provide funds to enable invest to save schemes that deliver service improvements and ongoing revenue reductions essential to balancing the budget in future years – see invest to save scheme	As per 5 (a) to (d) above, plus report to CLMT and Exec on specific proposals in accordance with approvals as set out within the ITS scheme	In accordance with the governance arrangements and the invest to save scheme	31.3.21 £9.6m Use in year £1.4m, £8.2m at 31.3.22 Invest to save funding is essential to develop new efficiencies
General Reserve – Reorganisation etc	To ensure that the Council can fund the costs of ongoing organisational change and any claims that may arise and for investment in Luton 2040	Approved by Executive on the recommendation of the Service Director Finance & Audit	To fund costs arising from organisational development including claims that may arise	31.3.21 £1.0m Used in year £0.1m, £0.9m at 31.3.22
Luton Investment Framework Reserve	Promotion of skills and economic development.	Release of funds subject to detailed business case and robust monitoring of benefits realisation.	To fund skills and economic regeneration programmes	31.3.21 £1.2m Used in year £0.3m 31.3.22 £0.9m
General Reserve – Service Provision & Pressures	To enable underspends and advance grant income to be carried forward for use in the following financial year	Use approved by Executive and implemented by Service Director Finance & Audit	To fund carry forwards and to fund unexpected in-year pressures	31.3.21 £6.6m Contribution to reserve £1.5m, to £8.1m 31.3.22

Reserve (usable reserves only)	Reason/Purpose	Management & Control	Use	Estimated balances
General Reserve – Funding Equalisation Reserve	To provide funding if the revenue support grant or business rates income is reduced by more than estimated in the medium term financial plan	As per 5(a) to (d) above	To provide one-off substitute funding to replace core income streams	31.3.21 £9.4m, used in year £2.8m, to £6.6m at 31.03.22 Adequate
Major Projects Reserve – Capital Reserve	To fund infrastructure and other major projects, and to address the risk that grant-funded schemes could require some repayment.	As per 5 (a) to (d) above	Established in recognition of the scale of current and future major construction projects being undertaken by the Council	31.3.21 £8.4m 31.3.22 £8.4m
Central Insurance Reserve	To enable the Council to self-insure risks where no external cover is obtainable, and/or where self insurance is better value	As per Insurance procedures	To pay claims by departments for items/incidents which are met by self-insurance, subject to validation and to any excess	31.3.21 £3.1m 31.3.22 £3.1m .
Planning Reserve including development plan	To allow for unpredictable costs of enquiries/income reductions in planning, and in development plan production	As per 5 (a) to (d) above	To fund any overspend of the Council's overall budget resulting from a reduction in planning fees pressures on the development plan or a major planning enquiry.	31.3.21 £0.1m 31.3.22 £0.1m
Pension Reserve	To fund future pension-related liabilities	Review by Service Director Finance & Audit on receipt of pensions information plus annual reviews	Funding of Council liabilities in respect of pensions costs including actuarial changes given deficit levels on pension fund any early retirement costs.	31.3.21 £6.9m 31.3.22 £6.9m In line with medium term strategy
Investment Reserve	To enable projects intended to improve the councils longer term position.	As per 5(a) to (d)	To enable investments in services	31.3.21 £0.2m 31.3.22 £0.2m
Cremators Reserve	To hold contributions from annual fee income received, toward future plant replacement	As per 5(a) to (d)	To meet the cost of replacement plant	31.3.21 £0.7, In year contribution of £0.1m to £0.8m at 31.3.22
Butterfield Reserve	To share the benefits from Butterfield Business Park	As per 5(a) to (d)	For additional spend on economic development activity, over and above the Council's base budget	31.3.21 £1.2m Use in year £0.1m, to £1.1m at 31.3.22

Reserve (usable reserves only)	Reason/Purpose	Management & Control	Use	Estimated balances
Neighbourhood Governance Reserve	To fund Neighbourhood Projects from contributions received	As per 5(a) to (d)	To meet the operational expenditure of projects	31.3.21 £0.4m 31.3.22 £0.4m
Public Health Reserve	Funding for Public Health activity	As per 5(a) to (d)	To hold any underspends from the ring fenced funding for use in the following year.	31.3.21 £0.6m 31.3.22 £0.6m
Property and Commercialisation Sinking Fund and Income Management Reserve	To maintain the investment estate and secure and optimise the management of all commercial income	As per 5(a) to (d)	Improvements to optimise lettings	31.03.21 £4.7m 31.03.22 £4.7m
Schools Reserves	To enable schools to carry forward funds not spent in any particular year for use on future projects	As per 5 (a) and (b) above, with detailed assessments by Children & Learning	Schools-specific reserves for their expenditure (also used for inter-schools loan scheme). Central funds limited to DSG spend.	31.3.21 £18.5m 31.3.22 £18.5m Budget pressures and funding limitations may require the use of reserves
Housing Revenue Account – General Revenue Reserve	To fund additions or improvements to the Council's housing stock. To ensure sufficient funds are available to cover unexpected events. And to meet any overspend on the HRA budget. To provide a prudent basis for operating.	As per 5 (a) to (d) above with consultation with the Housing Portfolio Holder	To fund capital spend on improvements to the stock and meet any overspend on the HRA's annual budget. Use of the reserve to meet overspends would need to be replenished in subsequent years.	31.3.21 £15.2m Estimated addition £2.1m to £17.3m at 31.3.22 Adequate
Housing Revenue Account – Legal Disputes Reserve	To make provision in case there are legal claims in relation to HRA funds	As HRA general revenue reserve	To cover legal costs that may arise if there are disputes or legal claims against the Council	31.3.21 £0.1m 31.3.22 £0.1m

CAPITAL PROGRAMME 2021-2026
EXPENDITURE / RESOURCE ASSESSMENT

General Fund Capital Programme Summary

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
New Capital Programme	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000
Total General Fund Expenditure	**190,108.2**	**106,402.8**	**61,967.6**	**44,610.8**	**36,388.3**	**27,364.0**	**466,841.7**
General Fund Financing							
Grants & Contributions	28,813.1	17,069.7	18,669.5	17,969.5	13,512.0	10,954.0	**106,987.8**
Revenue	5,378.1	5,153.0	2,345.5	0.0	0.0	0.0	**12,876.6**
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Capital Receipts	435.6	1,090.0	0.0	0.0	0.0	0.0	**1,525.6**
Corporate Projects Borrowing	169,346.0	74,088.0	31,647.0	16,598.0	12,221.0	0.0	**303,900.0**
Total General Fund Financing	**203,972.8**	**97,400.7**	**52,662.0**	**34,567.5**	**25,733.0**	**10,954.0**	**425,290.0**
New Capital Programme Annual Resources Excess/(Shortage) Excluding Corporate Projects	**13,864.6**	**-9,002.1**	**-9,305.6**	**-10,043.3**	**-10,655.3**	**-16,410.0**	**-41,551.7**
Existing Capital Programme Annual Resources Excess/(Shortage) Excluding Corporate Projects	**-23,439.7**	**-1,775.9**	**-2,661.9**	**-912.8**	**-1,953.9**		**-30,744.1**
Change in Annual Resources Excess/(Shortage) Excluding Corporate Projects	**37,304.3**	**-7,226.2**	**-6,643.7**	**-9,130.5**	**-8,701.4**	**-16,410.0**	**-10,807.6**

Housing Revenue Account Capital Programme Summary

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
New Capital Programme	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000	Gross Budget £000
Housing Revenue Account Expenditure	**19,426.6**	**24,634.7**	**29,084.7**	**26,424.7**	**12,503.0**	**12,718.7**	**124,792.4**
Housing Revenue Account Financing							
1-4-1 Capital Receipts	957.3	2,619.0	3,954.0	3,276.0	2,064.0	2,100.0	**14,970.3**
Other Capital Receipts	3,226.7	6,511.0	400.0	3,000.0	0.0	0.0	**13,137.7**
HRA Grants	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
HRA Reserve	4,635.6	4,664.7	13,649.7	8,808.7	400.0	0.0	**32,158.7**
Major Repairs Reserve	10,607.0	10,840.0	11,081.0	11,340.0	10,039.0	10,618.7	**64,525.7**
Total HRA Financing	**19,426.6**	**24,634.7**	**29,084.7**	**26,424.7**	**12,503.0**	**12,718.7**	**124,792.4**
New Capital Programme Annual Resources Excess/(Shortage)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Existing Capital Programme Annual Resources Excess/(Shortage)	**-1,956.5**	**0.0**	**0.0**	**0.0**	**0.0**		**-1,956.5**
Change in Annual Resources Excess/(Shortage)	**1,956.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1,956.6**

Variations in Spend and Income between 2021/22 and 2020/21

	£'000
General Fund (excluding Schools)	
Net Expenditure Budget 2021/22	136497.6
Net Expenditure Budget 2020/21	141768.5
Net Budget Change + Increase / - Reduction	**-5270.9**
Net increase in expenditure represented by:	
Cost Increases / Income Reductions	
Price Inflation on Purchased Supplies & Services - Adult Social Care & Children Services	1294.6
Price Inflation on Purchased Supplies & Services - Other Services	630.0
Pay Costs (Increments, Pay Awards & Pensions) - Adult Social Care & Children Services	576.8
Pay Costs (Increments, Pay Awards & Pensions) - Other Services	1078.2
Net Savings Delivery Contingency Increase	1481.4
Financing of LLAL Stabilisation and Recovery Plan	2000.0
Demographic and Demand Led Increases - Adult Social Care	635.0
Children's Services Improvement Programme including SEND	1052.5
Other Service Increases - loss of grant, unachieved savings, service improvements etc.	852.7
Debt Servicing and MRP - Capital Programme & Debentures	326.0
Change in Use of Reserves from fallout of 2020/21 one-off funding	3119.4
Contributions to Reserves from One-Off Gains, for Future Resourcing	1942.6
Minor Adjustments (Net)	582.3
Ongoing Costs for controlling and eradicating Coronavirus (met from emergency grant funding)	6696.3
	22267.8
Cost Reductions / Increased Income	
Returns on Investments - Debenture Loans & Other Investments	-6103.7
Social Care Grant (one-off 2021/22)	-1072.0
Other Net One-off General Grants (New Homes Bonus & Lower Tier Services)	-193.9
Grants for Council Tax and Business Rates Losses (Discounts Compensation, Irrecoverable Losses and Reduced Taxbase)	-3904.7
Contributions from Reserves to fund service improvements	-923.4
Contributions from Reserves for Council Tax and Business Rates losses	-2755.8
New Savings in 2021/22, net of fallout from one-off 2020/21 Savings	-5888.9
2021/22 Emergency Grant Funding for Coronavirus	-6696.3
	-27538.7
Net Reduction in 2021/22 budget	**-5270.9**

Local Authority Funding Reform Proforma

LA Name:	Luton
LA Number:	821

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPF values are used
£4,180	£5,215.00	£5,715.00	£5,415.00	

Pupil Led Factors

	Reception uplift	No		Pupil Units	0.00					
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Primary (Years R-6)	£3,278.37		22,432.00		£73,540,339	£145,470,004	38.67%	4.00%	
	Key Stage 3 (Years 7-9)	£4,623.10		9,106.30		£42,099,304		22.14%	4.00%	
	Key Stage 4 (Years 10-11)	£5,209.91		5,725.70		£29,830,361		15.69%	4.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£467.20	£467.20	4,953.00	3,260.60	£3,837,395	£18,891,688	9.93%	3.00%	3.00%
	FSM6	£584.00	£853.15	5,523.37	4,757.02	£7,284,100			3.00%	3.00%
	IDACI Band F	£218.36	£314.85	4,921.67	3,227.60	£2,090,904				
	IDACI Band E	£264.07	£421.49	3,761.03	2,512.99	£2,052,378				
	IDACI Band D	£416.42	£589.08	1,194.81	832.21	£987,782				
	IDACI Band C	£451.96	£639.86	1,111.05	811.51	£1,021,401				
	IDACI Band B	£482.43	£690.64	905.74	535.95	£807,102				
	IDACI Band A	£629.70	£878.54	747.19	387.14	£810,627				
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC March 19			161.55		£0	£160,410	0.00%		
4) English as an Additional Language (EAL)	N/A					£0		0.00%		
	N/A					£0				

5) Mobility	Pupils starting school outside of normal entry dates	£914.09	£1,310.19	172.10	2.36	£160,410		0.08%		
	Description	**Weighting**	**Amount per pupil (primary or secondary respectively)**	**Percentage of eligible pupils**	**Eligible proportion of primary and secondary NOR respectively**	**Sub Total**	**Total**	**Proportion of total pre MFG funding (%)**	**Primary Notional SEN (%)**	**Secondary Notional SEN (%)**
6) Low prior attainment	Primary low prior attainment		£1,112.14	32.52%	7,293.95	£8,111,898	**£14,679,882**	7.72%	100.00%	
	Secondary low prior attainment (year 7)	64.53%	£1,685.98	26.02%	3,895.65	£6,567,984				100.00%
	Secondary low prior attainment (year 8)	64.53%		26.04%						
	Secondary low prior attainment (year 9)	63.59%		26.61%						
	Secondary low prior attainment (year 10)	58.05%		26.03%						
	Secondary low prior attainment (year 11)	48.02%		26.67%						

Other Factors

Factor	**Lump Sum per Primary School (£)**	**Lump Sum per Secondary School (£)**	**Lump Sum per Middle School (£)**	**Lump Sum per All-through School (£)**	**Total (£)**	**Proportion of total pre MFG funding (%)**	**Notional SEN (%)**	
7) Lump Sum	£119,643.57	£119,643.57			**£7,178,614**	3.77%		
8) Sparsity factor					**£0**	0.00%		

Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum or the NFF weighting for any of the phases.

Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed, tapered or NFF sparsity primary lump sum?	Fixed
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed, tapered or NFF sparsity secondary lump sum?	Fixed
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed, tapered or NFF sparsity middle school lump sum?	Fixed
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed, tapered or NFF sparsity all-through lump sum?	Fixed

9) Fringe Payments	**£0**	0.00%	
10) Split Sites	**£110,750**	0.06%	
11) Rates	**£1,871,530**	0.98%	
12) PFI funding	**£200,001**	0.11%	

13) Exceptional circumstances (can only be used with prior agreement of ESFA)

Circumstance	**Total (£)**	**Proportion of total pre MFG funding (%)**	**Notional SEN (%)**	
Additional lump sum for schools amalgamated during FY20-21	**£0**	0.00%	0.00%	0.00%

Additional sparsity lump sum for small schools	**£0**	0.00%	
Joint Use	**£253,853**	0.13%	
BSF	**£579,406**	0.30%	
Exceptional Circumstance5	**£0**	0.00%	
Exceptional Circumstance6	**£0**	0.00%	
Exceptional Circumstance7	**£0**	0.00%	

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	**£189,396,139**	**99.59%**	

14) Additional funding to meet minimum per pupil funding level	**£781,130**	0.41%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)	**£190,177,269**	**100.00%**	

15) Minimum Funding Guarantee		1.84%	**#VALUE!**		
Where a value less than 0.5% or greater than 2% has been entered please provide the disapplication reference number authorising the value					
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)			No		
Capping Factor (%)		Scaling Factor (%)			
Total deduction if capping and scaling factors are applied			£0		
			Total (£)	**Proportion of Total funding(%)**	**Notional SEN (%)**
MFG Net Total Funding (MFG + deduction from capping and scaling)			£4,521,295	2.32%	
Total Funding for Schools Block Formula			**£194,698,564**		**£20,832,327**

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)		
Additional funding from the high needs budget	£0.00	
Growth fund (if applicable)	£576,726.00	
Falling rolls fund (if applicable)	£0.00	

Other Adjustment to 20-21 Budget Shares	**£8,556**	
Total Funding For Schools Block Formula (including growth and falling rolls funding)	**£195,283,846**	

% Distributed through Basic Entitlement	76.49%	
% Pupil Led Funding	94.23%	
Primary: Secondary Ratio	1 :	1.39

1. Dedicated Schools Grant & Centrally Retained Budgets 2021-22

Centrally Retained Schools Block

Item No	Line	Description	Budget
1	1.4.2	School Admissions	£496,447
2	1.4.3	Servicing of Schools Forum	£18,435
3	1.4.9	Equal Pay - Back Pay	£176,718
4	1.4.10	Pupil Growth/Infant Classes	£576,726
5	1.4.13	Licenses (Arranged by DfE for all state funded schools	£168,463
6	1.5.1	Education Welfare	£168,991
7	1.5.2	Asset Management	£23,601
8	1.5.3	Statutory/Regulatory Duties	£396,088
			£2,025,469

Centrally Retained Early Years Block

Item No	Line	Description	Budget	Description
11	1.3.1	Early Years - Support and Intervention	£325,765	Provides advice, support, guidance and training for early years providers to ensure that they meet statutory requirements, including safeguarding and deliver high quality care
11	1.3.1	Family Support	£64,851	Commissioning support for 2, 3 & 4 year old Nursery education provision
11	1.3.1	Early Years Adjustments (2, 3 & 4 Year Olds)	£624,051	In year adjustments for infant/primary/nursery schools for 2, 3 and 4 year olds following census count
11	1.3.1	Nursery Union Duties	£0	Union duties within nursery provision
11	1.3.1	PVI In-Year Adjustment	£50,000	In year termly adjustments for PVI settings for 2, 3 and 4 year olds following census count
11	1.3.1	Additional Hours Funding	£120,000	The first 15 hours of free entitlement are aimed at providing early education for children, and the additional 15 hours are aimed at providing childcare to help parents get back to work
11	1.3.1	Academy Early Years	£30,000	Contingency funding for Academies early years pupils
11	1.3.1	Other	£14,394	Excess Pension costs
			£1,229,061	

Capital Strategy

1 Introduction & Background

1.1 The Prudential Code for Capital Finance in Local Authorities 2018 introduced the requirement for the Council to produce a Capital Strategy. The purpose of the Capital Strategy is to firmly place decisions around borrowing in the context of the overall longer term financial position of the Council and to provide improved links between the revenue and capital budgets.

1.2 The Council's Capital Strategy demonstrates that it takes capital expenditure and investment decisions in line with corporate service strategies (see sections 2 & 3) and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The capital strategy also sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.3 The Council's capital strategy underpins the Council's Capital Programme which is a plan of how the Council will spend its capital resources on projects that will support and improve its assets.

2 Corporate Strategies

Corporate Plan 2017 - 2020

MIssion Statement:

Enabling Luton to be proud, vibrant, ambitious and innovative

2.1 The Council sees itself as a 'community leader' and a 'place shaper', encouraging local communities to work together to build and create safe, attractive and prosperous local areas where people want to live, work and do business. It also sees itself as an 'enabler', supporting communities to be self-reliant.

2.2 The Corporate Plan outlines the following key over-arching strategic priorities:

Building economic growth and prosperity

2.3 The Council will prioritise business engagement activities with business sectors that have the potential for significant employment growth in the town. This will include working with local partners to deliver the development of the London Luton Airport Enterprise Zone, the Luton 2020 Stadium, the modernisation and expansion of London Luton Airport, Napier Gateway, Butterfield, Bartlett Square and New Century Park.

Developing quality homes and infrastructure

2.4 As well as the many aspirational and affordable housing developments brought forward, Luton's severe housing shortage is being addressed and a new homelessness strategy aims to pilot a new way forward to tackle the issue. Our aim is to increase connectivity for Luton residents through our investment in sustainable travel, improvements to road travel and a better rail station.

2.5 The transformation of Marsh Farm and High Town, the development of hundreds of residential properties, via the wholly owned housing Foxhall Homes, Luton DART airport passenger system, the upgrade of Digital Infrastructure and the One Public Estate.

Enhancing skills and education

2.6 With a growing Luton economy and thousands of new jobs coming on-stream, the Council and its partners are determined to ensure that local people will be the beneficiaries. The town and its people are of great importance and so is raising the aspirations of Luton's communities and businesses as to what might be possible in terms of exploiting skills and regeneration.

Improving health and wellbeing

2.7 The Council will continue to work with partners and investors to drive improvements to health and wellbeing for local people. Support is being provided through a number of initiatives targeting those in need, from young families to the elderly, and work is being done to improve residents' access to exercise, helping to boost health as well as encouraging community involvement.

Supporting safe, strong and cohesive communities

2.8 The Council is working with its partners to ensure that Luton is a clean and safe place to live, work and visit. It is a diverse town, and working with a range of community groups helps to make it resilient. The cultural events that take place in the town give residents and communities the chance to come together and promote cohesion.

2.9 This plan aligns other key strategies and frameworks such as Luton Investment Framework (LIF) which focuses on building aspiration, creating opportunities, and deliver prosperity in the town, and the People Plan, the Council's organisational development strategy.

Luton Investment Framework

2.10 The Council has come together with partners and investors – each with a huge passion for Luton – to secure more than £1.5 billion investment for the town across a number of development sites which will create thousands of jobs for local people. The investment will see thousands of much-needed new homes built, new schools, a tangible difference to the wellbeing of the people of the town and a noticeable increase in prosperity.

2.11 Further funding and projects have been identified including a new skills and opportunities programme, improved infrastructure, better health outcomes, making people feel safe and creating a vibrant cultural and leisure offer for the people of the town.

Local Plan 2011 - 2031

2.12 The Local Plan was approved 7th November 2017 and sets out a proposed set of policies, development allocations and actions to meet the environmental, social and economic challenges facing the area over the 20 year plan period from 2011. The Local Plan provides a strategy for the distribution and level of development and supporting infrastructure, a set of proposals to meet that strategy, policies against which to assess planning applications, and proposals for monitoring the success of the plan.

2.13 The Council will take a strategic view in relation to capital investment ensuring a positive demonstrable impact on the community and economy of the borough. Decisions will take into account the relevant Council strategies, policies, frameworks and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. All capital investment decisions will be made with reference to The Luton Local Plan.

2.14 The Local Plan proposes a spatial development strategy which focuses the majority of new development in the Borough over the plan period on eight Strategic Allocations, whilst protecting the remaining Green Belt from development and regenerating Luton Town Centre. Key elements of the plan include:

- Provision for approximately 8,500 new dwellings;
- Sufficient employment land to provide for 18,000 new jobs;
- Strategic Allocations at: Land south of Stockwood Park; London Luton Airport; Butterfield Technology Park; Napier Park; High Town; Power Court; the Creative Quarter; and Marsh Farm; and
- Infrastructure, retail, leisure, services, community facilities and open spaces to serve a new hierarchy of Town, District and Neighbourhood Centres these corporate objectives.

Medium Term Financial Plan and Strategy

2.15 The Capital Strategy is supported by the Council's financial strategy by integrating capital planning with the Medium Term Financial Plan (MTFP) to ensure the council is in a stable and sustainable financial health. The MTFP is concerned with all aspects of the Council's capital expenditure – its planning, prioritisation, management and funding – to support the maintenance of the current asset base, its transformation and borough wide growth aspirations.

2.16 The Medium Term Financial Plan sets out how resources will be prioritised in order to achieve the key priorities set by the Council. The current medium term plan is based on the need to find substantial levels of efficiency savings in future years. This plan sets out the Council's overall objectives and priorities, and how those can be achieved in the context of the major reductions in funding that the Council has witnessed, and the potential for more during the next spending review. It outlines predicted budget pressures, growth areas, and further savings targets.

2.17 The Capital Programme included sets out the next 5 years, in line with the medium term revenue projections. The estimated revenue costs of the capital programme are included in the revenue projections. The risks relating to the size of the programme are recognised as a risk for the Council, and excellent project management of the capital programme, to budget and to original specification, is fundamental to the Council's financial health, and therefore to its key objectives, particularly the one of being a financially sound and efficient council. In addition, it is essential that the schemes are built to minimise whole life running costs.

3 Service Strategies

Asset Management Planning

3.1 The Council's approach to asset management is essentially service led. Service Heads are actively engaged in establishing asset management priorities as part of their annual service planning. Service Annual Management Plans (AMPs) are reviewed annually alongside the preparation of the service plans and each service plan includes a summary of the asset management priorities identified for that service within its AMP. In addition, there is regular liaison throughout the year with Corporate Directors and service heads and Corporate Property Forum (CPF) is represented on a range of service improvement project boards and teams.

3.2 The Council agrees that all of its property is a corporate resource. Responsibility for the management of the Council's property assets sits with the Property & Construction Division, which forms part of the Place & Infrastructure Directorate. The Service Director of Property & Construction Division is the Council's designated Corporate Property Officer (CPO). The CPO is responsible for coordinating all aspects of asset management planning, including developing strategy and policy direction for managing property assets throughout the Authority.

3.3 The Council has established a Corporate Property Forum (CPF) which is described as 'the key strategic level officer group aimed at promoting the corporate management of assets and maximising the capital resources available to the Council in achieving its strategic aims and service priorities through optimum utilisation of land and property assets in accordance with value for money principles'.

3.4 It is recognised good practice for Local Authorities to produce an Asset Management Plan setting out their broad objectives for the management, development and rationalisation of their Built and Land Asset base over a three to five year period.

3.5 The Council's current property portfolio comprises of approximately 10,000 assets of various types and sizes ranging from individual dwellings and shops to large leisure centres and schools. The total area of land owned by the Council (excluding the road network) is nearly 600 hectares and represents about 14% of the total Borough area. The total capital value of the whole estate, as determined for accounting purposes, is in the region of £780 million.

3.6 This plan however focusses mainly on the Operational, Community and Commercial Estates, as separate and discrete strategies already exist for the Airport, Housing, Schools and Investment Estates. This particular part of the estate comprise of approximately 200 sites.

3.7 The Council's general objectives with respect to its Operational, Community and Commercial Estate can be summarised below.

- Ensure the safety and wellbeing of occupants.
- To collect a commercial rent based on valid market comparisons.
- To ensure the most effective and efficient use of buildings and land to avoid underutilisation.
- Reduce carbon emissions and energy consumption.

- Facilitate agile working in operational buildings.
- To reduce underlying expenditure on maintenance and repairs by focussing on planned, as opposed to reactive, maintenance.
- To have a complete, comprehensive and up to date picture of the condition and compliance of all buildings.
- To rationalise the Estate where possible to reduce overall maintenance, repair and operating costs and liberate sites for redevelopment.
- Foster and support as appropriate small business start-ups.
- Provide bases for third sector organisations at an affordable rent.
- To support the release of sites for the development of affordable housing.
- Obtain best value for open market disposals.

3.8 The Council continues to face severe budget pressures and is therefore forced to consider a range of radical options to reduce the cost of maintaining, repairing and operating its property portfolio. The options considered in this plan have in some cases already been evaluated and approved; in other cases they will require future member approval.

3.9 The Council also needs to dispose of those parts of its Estate that have become surplus to requirements to generate much needed capital receipts. Such disposals will, where appropriate be targeted at residential development and the creation of affordable homes.

One Public Estate

3.10 The Council continues to work in partnership with local partners to show the value of working together and taking a strategic approach to asset management. At its heart, the programme is about getting more from our collective assets - whether that's catalysing major service transformation such as health and social care integration and benefits reform; unlocking land for new homes and commercial space; or creating new opportunities to save on running costs or generate income. This is encompassed in three core objectives:

- Creating economic growth (new homes and jobs)
- Delivering more integrated, customer-focused services
- Generating efficiencies, through capital receipts and reduced running costs.

Highways Infrastructure Asset Management Plan

3.11 The Highways Infrastructure Asset Management Plan was approved by Executive 15th October 2018 to enable Luton Council to adhere to the 36 recommendations as prescribed in the Department of Transport's Code of Practice "Well Managed Highway Infrastructure" by October 2018. It adopts "a risk based approach" to managing the highway assets and will enable planned maintenance to be organised rather than reacting to defects with temporary repairs.

3.12 It also delegated the responsibility for making minor changes to the plan to the Service Director for Public Realm in consultation with the Portfolio Holder for Infrastructure and Transport.

Work Programme for Integrated Transport, Highway Maintenance and Street Lighting

3.13 This is an annual report to Executive to approve the proposed Integrated Transport, Highway Maintenance and Street Lighting Capital Work Programme which details the 5 year programme of capital works, subject to full council approval for LBC funding and confirmation of Department for Transport (DfT) funding.

3.14 It also delegates to the Service Director for Public Realm in consultation with the Portfolio Holder for Infrastructure and Transport any minor amendments to the programme.

Luton Council Digital Strategy 2017-20

3.15 The Council's strategy for ICT investment is set out in Luton Digital which aims to deliver improved efficiency and effectiveness in customer and business contact, as well as an enhanced employee and member experience and efficiency. It also reflects on industry best practice from the private and other public sector organisations that have excelled in their digital delivery.

3.16 It sets the framework for how decisions will be made when related to:

- Investment
- Selection and deployment of technology
- Digital by design services

3.17 The five aims of Luton Digital are to:

- Target investment in digital to improve outcomes and customer experience
- Provide smarter, faster, better, efficient services
- Improve engagement and access to services for all Luton residents
- Develop a digital first culture and behaviour in the organisation
- Deliver cost savings across the organisation

3.18 Luton is investing in its digital infrastructure over the next five years to ensure that it is fit for purpose to support our digital ambition and opportunities from technology that will help us on our digital journey.

School's Capital Strategy

3.19 A capital strategy specifically for schools is contained within the documentation generated from the Basic Need Strategy Group and LBC's Education Asset Plan. Capital expenditure funded by Basic Need capital funding relates to school expansions and school places, the strategy for this expenditure is determined by the Basic Need Strategy Group (which includes the Service Director (Education, Support, Challenge and Intervention), Admissions & Planning Manager, and the Schools Estates & Strategy Manager). The group meets monthly to discuss the priorities for capital expenditure across the school estate, this will then feed into DMT, Policy group & Executive. This feeds into the Capital Programme via the Schools Estates & Strategy Manager who includes agreed works in the Capital Programme.

3.20 Schools Condition Allocations funded programme of works is determined by high level priorities. Schools are surveyed every five years by an independent CIPFA surveyor and the use of historic data. Each building is surveyed and elements are ranked as to their

condition. High scoring elements are then collated and internal specialist surveyors visit to assess and verify their need for upgrading and they are ranked by priority in a planned maintenance programme. When reactive maintenance issues arise, schools notify the Schools Estates & Strategy Manager who will send out an internal professional surveyor expert to assess feedback how urgently or when the works need to be carried out. Decisions are then made as to whether these qualify for central capital funding or school revenue funding.

3.21 Devolved Formula Capital funding is allocated via a lump sum to individual schools based on school size and pupil numbers. The capital works are determined by the individual schools that have autonomy, but with the help of the Schools Estates & Strategy Manager and P&C colleagues who offer advice, highlighting good practice and the reference to their own AMP which will identify and rank all elements based on a 5 year programme.

Investment Property Strategy

3.22 The Investment Property Strategy was approved in October 2017 and sets out the strategy for capital expenditure on the acquisition of an Investment Properties Portfolio, for restructuring and rebalancing the portfolio through disposals, reinvestment and active management. Individual investment property acquisitions will be subject to an Executive Report which on approval will be included in the updated Capital Programme in the next capital monitoring report. The latest Capital Programme forms the basis for the capital strategy which is approved by Council each February. The Council is currently reviewing its portfolio of assets with a view to establish the return on investments and how it can be optimised and risks mitigated in light of the recent guidance issued by MHCLG and CIPFA and the need to cater financially for future capital expenditure and assess a prudent levels of borrowing.

3.23 The principal aim of the property investment strategy is to generate commercial returns for the Council. This commercial objective must be achieved within strict investment criteria to minimise risk and financial exposure. Every purchase will be assessed against the following criteria.

Criteria	**Restriction**
Geographical spread	Whole of UK
Lot size	£1 million - £7.5 million
Minimum unexpired lease term	Single let - 4 years Multi-let – retain at average 3 years
Tenant covenant strength	Retain current criterion and refer financial assessment of tenants to Finance
Initial yield	Minimum 7.0% (0.5%-1.5% margin over notional borrowing costs)

3.24 The Investment Property portfolio is monitored and challenged by officers on a quarterly basis throughout the financial year, and annually by the Finance Review Group, to

ensure risks are known and returns are maximised. More strategic periodic reviews will be undertaken to challenge the portfolio make-up and quantum to minimise risk, whilst exploiting potential market opportunities.

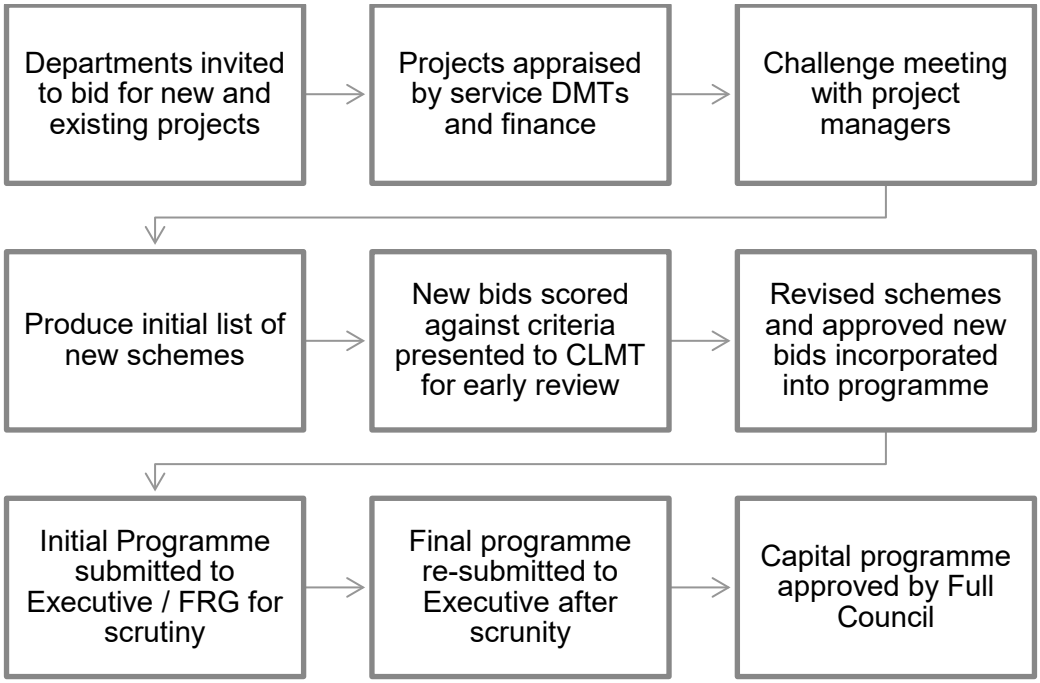
3.25 New prudential indicators have been established within the Treasury Management Strategy to monitor and quantify the level of investment and financial risk the council is exposed to. The Treasury Management Strategy is approved by Full Council every February.

4 Governance Framework

Capital Programme

4.1 The Council develops a Capital Programme alongside the revenue budget each year with approval for that programme at Full Council prior to publication. The programme is monitored monthly by officers and reported to Executive on a quarterly basis.

Capital Bid Process



4.2 Capital bids are submitted by project holders as part of the budget setting process for the following financial year in order to be evaluated for inclusion in the next five year Capital Programme submitted for approval to Council. The bid application form requires the following information to be provided for all projects:

A. General Information – Project management, status and timescales.

B. Strategic Information – Project overview, strategic alignment, options appraisal and benefits realisation.

C. Financial Information – Project expenditure, specific funding and revenue implications.

D. Prioritisation – Self-assessed prioritisation scoring against the following areas:

- Statutory obligations or legal requirement
- Existing contractual commitments
- Health & Safety
- Income generation or invest to save initiatives (self-financing)
- Ring-fenced specific project funding
- Asset value or remaining useful life enhanced
- Alignment to strategic priorities

4.3 Capital schemes are expected to be greater than £50,000 with small projects incorporated into wider annual programmes of works. This supports the financial accounting de-minimis of £10,000 for capital assets.

4.4 As part of the process capital bids are subject to challenge meetings where the proposed projects are scrutinised and budget holders provide further information to support their projects.

4.5 The Capital Programme approved in February each year may contain approvals in principle, but dependent on further information or due diligence. In these circumstances the capital budgets are not available to spend until all conditions have been met. This can be relevant to invest to save bids requiring further justification or project's dependent on the receipt of external funding.

Annual Programmes

4.6 A significant proportion of the annual capital programme is for Annual Programmes. These programmes exist in the form of many smaller projects, and in general have a steady spend profile each financial year.

4.7 Each of these programmes needs to be scrutinised in more detail by an appropriate body to ensure value for money is achieved through detailed planning, effective procurement and budget monitoring. The following Annual Programmes generally incur in excess of £0.5 million per annum; Property Maintenance, Integrated Transport, Highways Maintenance, Schools Basic Needs, Schools Maintenance, Fleet Replacement Programme, ICT software, Equipment & Digitalisation and Private Sector Housing Grants.

4.8 It is critical these projects deliver value for money and support the Council's key strategic and operational objectives. The Council needs to assess the total Council resourcing is at the required level for each programme, and that project prioritisation is managed effectively and achieving the desired outcomes.

Significant Projects

4.9 Strategically significant projects will need to pass through a more comprehensive governance process. Following the HM Treasury Business Case guidance; projects will need to satisfy the following 5 case model headings:

1. **Strategic Case**
   This section should demonstrate the project provides business synergy and strategic fit and is based upon a robust and evidence based case for change. This includes

the rationale of why intervention is required, as well as a clear definition of outcomes and the potential scope for what is to be achieved.

2. **Economic Case**
   The main purpose of the Economic Case is to demonstrate that the project optimises value for money. It explains how this is achieved by identifying and appraising a wide range of realistic and achievable options in terms of how well they meet the project objectives and critical success factors agreed for the scheme; and subjecting selected options to a cost benefit analysis.

3. **Commercial Case**
   The Commercial Case demonstrates that the "preferred option" will result in a viable procurement and well-structured contract. This section of the business case includes the planning and management of the procurement. It sets out how the "preferred option" will be procured competitively, in accordance with procurement regulations.

4. **Financial Case**
   The Financial Case demonstrates that the "preferred option" will result in a fundable and affordable project. This section of the business case requires the capital and revenue requirements of the project over the expected life of the assets, together with an assessment of how the project will impact upon the balance sheet and budget.

5. **Management Case**
   The Management Case demonstrates that the "preferred option" is capable of being delivered successfully. This section should demonstrate robust project management arrangements; including change and contract management and the monitoring and management of costs, benefits and risk.

4.10 Schemes identified as strategically important, high risk or requiring substantial debt financing will need to pass through additional member scrutiny (appointed by Finance Review Group) and be approved at Full Council as a standalone report.

4.11 Projects delivered by the Council's wholly owned subsidiaries (e.g. London Luton Airport Ltd and Foxhall Homes Ltd) will be included within the Council's Capital Programme as share capital and/or debt financing. These projects will need to pass through the same governance channels as any internally managed project, and they will need to be approved through the subsidiary governance procedures.

Capital Programme Affordability

4.12 The Council needs to ensure that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt (including through MRP/repayment of loans fund) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. The capital programme includes the costs of Century Park Access Road and as this is a complex project and requires significant borrowing, it will be subject to a separate report to be considered by Executive at a later date.

4.13 During this period of constricting central government funding it has never been more important for the Council to maintain a prudent programme which delivers the maximum value for money possible. Within the Council's restricted resources the annual budget

process must prioritise the capital bids submitted and also assess against other conflicting priorities and how the Council can maintain the delivery of its core services such as social care given the significant budget gap over the next four years MTFP.

Monitoring

4.14 On a monthly basis the capital expenditure year to date and current budget annual profile will be circulated to all responsible project managers. It is the project managers responsibility to ensure;

a. Expenditure meets the definition of capital expenditure
b. Expenditure is coded to the correct project budget
c. Expenditure is consistent with the approved scope of the project
d. Any forecasted overspend is reported immediately to finance
e. Project profiles are correctly reported
f. Annual expenditure is allocated to Council's assets, or identify Revenue Expenditure Funded Capital Under Statute (REFCUS)
g. Reporting of the project status and completion of a project to finance

4.15 In addition to the responsibilities to monitor expenditure, project managers are responsible, with the support of finance, for the co-ordination and management of project ring-fenced external funding.

4.16 Financial management and performance of the Council's approved and published Capital Programme is reported quarterly to Executive, Overview and Scrutiny Committee with an Annual Capital Outturn Report being produced at the end of each financial year.

4.17 The Annual Capital Outturn Report explains the variance of the actual capital expenditure for the year to its final capital budget. Any slippage of capital projects is identified throughout the year with the final position reported in the Annual Capital Outturn Report.

4.18 When projects are completed a post implementation review is carried out to determine the lessons learnt from the implementation of the project. These can be applied to future projects. Where completed projects relate to invest to save schemes evidence of savings being achieved is requested.

4.19 Subsidiaries will report regularly to their respective boards on the progression of their capital projects and their latest expenditure profiles. This information is reported to the Council's finance department on a minimum of every quarter.

5 Capital Programme Financing

5.1 There is a wide range of funding sources for the Capital Programme. Most notably is a distinction between specific project funding and general capital funding. Specific project funding is linked to a specific project, and more often than not the funding has strict conditions attached to how the funding can be used. It is the responsibility of the project manager to manage and monitor the receipt and use of project specific funding.

5.2 General capital funding can be used to finance the total net cost of the Capital Programme, and does not need to be identified against specific projects. Finance will monitor corporate resources with the involvement of the Property & Construction Division in respect of property and land sales.

5.3 The various funding sources can be explained across the following headings;

- Government grants
- Contributions from 3rd parties (including S106)
- Revenue Contributions
- London Luton Airport Limited (LLAL) Dividend
- Capital receipts
- Prudential borrowing
- Other borrowing arrangements

5.4 The funding of Capital Programme will reflect the financing strategy of the Council and will aim to make the best use of the resources available. As such funding decisions will be made in line with the council's Medium Term Financial Plan.

Government Grant

5.5 These include both non-ring-fenced, ring-fenced non-specific or ring-fenced specific resources as noted above. Examples include grants available from central Government Departments:

- The Department for Education provides Basic Need grant to fund expansion of school places and other annual grants for schools capital maintenance;
- The Department for Transport provides the LTP Block grant to fund integrated transport and highways works
- The Department of Health provides the Disabled Facilities Grant for the Council to finance works to private individuals' properties

5.6 Other Capital grants include European Union Funding (whilst the UK remains within the EU), such as European Regional Development Funding which has been provided in 2018/19 to fund High Rise Insulation works and Heritage Lottery Funding which contributed to financing the Wardown Museum refurbishment.

Third Party Contributions

5.7 Council receives a number of external contributions from 3rd parties to fund, or partially fund capital projects. These contributions and donations will nearly always have strict spending conditions and be directly attributable to a named project.

5.8 The majority of these contributions come from developers and are payable under the Section 106 Town and Country Planning Act 1990 and the Section 278 Highways Act 1980 to mitigate the impact of their development on the local area. S106 capital funding can only be used in accordance with the conditions set out in its agreement and will only be considered for inclusion to support specific capital projects once the funding has been received.

Revenue Contributions

5.9 Occasionally the service putting a capital project forward wishes to utilise its revenue budget to support the capital project. This will be considered on a case by case basis.

5.10 Service areas can make contributions from their annual revenue surplus to earmarked capital reserves. An example is the revenue surplus from the Travellers site which is put into a reserve and used to fund capital works to the Travellers site.

London Luton Airport Limited (LLAL) Dividend

5.11 The Council owns the freehold of London Luton Airport and benefits from substantial revenue dividends generated from the concession arrangement, part of which is invested in in the Capital Programme. The current MTFS assumes a significant proportion of the dividend is used to finance capital every year.

Property Disposal Capital Receipts

5.12 Capital Receipts arise from the sale of the council's assets. The income received can be used to:

- Finance new capital investment e.g. Regeneration and commercial acquisitions (i.e. buying property for re-purposing where there is a sound business case to do so);
- Reduce borrowing, notably under the Prudential Borrowing Framework;
- Meet the needs of disposal costs, i.e. ear-marking receipts in the short term to be repaid once the receipt has been realised;
- Finance and meet the cost of equipment e.g. ICT end user equipment or infrastructure;
- Finance and meet the cost of asset replacement whether founded in condition, suitability, sufficiency or whole-sale replacement of life-expired equipment;
- Replacement of plant or vehicles;
- One off funding for transformation and change management projects, i.e. financing the cost of change.

5.13 Where the sale of an asset results in the requirement to repay grant, or the loss of a significant revenue stream, the receipt will be utilised for this purpose; once these liabilities have been provided for any remaining funds will be available for re-allocation.

5.14 The Councils Disposals Policy has provided clarity in terms of making decisions in relation to surplus properties and has provided a useful tool in managing conflicting priorities such as providing land for the development of affordable housing or new primary schools.

5.15 Capital receipts can be deemed to be ring-fenced to specific capital expenditure or used as general capital resources. For example, Right to Buy sales of HRA properties have specific conditions attached.

5.16 Central government do also have an interest in certain types of assets owned by the Council. Legislation dictates that certain sales can be restricted or a proportion of the receipt reclaimed. This is particularly relevant in terms of education land and right to buy sales.

Prudential Borrowing

5.17 The residual net cost of the Capital Programme, after the application of all available funding, will increase the Council's Capital Financing Requirement (CFR). This will reflect the underlying need to borrow for the Council to fund the approved Capital Programme.

5.18 Local authorities are able to borrow to invest in their Capital Programme provided that the cost of that borrowing is affordable, sustainable and prudent in line with principles set out in the Chartered Institute of Public Finance and Accounting (CIPFA) Prudential Code Guidelines and guidance issued by MHCLG.

5.19 The Prudential Code allows Local Authorities freedom and flexibility to finance their Capital Programmes by using borrowing which is not supported by Government grant.

5.20 Prudential Borrowing will also be considered to cover the cost of projects such as regeneration and investment, service transformation and where appropriate redundancy capitalisations, on a business case by business case basis.

5.21 Since 2012 when HRA Self Financing was introduced HRA borrowing was limited by the HRA Debt Cap set by Central Government. This meant that even if borrowing would meet the conditions of the Prudential Code it could not exceed the HRA Debt Cap. The HRA Debt Cap was removed 29th October 2018.

5.22 Individual business cases will now be developed for new investment projects within the HRA to ensure they deliver value for money, and are affordable within the HRA Business Plan.

Other borrowing arrangements

5.23 All contractual arrangements, incorporating the use of an asset, entered into by the Council must be reflected in the Capital Programme and resulting CFR. This will ensure the full capital financing position and existing financial liabilities are acknowledged and transparently reported.

5.24 Currently the Council has a liability held on the Balance Sheet to reflect the Private Financing Initiative (PFI) in relation to the Challney School agreement. A PF2 arrangement was recently agreed to build Stopsley High School in the region, this however is not reflected on the Balance Sheet as the liability does not sit with the Council.

5.25 All existing service contracts which provide an asset used for the delivery of a service must be assessed to determine whether there is an explicit or underlying lease arrangement contained. If identified the asset and corresponding liability must be reflected in the financial reporting and capital financing of the Council.

6 Treasury Management

6.1 The Capital Financing Requirement (CFR) generated by the net cost of the Capital Programme each year, less the Minimum Revenue Provision (MRP), represent the Council's underlying need to borrow. Treasury Management, and its capital financing revenue budget, has an intrinsic link to the Capital Programme; and will change with every capital budget decision.

6.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus cash is invested in low risk counterparties providing adequate liquidity initially before considering investment return.

6.3 The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the long term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve long or short term borrowing or using longer term cash flow surpluses. On occasions any debt previously drawn may be restructured to meet Council risk or cost objectives.

6.4 The Prudential Code includes the requirement to set prudential indicators, which are monitored and reported annually to Full Council.

6.5 In February the Council approves a range of prudential indicators that reflect its compliance with CIPFA guidance and the approach to capital expenditure and borrowing for the forthcoming year. As such, projects that are identified under the framework for change and which support the Council's corporate objectives and deliver an acceptable financial return as set out within robust business cases may utilise prudential borrowing. Within such cases a full financial appraisal will be required to ensure that all revenue implications of the cost of borrowing are taken into account.

6.6 Please see Annual Treasury Management Strategy for details on the following:

- A long-term projection of external debt, internal borrowing and the use of cash backed reserves.
- Sensitivity analysis around capital expenditure, borrowing levels and capital receipts
- How debt will be repaid over the life of the underlying debt
- The authorised limit and operational boundary
- Local Prudential Indicators
- Treasury management governance procedures supporting decision making and risk management
- Arrangements for the scrutiny of treasury management.

7 Risks

Commercial Activity

7.1 The Council has a strong reputation in Local Government for its commercial approach to service delivery and continues to be reported as one of the highest income generating Councils in the country.

7.2 The due diligence stage of all commercial decision is of the utmost importance. All commercial investments are supported by individual HMT compliant business cases that are subject to thorough risk assessment and stress testing and we also stress test the whole investment portfolio to ensure all risks are captured and properly controlled. Where appropriate to the size and scale of the project we also commission independent technical and legal advice.

7.3 The Council's commercial approach is supported by the Council's Corporate Plan and the Luton Investment Framework. The strategy makes it clear that we will continue to invest wisely, mainly in the local area, to generate additional return and stimulate local economic growth and more local jobs, supported by robust governance processes.

Risk Appetite

7.4 The sector's recognised definition of Risk Appetite is "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time".

7.5 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, one has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the Council as well as positive opportunities.

7.6 In general, the Council's risk appetite is formed by the substance of separate strategies approved by Executive; and expresses the Council's tolerance to risk in respect of capital preservation, meaningful liquidity and income volatility. The Council seeks to minimise and manage its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

7.7 The Council is exposed to a number of risks, with varying elements which can be managed and needs to be understood, monitored, and mitigated where possible.

Risk Factor	Risk Appetite
Financial	Risks associated for different types of assets, covering property, housing and sector specific industrial investments. Focus is on maintaining security whilst focusing on income generation, with a lower appetite in achieving capital appreciation. The Council currently has no significant exposure to currency risk or more volatile or emerging markets.
Economic	The Council will be exposed to local economic risks as it supports growth in the local economy, housing market and the creation of jobs. Interest rate, inflation and other geopolitical risks will be kept to a nominal level.
Credit	In line with external treasury advice, there will be low appetite for unsecured non-investment grade debt. Investments will be secured or at investment grade. Due diligence will be completed for each investment to ensure credit risk is kept to a manageable level.
Operational	Exposure to risks associated with the delivery of statutory services. Detailed business continuity planning and a no tolerance approach to working outside of agreed processes and procedures is in operation.
Legislative / Political	Risks for entering into investments or arrangements which are contrary to current legislative or political views. This can be a volatile risk which must be monitored.

Environmental / Social	No appetite for environmentally negative risks. Low appetite for social risks, especially in the local region and always subject to full due diligence.

7.8 Each of these risks will be assessed on a decision by decision basis. In more strategic decisions the business case will cover each of these risks including the acceptable risk exposure and potential mitigation actions.

Balance Sheet Management

7.9 The Council recognises the value its assets provides the local area in terms of service delivery and income generation. There is a risk associated with the level of capital investment made in its asset and the direct relationship with the cost of maintenance and the overall effectiveness of assets to provide the quality of service expected by the residents of the town.

7.10 There are underlying financial assumptions surrounding the value for money delivered by our assets, in terms of income generation and the level of service provided. These assumptions are tested annually during the budget setting process to reflect realistic income targets and manageable repairs and maintenance budgets. The Capital Strategy is pivotal in setting capital investment parameters to achieve value for money through optimal asset performance.

Affordability & Sustainability

7.11 The Council must maintain an affordable, sustainable and prudent Capital Programme which is measured and can be afforded by local taxpayers and HRA residents. There are a number risks which must be managed to ensure the cost of capital financing does not significant vary from the current budget assumptions.

7.12 Capital slippage and overspends are the most likely risk to impact on revenue financing. The impact of changes in the gross expenditure of the programme can be significant in terms of MRP and debt interest. Initial project costings and timescales must be challenged and updated on a regular basis. This risk is managed by monthly monitoring reports and returns from project managers.

7.13 Benefits realisation is critical to a number of commercial and service efficiency projects. Original bids needs to have clear objectives which are tangible and realistic. Each realisable benefit must be monitored once projects have been completed. Benefits will be monitored using the savings tracker and by inclusion of budget savings. Any unrealised benefits will create budgetary pressures and trigger actions to remedy where possible.

7.14 The Housing Revenue Account is supported by a detailed Business Plan. Within this Business Plan are capital investment decisions and their associated revenue implications. These revenue implications impact on the cost of capital financing and the potential to deliver additional rental income. These assumptions are fundamental in achieving a self-financed HRA service. This risk will be mitigated by the impact of investment decisions reflected in the annual Business Plan and revised service budgets which are monitored effectively each month.

Minimum Revenue Provision (MRP) Policy

1 In accordance with suggestions in the statutory guidance, a variety of approaches will be used for the differing types of capital expenditure. In view of the significant level investments and borrowings, the Council is currently reviewing its Capital Strategy in order to reflect the latest guidance issued by MHCLG and CIPFA as appropriate.

2 For some capital spend, known as supported capital expenditure, the Government includes an element within the Council's formula grant to help pay off the debt each year.

3 For any new supported borrowing, the Council will use the Regulatory Method, as set out in option 1 of the statutory guidance.

4 For capital expenditure prior to 31 March 2007 the Minimum Revenue Provision policy will be changed to a straight line method using an assumed average 50 year life (as at 1 April 2007).

5 For existing and new borrowing after 31 March 2007 the Council uses the annuity method to calculate the applicable annual charge of MRP. For each asset the annuity calculation is based on the expected life of asset being financed. If an equal instalment loan was used to finance the expenditure then the total MRP and interest payment would be consistent for the life of the asset. The amounts of principal repayments are calculated so that by the end of the asset's life the principal is fully repaid.

6 Freehold land without a structure on it will be written off over 50 years, in accordance with the guidance.

7 In the case of major new assets with an extended construction period, the Council will only begin requiring an MRP to be made in the year following the asset being brought into use. However the Council may take a view based on materiality that there is a need to set aside additional voluntary contribution to reflect the debt servicing and income profile of individual projects. This is in accordance with paragraph 13 of the statutory guidance and prudence concept, which describes this option as an 'MRP holiday'.

8 For any finance leases, embedded leases, and any on-balance sheet public finance initiative (PFI) schemes, the MRP charge required in accordance with proper practices will equal to the principal repaid in year.

9 Should the Council apply for, receive, and use any capitalisation directions in the year, it will use the 'Equal Instalment' version of the 'Asset Life Method', option 3a in the statutory guidance. This means that an estimate will be made of the life of the asset, and the Council will then write off the debt in equal instalments over each year of the expected life. That life will be determined in accordance with the maximum value shown in the table set out in paragraph 24 of the statutory guidance.

10 Where the Council makes secured capital loans, for example to London Luton Airport Limited, Council Wholly Owned Company and potentially to other public sector bodies and registered social landlords, no MRP will be charged. This is because the stated aim of the MRP is to make prudent provision, which is to ensure that debt is repaid over a period broadly commensurate with the period over which the capital expenditure provides benefits. If the loan is properly secured and repayable over or at the end of the period in which it provides benefits, then the loan repayment ensures that the debt is repaid, and MRP would double-up the provision. It is however essential that proper accounting practice is followed, and an appropriate provision is made should any doubt emerge about whether a loan will be repaid. This may have a significant impact on the revenue budget in the year this risk is materialised.

11 Where the Council purchases share capital in an organisation, whether it is a wholly owned subsidiary or not, MRP will be charged over the recommended 20 years.

12 The HRA Capital Financing Requirement is outside of the MRP policy; however the Council must maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. Under the new arrangements in the self-financing HRA, to establish the resources available on an annual basis in the Major Repairs Reserve, the regulations require the MRR to be credited with an amount equivalent to the total depreciation charges for all HRA assets.

Investment Strategy

Introduction

1 The Authority invests its money for three broad purposes:

a) because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),

b) to support local public services by lending to or buying shares in other organisations (service investments), and

c) to earn investment income (known as commercial investments where this is the main purpose).

2 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

3 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £50m and £10m during the 2020/21 financial year.

4 The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

5 Full details of the Authority's policies and its plan for 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy, available here: *Treasury Management Strategy 2020-21*

Service Investments: Loans & Shares

6 The Council invests in its subsidiaries, London Luton Airport Ltd (LLAL) and Foxhall Homes Ltd, to support local public services and stimulate local economic growth. The Council invests using equity shares and debenture loans. Dividends payable are assessed annually with the ultimate objective of releasing profits to support statutory services. All loans approved to date are maturity loans with interest charges paid annually.

7 Loans which have been approved for issue to LLAL are to support major capital schemes. The two most significant schemes currently being developed are;

a) £225m for the Direct Air Rail Transit (DART) scheme

b) £50m for the Development Consent Order (DCO) Scheme

8 In addition to these schemes there are a number of historical loans held by LLAL and some continuing smaller projects in relation to Bartlett Square and the New Century Park, which is located within the Enterprise Zone.

9 Loans have been approved to support a number of housing projects being developed by Foxhall Homes Ltd. Currently development loans up to a total of £32.3m and £1.5m for working capital have been approved. Three sites are currently being actively progressed with two sites expecting to be fully developed by the end of 2020/21.

10 The Council also holds working capital loans in region of £1.2m with its partly owned companies, QED Luton (Challney) Group Ltd and Luton Learning And Community Partnership Limited (LLCP). The companies are co-owned with Building Schools for the Future Investments (BSFI) LLP and were created to develop and manage a private finance initiative for the Luton Schools project initiated in 2009. The main objective of the company is the development and ongoing maintenance of the Challney Boys School buildings.

11 The Council is currently a shareholder in three companies. There are no current plans for an investment in any future ventures. The level of shares issued to Foxhall Homes is expected to increase over the short term to finance existing and future developments.

12 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Organisation	**Estimated Debt 31/03/2020**	**Debt Exposure Limit**	**Estimated Share Capital 31/03/2020**	**Share Capital Exposure Limit**
London Luton Airport Ltd	£235.3m	£323.9m	£44.8m	£44.8m
Foxhall Homes Ltd	£7.1m	£33.8m	£0.8m	£10.8m
LLCP/BSFI Companies	£1.2m	£1.2m	£0.6m	£0.6m

The exposure limits represent the currently approved amount by Full Council

13 The council assesses the risk of loss before entering into and whilst holding service loans by assessing the financial position, performance and other external influencing factors, including the current market conditions. None of the companies currently hold a credit rating and there is no intention for this to change. This makes the assessments described above necessary to satisfy financial due diligence before financial commitments are approved.

14 The financial position will be assessed by a review of the company's Balance Sheet and the use of ratios to monitor the financial strength, management and risk of the council's investment. The ratios can be used to compare the financial position to market benchmarks, historical positions and previously forecasted positions.

15 The financial performance of the company will be assessed by examining the company's profitability and business plan. This will include ratios examining the entities ability to repay interest and principal, and an assessment of current and future profitability.

16 A number of other factors will be assessed which will cover more subjective reviews. The use of external advisors will be important in ensuring the market conditions and future competition is understood and risks evaluated.

17 Each separate decision to invest is supported by a robust Business Case. In most cases the use of external advisors is necessary to create a robust and coherent case for future investment. In more complex and complicated investment decisions additional governance is introduced into the decision making process. This will normally take the form of a separate Task & Finish Group comprising of cross party members.

18 The Council will assess the term of any additional debt or share capital financing on a decision-by-decision basis. The liquidity and profitability assessment will be made to maximise the delivery of the Council's statutory operations and to manage the level of risk the Council is exposed to.

19 Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none is likely to meet the definition.

Commercial Property Investments

20 The Council invests in local, regional and UK property with the intention of making a profit that will be spent on local public services. The below table summarises the investment portfolio currently held.

Property Group	Original Price	Current Value 31/03/2019	Net Gain / (Loss)
Retail & Retail Parades	£38.1m	£43.2m	£5.1m
Leisure	£2.5m	£3.3m	£0.8m
Offices	£38.8m	£38.7m	(£0.1m)
Industrial	£10.6m	£11.8m	£1.2m
Other	£6.3m	£11.9m	£5.6m
Total	**£96.2m**	**£108.9m**	**£12.6m**

21 In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. The above table illustrates a net gain in valuations across the portfolio. Properties held before 2013 are included at the value as at this date or the first year the property was valued as an investment property.

22 The Council follows the government guidance in respect of Minimum Revenue Provision (MRP) and therefore sets a side an annual repayment based on the estimated useful life of the asset. Since 2013, the Council will have provided in excess of £2.1m by March 2020 towards commercial property purchases.

23 The net movement in property valuations will be assessed annually to ensure security risk is managed effectively.

24 Further details on the Commercial Property investment policy is included within the Capital Strategy.

25 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will continue to assess the portfolio and only dispose of a property when it does not meet the requirements of the strategy in terms of financial returns or level of risk.

Proportionality

26 The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place-making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Council's contingency plans for continuing to provide these services in the short term as a last resort is to use earmarked reserves to balance the budget. This is only sustainable in the short term and service reduction and efficiencies would be required to maintain a sustainable budget in the longer term.

	2018/19 Actual	2019/20 Forecast	2020/21 Budget	2021/22 Budget	2022/23 Budget
Net Revenue Stream	£142.2m	£137.5m	£147.6m	£149.4m	£151.9m
Net Commercial income	£32.1m	£38.2m	£39.6m	£40.5m	£43.3m
Proportion	22.6%	27.8%	26.8%	27.1%	28.5%

Borrowing in Advance of Need

27 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

28 Where a local authority chooses to disregard the Prudential Code and this Guidance, and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain why. While the Council's Corporate Asset Plan and objectives set out in this Strategy are to generate income, all investments made contribute to meeting Corporate and Capital Asset goal of economic growth and creating wealth in Luton.

29 The Council has no plans to borrow in advance of need and is therefore compliant with the requirements of the Prudential Code in respect of this matter.

Capacity, Skills and Culture

30 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where skills, or capacity are lacking, the Council will buy in suitably qualified professionals to assist Council Officers and Members to ensure informed decisions are made when entering into a specific investment. The Council measures the impact of investment decisions on borrowing and affordability through the Prudential, Treasury and Investment Indicators, and Medium Term Financial Strategy, to ensure overall risk exposure remains within acceptable levels.

31 The Council's Property & Construction team together with senior Finance Officers work closely when negotiating commercial transactions. The Corporate Leadership Management Team (CLMT) provides the setting for challenge of new investment proposals ensuring the core principles of the prudential framework and the regulatory regime within which the Council operate are adhered to.

32 The Service Management Teams will submit capital bids, to the Service Director (Finance & Audit) and then subsequently CLMT, to support service and commercial capital investment proposals that contribute to meeting the Council's objectives set out in the Corporate Plan. Full Council is required to approve investment in new capital schemes prior to any expenditure being incurred.

Investment Indicators

33 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

A. Total risk exposure

34 The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down.

Total Investment Exposure	**31 March 2019 Actual**	**31 March 2020 Forecast**	**Total Approved**
LLAL Equity & Debt	£165.1m	£280.1m	£368.7m
Foxhall Homes Equity & Debt	£3.6m	£7.9m	£44.6m
LLCP/BSFI Companies Equity & Debt	£1.8m	£1.8m	£1.8m
Commercial Property	£108.9m	£115.5m	£115.5m
Total Investments	**£267.3m**	**£405.3m**	**£530.6m**
Treasury Management Strategy Non-Specified Investments limit			**£600.0m**

35 Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the majority of investments could be described as being funded by borrowing, whether it be internal or external borrowing. As MRP and/or capital receipts relating to these investments are received the underlying need to borrow reduces.

36 The only exceptions being £2.8m of a short term cash flow facility being made available for Foxhall Homes and £1.2m of working capital loans issued to the LEP & BSF jointly owned companies. These investments are not classified as capital investments due to their nature. The overdraft facility for Foxhall Homes is to be replaced by debt finance during 2019/20.

B. Rate of Return

37 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	31 March 2019 Actual	31 March 2020 Forecast	31 March 2021 Forecast
LLAL Equity & Debt	£24.9m (24.1%)	£30.5m (15.3%)	£31.4m (10.3%)
Foxhall Homes Equity & Debt	£0.2m (4.7%)	£1.0m (5.7%)	£1.6m (5.7%)
LEP & BSF Entities Equity & Debt	£0.1m (4.8%)	£0.1m (4.8%)	£0.1m (4.8%)
Commercial Property	£6.9m (6.3%)	£6.6m (6.1%)	£6.5m (6.0%)

38 The LLAL return percentage falls noticeably due to the increase in proportion of debt financing in comparison to equity financing. The debt financing returns 8%, which includes a risk premium for the Council, but this is substantially less than the equity return which is above 40%.

C. Commercial income cover ratio

39 This ratio compares the council's investment returns to the interest cost of borrowing to fund the investments. This illustrates the risk and reliance on income generated to meet the committed debt financing costs.

Commercial income cover ratio	31 March 2019 Actual	31 March 2020 Forecast	31 March 2021 Forecast
Commercial Income	£36.6m	£45.5m	£50.9m
Interest Payable (General Fund)	£2.6m	£5.3m	£9.7m
Cover Ratio	**14.1**	**8.6**	**5.2**

40 The cover ratio is again reducing annually due to the lower margin in the debt financing in comparison to the current position. The current position is significantly influenced by the high LLAL dividend in comparison to the value of the equity shares.

D. Loan to value ratio

41 This ratio identifies the proportion of the council's long-term assets which are funded through external debt.

The loan to value ratio	31 March 2019 Actual	31 March 2020 Forecast	31 March 2021 Forecast
Total Long Term Assets	£1,433m	£1,651m	£1,813m
External Borrowing	£411m	£531m	£788m
Loan to Value Ratio	**28.7%**	**32.2%**	**43.5%**

42 The use of debt financing to fund the commercial activities of the Council is making a substantial impact on the value of assets funded by debt. The recent CIPFA Resilience assessment identified the current level of borrowing as being in the low risk category, but as the level of borrowing increases the Council is likely to be classified as high risk.

E. Ratio of investment property to total investments

43 This ratio identifies the council's reliance to the property market in comparison to other sectors. This will illustrate whether the council spreads risk across sectors.

Investment property %	**31 March 2019 Actual**	**31 March 2020 Forecast**	**31 March 2021 Forecast**
Total Investments	£267.3m	£405.3m	£530.6m
Commercial Property Portfolio	£108.9m	£115.5m	£115.5m
Commercial Property %	**40.7%**	**28.5%**	**21.8%**

44 The current percentage of investments in commercial property is high at 40.7%. This does begin to reduce as further investment continues in LLAL and Foxhall Homes. This does not represent the full exposure to the property market as the Foxhall Homes investments are in the residential property market and LLAL have a number of commercial development projects in progress.

Luton

DRAFT REVENUE ESTIMATES 2021-2022

DRAFT CAPITAL PROGRAMME 2021-2026

TO BE CONSIDERED AT EXECUTIVE ON 20TH JANUARY 2021

DEV GOPAL, FCA, FCPFA, FCCA, CMgr MCMI
Service Director, Finance & Audit

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DRAFT SUMMARY OF REVENUE ESTIMATES

2019-2020 Actual subject to Audit clearance	Department	2020-2021 Estimate	2021-2022 Estimate
£		£	
	DEPARTMENTS		
4,248,393	Chief Executive	3,520,500	3,415,629
46,952,795	Children, Families & Education	45,734,285	49,348,486
7,480,023	Customer & Commercial	1,122,733	2,722,889
21,846,645	Place & Infrastructure	20,404,361	21,444,421
57,811,890	Public Health & Wellbeing	63,716,824	62,692,376
80,782,179	Capital Charges to Revenue	35,221,405	35,263,802
219,121,925	Total Service Cost	169,720,108	174,887,603
	CENTRAL ACCOUNTS		
-3,552	Contingency & Other Corporate Costs	8,138,232	6,310,012
-7,133,830	General Grants & Other Corporate Income	-5,955,382	-10,053,972
-19,125,000	Airport Dividend	0	0
-16,138,847	Interest on Investment	-25,842,812	-31,946,501
-61,517,909	Capital Financing	-15,330,302	-14,588,068
8,065,840	Borrowing & Treasury Management	13,944,827	13,409,539
115,342	Environmental Agency Levy	118,226	120,590
123,383,969	**NET GENERAL FUND EXPENDITURE PRIOR TO MOVEMENTS IN RESERVES**	144,792,897	138,139,203
-1,605,604	**HOUSING REVENUE ACCOUNT**	-2,088,658	-2,062,202
	SCHOOLS		
152,982,823	Schools Budget	154,786,027	160,080,385
-70,000	EFA Grant	0	0
-150,541,964	Dedicated Schools Grant	-154,786,027	-160,080,385
2,370,859		0	0
	Appropriations to / (-) from		
-2,370,859	Schools Reserve	0	0
1,605,604	Housing Revenue Account Balances	2,088,658	2,062,202
361,576	Public Health Reserve	0	0
2,348,085	Specific Reserves	-3,024,412	-1,641,571
5,422,863	Covid 19 Funding Reserve	0	0
131,516,493	**TOTAL NET EXPENDITURE**	141,768,485	136,497,632
	Contributions to /(-) from Collection Fund		
-1,823,215	Collection Fund Council Tax Surplus/Deficit	-1,182,393	1,575,599
1,727,974	Collection Fund Business Rates Surplus	-2,574,360	1,813,575
-31,548,042	Collection Fund Business Rates	-32,953,491	-31,990,678
-14,275,471	Business Rates Top Up Funding	-14,508,064	-14,508,064
-5,285,321	Social Care Precept	-6,939,055	-9,195,596
-10,704,461	Revenue Support Grant	-10,878,872	-10,939,031
69,607,957	**COUNCIL TAX REQ. FROM COLLECTION FUND**	72,732,250	73,253,437
50664.5	Taxbase (number of Band D equivalent properties)	51828.7	51086.5
£	Council Tax (Band D)	£	£
1,373.90	Borough Purposes	1,403.32	1,433.91
104.32	Borough Purposes - Social Care Precept	133.88	180.00
202.09	Bedfordshire Police Authority	212.09	t.b.c.
98.45	Beds & Luton Fire Authority	100.41	t.b.c.
1,778.76		1,849.70	1,613.91

DRAFT SUMMARY OF REVENUE ESTIMATES

2019-2020 Actual subject to Audit clearance	Department	2020-2021 Estimate	2021-2022 Estimate
£		£	

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CHIEF EXECUTIVE'S DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
994,766	Chief Executive		817,172	759,771
3,255,088	Service Director - Policy, Communities & Engagement		2,703,602	2,656,132
4,249,854	**Total Net Budget**		**3,520,774**	**3,415,903**
1,461	Capital Charges to Revenue		274	274
4,248,393	**Net Budget Before Capital Charges**		**3,520,500**	**3,415,629**

CHIEF EXECUTIVE'S DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	CHIEF EXECUTIVE			
	Service Divisions			
-10,826	Chief Executive	1	-122,633	-377,726
1,005,592	Corporate and Democratic Core Costs	2	939,805	1,137,497
994,766	*Net Expenditure*		817,172	759,771
	Expenditure Analysis			
	Direct Costs/Income			
589,529	Employees	3	378,053	-9,535
1,142	Premises	4	562	562
776	Transport	5	950	950
3,856	Supplies and Services	6	9,317	84,317
-11,300	External Income	7	-20,000	-20,000
584,003			368,882	56,294
	Indirect Costs/Income			
719,692	Support Services	8	747,589	923,567
1,461	Capital Financing	9	274	274
-310,390	Internal Recharges	10	-299,573	-220,364
410,763			448,290	703,477
994,766	*Net Expenditure*		817,172	759,771
	SERVICE DIRECTOR - POLICY, COMMUNITIES & ENGAGEMENT			
	Service Divisions			
23,961	Communications & Engagement	11	-2,787	-14,538
-115,185	Community Development	12	53,284	-885
1,634,308	Democracy	13	1,593,990	1,724,716
869,306	Service Director PC&E	14	230,777	245,963
118,626	Local Resilience	15	93,700	103,832
724,072	Social Justice	16	734,638	597,044
3,255,088	*Net Expenditure*		2,703,602	2,656,132
	Expenditure Analysis			
	Direct Costs/Income			
3,502,190	Employees	17	3,131,534	3,233,415
181,724	Premises	18	121,613	123,238
25,178	Transport	19	20,335	25,397
2,647,674	Supplies and Services	20	1,359,442	1,105,449
-1,232,190	External Income	21	-860,063	-862,980
-1,022,122	Government Grant	22	-425,949	-370,177
-32,534	Recharges to schools	23	-27,000	-27,000
4,069,920			3,319,912	3,227,342
	Indirect Costs/Income			
1,146,731	Support Services	24	1,196,492	1,747,100
0	Capital Financing	25	0	0
-1,961,563	Internal Recharges	26	-1,812,802	-2,318,310
-814,832			-616,310	-571,210
3,255,088	*Net Expenditure*		2,703,602	2,656,132

CHILDREN, FAMILIES & EDUCATION DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
	SCHOOLS BUDGET			
	Individual Schools Budget			
101,765,845	Primary		99,079,974	103,594,406
-21,069,688	Primary Academy Recoupment		-22,335,260	-25,073,547
77,105,915	Secondary		82,752,676	91,112,714
-52,704,474	Secondary Academy Recoupment		-56,886,083	-64,293,968
5,496,769	Special		6,288,805	6,840,000
16,431,405	Early Years		17,120,068	17,140,933
335,501	Alternative Provision		586,600	586,600
127,361,273			126,606,780	129,907,138
	Schools Central Budget			
2,591,693	Director of Children, Familes & Education		2,781,317	2,162,438
23,029,857	Service Director, Education		25,397,930	28,010,809
25,621,550			28,179,247	30,173,247
152,982,823	Total Schools Budget		154,786,027	160,080,385
	Resourced by			
-70,000	EFA Grant			
-150,541,964	Dedicated Schools Grant		-154,786,027	-160,080,385
2,370,859	**Contribution to (-) / from Balances**		**0**	**0**
	LOCAL AUTHORITY BUDGET			
55,424,112	Director of Children, Familes & Education		14,210,709	16,326,099
40,940,060	Service Director Operations, Statutory Social Work, Early Help & Prevention		34,633,796	37,575,174
4,910,507	Service Director Quality, Improvement & Practice Innovation		4,994,022	3,701,810
2,974,891	Service Director Education		3,787,830	3,637,475
104,249,570	**TOTAL LOCAL AUTHORITY NET BUDGET**		**57,626,357**	**61,240,558**
57,296,775	Capital Charges to Revenue		11,892,072	11,892,072
46,952,795	**Net Budget Before Capital Charges**		**45,734,285**	**49,348,486**

CHILDREN, FAMILIES & EDUCATION DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	CORPORATE DIRECTOR OF CHILDREN, FAMILIES & EDUCATION			
	Service Divisions			
53,245,054	Capital Asset and PFI	1	11,060,004	11,057,595
426,266	Corporate and Democratic Core	2	750,732	671,574
725,759	Management	3	1,280,370	3,479,022
1,027,033	School Central Costs	4	1,119,603	1,117,908
55,424,112	*Net Expenditure*		14,210,709	16,326,099
	Expenditure Analysis			
	Direct Costs/Income			
1,573,003	Employees	5	1,831,538	2,445,781
1,232,754	Premises	6	4,069,437	4,081,862
323	Transport	7	0	0
565,781	Supplies and Services	8	1,281,755	2,851,558
-1,000	External Income	9	0	0
-4,463,337	Government Grants	10	-4,117,600	-4,117,600
-1,092,476			3,065,130	5,261,601
	Indirect Costs/Income			
602,198	Support Services	11	614,017	556,054
57,249,009	Capital Charges to Revenue	12	11,844,442	11,844,442
-937,150	Recharges to Schools	13	-928,977	-941,227
-397,499	Internal Recharges	14	-383,903	-394,771
30	Non-Standard Details	15	0	0
56,516,588			11,145,579	11,064,498
55,424,112	*Net Expenditure*		14,210,709	16,326,099

CHILDREN, FAMILIES & EDUCATION DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR OPERATION, STATUTORY SOCIAL WORK, EARLY HELP and PREVENTION			
	Service Divisions			
2,785,314	Disabled Children & Support	16	4,055,746	4,306,566
933,653	Early Years	17	443,620	1,210,082
4,321,693	Family Services	18	4,938,724	5,449,509
388,092	Management	19	1,115,408	716,446
730,264	PEI Integrated Services	20	809,083	823,472
20,967,734	Purchased Care Services	21	16,407,287	16,711,380
8,303,850	Services Looked After Children	22	4,346,372	5,006,306
687,435	Unapportioned Overheads	23	810,434	1,125,701
49,942	Youth Service	24	52,394	54,329
1,642,611	Child Protection and LSCB	25	1,422,393	1,941,706
129,472	Childrens Joint Commissioning	26	232,335	229,677
40,940,060	*Net Expenditure*		34,633,796	37,575,174
	Expenditure Analysis			
	Direct Costs/Income			
16,179,309	Employees	27	16,820,123	18,359,759
9,865	Premises	28	6,720	10,039
385,261	Transport	29	196,281	202,434
2,528,267	Supplies and Services	30	1,860,127	2,017,281
24,638,310	Third Party Payments	31	20,422,604	21,598,508
692,070	Transfer Payments	32	482,952	547,523
-1,225,261	External Income	33	-1,101,335	-1,127,136
-4,944,735	Government Grants	34	-6,586,044	-7,383,839
38,263,086			32,101,428	34,224,569
	Indirect Costs/Income			
3,071,473	Support Services	35	3,432,804	3,601,725
44,844	Capital Charges to Revenue	36	47,082	47,082
-1,765	Recharges to Schools	37	0	0
-437,578	Internal Recharges	38	-947,518	-298,202
2,676,974			2,532,368	3,350,605
40,940,060	*Net Expenditure*		34,633,796	37,575,174

CHILDREN, FAMILIES & EDUCATION DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, QUALITY, IMPROVEMENT and PRACTICE INNOVATION			
	Service Divisions			
2,429,548	Early Years	39	2,427,565	2,887,890
865,591	Management	40	927,889	-864,437
1,615,368	Youth Offending	41	1,638,568	1,678,357
4,910,507	*Net Expenditure*		4,994,022	3,701,810
	Expenditure Analysis			
	Direct Costs/Income			
4,302,373	Employees	42	4,136,805	3,696,358
378,167	Premises	43	289,355	465,426
58,130	Transport	44	48,799	51,435
988,020	Supplies and Services	45	784,540	-330,175
103,896	Third Party Payments	46	141,816	141,816
635	Transfer Payments	47	0	0
-707,372	External Income	48	-809,363	-793,412
-941,067	Government Grants	49	-520,848	-546,371
4,182,782			4,071,104	2,685,077
	Indirect Costs/Income			
691,199	Support Services	50	925,393	1,016,733
-862	Internal Recharges	51	-40,475	0
37,388	Non-Standard Details	52	38,000	0
727,725			922,918	1,016,733
4,910,507	*Net Expenditure*		4,994,022	3,701,810

CHILDREN, FAMILIES & EDUCATION DEPARTMENT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, EDUCATION			
	Service Divisions			
111,681	Admissions	53	126,305	106,739
805,368	Assessment and Monitoring	54	823,613	1,141,919
36,144	Behaviour and Tuition	55	4,251	684
-20,214	Business Unit	56	-5,943	-10,367
66,798	Children in Care	57	96,808	88,669
113,596	Disabled Children and Support	58	132,177	120,536
117,755	Early Years	59	137,908	176,044
545,953	Education Psychology Service	60	566,340	557,364
-65,013	Education Welfare	61	-4,006	11,445
57,719	Home Educate	62	69,389	63,036
426,027	Inspection and Advice	63	413,082	406,069
60,982	Learning Support	64	98,572	85,729
62,363	Music Services	65	73,030	82,240
75,766	School Improvement	66	137,110	145,250
59,387	School Meals	67	306,940	0
188,183	School Transport	68	367,120	216,587
332,396	Youth Service	69	445,134	445,531
2,974,891	*Net Expenditure*		3,787,830	3,637,475
	Expenditure Analysis (school meals fully in General Fund from 2020-21)			
	Direct Costs/Income			
5,194,356	Employees	70	8,442,927	5,262,993
124,072	Premises	71	148,769	103,965
204,438	Transport	72	333,797	189,678
1,442,330	Supplies and Services	73	2,832,941	1,195,864
82,545	Third Party Payments	74	65,120	67,120
-819,986	External Income	75	-2,802,366	-624,087
-1,745,248	Government Grants	76	-1,478,505	-1,368,707
4,482,507			7,542,683	4,826,826
	Indirect Costs/Income			
2,837,898	Support Services	77	4,324,539	3,178,021
2,922	Capital Charges to Revenue	78	548	548
-1,933,280	Recharges to Schools	79	-4,823,500	-1,718,373
-2,569,543	Internal Recharges	80	-3,419,278	-2,772,385
154,387	Non Standard Details	81	162,838	122,838
-1,507,616			-3,754,853	-1,189,351
2,974,891	*Net Expenditure*		3,787,830	3,637,475

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£

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CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
2,202,747	Corporate Director of Customer and Commercial		2,317,411	4,484,175
2,586,410	Service Director - Transformation & Technology		-520,414	-2,050,400
-160,067	Service Director - Human Resources and Monitoring Officer		-369,868	-316,514
-124,054	Service Director - Finance and Audit		-258,271	-37,546
6,971,349	Service Director - Housing		2,302,053	3,475,070
3,318,435	Service Director - Customer Solutions		3,232,989	2,401,527
14,794,820	**Total Net Budget**		**6,703,900**	**7,956,312**
7,314,797	Capital Charges to Revenue		5,581,167	5,233,423
7,480,023	**Net Budget Before Capital Charges**		**1,122,733**	**2,722,889**

CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	CORPORATE DIRECTOR - CUSTOMER and COMMERCIAL			
	Service Divisions			
2,061,484	Corporate & Democratic Core	1	2,444,218	2,589,060
141,263	Director of Customer & Commercial	2	-126,807	1,895,115
2,202,747	*Net Expenditure*		2,317,411	4,484,175
	Expenditure Analysis			
	Direct Costs/Income			
1,147,170	Employees	3	1,462,130	-107,910
1,790	Premises	4	0	0
605	Transport	5	0	0
7,699	Supplies and Service	6	-200,439	3,526,114
-124,189	External Income	7	-72,000	-72,000
1,033,075			1,189,691	3,346,204
	Indirect Costs/Income			
1,296,200	Support Services	8	1,327,827	1,312,518
2,015	Capital Financing	9	798	798
-128,543	Internal Recharges	10	-200,905	-175,345
1,169,672			1,127,720	1,137,971
2,202,747	*Net Expenditure*		2,317,411	4,484,175
	SERVICE DIRECTOR - TRANSFORMATION & TECHNOLOGY			
	Service Divisions			
62,795	Business Intelligence	11	-122,119	-113,981
2,527,457	Information Technology	12	-393,742	-1,936,419
-3,842	Transformation & Business Improvement	13	-4,553	0
2,586,410	*Net Expenditure/Income*		-520,414	-2,050,400
	Expenditure Analysis			
	Direct Costs/Income			
2,809,044	Employees	14	2,901,795	3,040,225
2,250	Premises	15	3,710	2,500
10,404	Transport	16	6,149	4,531
7,405,002	Supplies and Services	17	7,039,959	6,954,952
-102,573	External Income	18	-217,335	-211,335
-9,000	Government Grants		0	0
-51,004	Recharges to schools	19	-66,447	-49,600
10,064,123			9,667,831	9,741,273
	Indirect Costs/Income			
798,542	Support Services	20	778,527	1,297,980
3,378,149	Capital Financing	21	1,747,949	1,747,949
-11,654,404	Internal Recharges	22	-12,714,721	-14,837,602
-7,477,713			-10,188,245	-11,791,673
2,586,410	*Net Expenditure/Income*		-520,414	-2,050,400

CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - HUMAN RESOURCES AND MONITORING OFFICER			
	Service Divisions			
145,005	Central Training	23	290,195	291,965
0	Contingent Labour Joint Venture	24	79,278	-194,193
-181,484	Human Resources	25	-600,002	-342,085
-47,900	Legal Services	26	-74,557	-5,178
-75,688	Local Land Charges	27	-64,782	-67,023
-160,067	*Net Income*		-369,868	-316,514
	Expenditure Analysis			
	Direct Costs/Income			
4,310,206	Employees	28	4,606,220	4,922,874
25,924	Premises	29	25,670	24,670
10,610	Transport	30	12,309	12,309
773,220	Supplies and Services	31	776,803	448,823
-765,589	External Income	32	-1,016,869	-985,369
-922,192	Recharges to Schools	34	-748,461	-738,578
3,432,179			3,655,672	3,684,729
	Indirect Costs/Income			
1,653,409	Support Services	35	1,653,574	1,719,453
0	Capital Financing	36	2,600	2,600
-5,245,655	Internal Recharges	37	-5,681,714	-5,723,296
-3,592,246			-4,025,540	-4,001,243
-160,067	*Net Income*		-369,868	-316,514
	SERVICE DIRECTOR - FINANCE AND AUDIT			
	Service Divisions			
-51,795	Accountancy Services	38	-184,162	1,430
-69,074	Audit and Investigation	39	-35,598	-18,136
-24,140	Exchequer Services	40	-21,201	-9,680
14,803	HAA Administration	41	15,606	16,001
136,164	Service Director, Finance & Audit	42	-21,615	15,488
-130,012	Traded Management Services	43	-11,301	-42,649
-124,054	*Net Income*		-258,271	-37,546
	Expenditure Analysis			
	Direct Costs/Income			
3,285,962	Employees	44	3,454,494	3,684,935
1,376	Premises	45	0	0
11,513	Transport	46	10,060	9,736
612,187	Supplies and Services	47	484,374	485,306
-706,137	External Income	48	-594,505	-600,505
-244,547	Recharges to Schools	49	-259,739	-259,739
2,960,354			3,094,684	3,319,733
	Indirect Costs/Income			
1,088,650	Support Services	50	1,155,102	1,204,728
25,962	Capital Financing	51	5,459	5,459
-4,199,020	Internal Recharges	52	-4,513,516	-4,567,466
-3,084,408			-3,352,955	-3,357,279
-124,054	*Net Income*		-258,271	-37,546

CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - HOUSING			
	Service Divisions			
64,356	Allocation Of Costs From HRA	53	105,470	109,141
-117,177	Building Technical Services	54	-836,079	-56,119
649,161	Corporate Costs	55	859,157	999,414
-70,951	Caravan Site - Stopsley	56	-14,944	-14,832
0	External Building Cleaning Contract	57	0	8,915
4,969,092	Homelessness	58	1,422,925	1,414,027
329,603	Housing Development	59	351,262	364,628
218,232	Stopsley Mobile Home Park	60	5,796	6,554
929,033	Strategy & Private Housing	61	408,466	643,342
6,971,349	*Net Expenditure*		2,302,053	3,475,070
	Expenditure Analysis			
	Direct Costs/Income			
11,888,247	Employees	62	11,814,534	13,049,729
1,301,003	Premises	63	310,575	329,203
775,625	Transport	64	701,947	688,237
21,379,305	Supplies and Services	65	21,484,135	20,450,166
6,561,839	Third Party Payments	66	6,791,650	6,841,650
-12,107,042	External Income	67	-13,865,942	-13,725,942
-6,633,550	Government Grants	68	-6,598,882	-5,714,565
23,165,427			20,638,017	21,918,478
	Indirect Costs/Income			
1,562,366	Support Services	69	1,693,330	1,924,715
3,889,515	Capital Financing Costs	70	3,820,769	3,473,025
-21,645,959	Internal Recharges	71	-23,850,063	-23,850,063
0	Non-Standard Detail Codes		0	8,915
-16,194,078			-18,335,964	-18,443,408
6,971,349	*Net Expenditure*		2,302,053	3,475,070

CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - CUSTOMER SOLUTIONS			
	Service Divisions			
221,536	Customer Service Centre	72	482,925	-224,923
406,199	Housing Benefits	73	1,701,749	1,411,431
2,426,930	Local Taxation & Support	74	1,479,581	2,045,124
263,770	Revenues	75	-431,266	-830,105
3,318,435	*Net Expenditure*		3,232,989	2,401,527
	Expenditure Analysis			
	Direct Costs/Income			
5,564,517	Employees	76	5,360,435	5,622,901
25,810	Transport	77	12,201	11,801
1,333,747	Supplies and Services	78	1,203,239	709,590
73,616,678	Transfer Payments	79	91,720,537	59,567,173
-3,305,265	External Income	80	-2,837,980	-2,837,980
-73,326,841	Government Grants	81	-89,213,634	-59,092,674
-94,169	Recharges to Schools	82	-65,970	-65,970
3,814,477			6,178,828	3,914,841
	Indirect Costs/Income			
7,412,060	Support Services	83	7,478,205	7,863,837
19,156	Capital Financing	84	3,592	3,592
-7,927,258	Internal Recharges	85	-10,427,636	-9,380,743
-496,042			-2,945,839	-1,513,314
3,318,435	*Net Expenditure*		3,232,989	2,401,527

CUSTOMER and COMMERCIAL

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£

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PLACE & INFRASTRUCTURE

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
2,228,048	Corporate Director of Place and Infrastructure		3,894,848	4,971,962
30,408,120	Service Director - Public Realm		30,004,696	30,605,062
-5,055,490	Service Director - Property and Construction		-5,761,301	-6,016,794
2,656,201	Service Director - Public Protection		1,656,530	1,678,067
5,779,310	Service Director - Planning and Transport		4,679,997	4,835,577
-363,016	Service Director - Inclusive Growth		1,473,948	1,305,045
35,653,173	**Total Net Budget**		**35,948,718**	**37,378,919**
13,806,528	Capital Charges to Revenue		15,544,357	15,934,498
21,846,645	**Net Budget Before Capital Charges**		**20,404,361**	**21,444,421**

PLACE & INFRASTRUCTURE

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	CORPORATE DIRECTOR OF PLACE AND INFRASTRUCTURE			
	Service Divisions			
2,207,502	Corporate & Democratic Core	1	2,582,358	2,811,196
20,546	Management & Support Services	2	1,312,490	2,160,766
2,228,048	*Net Expenditure*		3,894,848	4,971,962
	Expenditure Analysis			
	Direct Costs/Income			
2,177,080	Employees	3	2,414,522	2,918,594
2,389	Premises	4	847	847
8,587	Transport	5	1,720	1,720
134,382	Supplies and Services	6	1,574,148	2,212,003
-631,989	External Income	7	-817,000	-932,625
-14,234	Government Grants	8	0	0
1,676,215			3,174,237	4,200,539
	Indirect Costs/Income			
1,101,183	Support Services	9	1,200,473	1,248,524
-549,350	Internal Recharges	10	-479,862	-477,101
551,833			720,611	771,423
2,228,048	*Net Expenditure*		3,894,848	4,971,962
	SERVICE DIRECTOR - PUBLIC REALM			
	Service Divisions			
2,199,094	Cleansing	11	2,498,580	2,520,113
3,175,828	Refuse Collection	12	3,183,966	3,258,166
-117,941	Fleet External Customers	13	-282,561	-271,765
241,647	Fleet Management	14	-27,353	-46,907
100,260	Grounds Maintenance	15	100,012	-130,456
13,862,761	Highways Services	16	13,574,835	13,861,305
917	Service Director Public Realm	17	663	0
1,513,335	Parks, Cemeteries & Crematorium	18	1,344,215	1,508,604
-150,436	Passenger Transport Unit	19	-93,189	-45,238
1,786	Public Toilets	20	1,786	1,786
9,580,869	Waste Disposal & Management	21	9,703,742	9,949,454
30,408,120	*Net Expenditure*		30,004,696	30,605,062
	Expenditure Analysis			
	Direct Costs/Income			
11,294,654	Employees	22	11,438,886	11,513,218
6,573,252	Premises	23	5,859,953	6,332,333
4,172,524	Transport	24	3,713,991	3,874,326
2,777,861	Supplies and Services	25	2,803,275	2,810,631
10,155,684	Third Party Payments	26	10,785,172	10,997,383
-5,738,228	External Income	27	-6,304,765	-6,334,765
-1,068,093	Government Grants	28	0	0
-207,847	Recharges to Schools	29	-197,839	-197,839
27,959,807			28,098,673	28,995,287

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - PUBLIC REALM (cont.)			
	Indirect Costs/Income			
5,989,849	Support Services	30	5,806,435	6,079,585
10,699,663	Capital Financing	31	10,302,848	10,302,848
-14,241,199	Internal Recharges	32	-14,203,260	-14,772,658
2,448,313			1,906,023	1,609,775
30,408,120	*Net Expenditure*		30,004,696	30,605,062

	SERVICE DIRECTOR - PROPERTY AND CONSTRUCTION			
	Service Divisions			
181,152	Building Control	33	-11,229	-8,480
-9,400,810	Commercial Investment & Development Strategy	34	-5,755,950	-5,605,873
4,704,840	Corporate Landlord & Facilities Management Services	35	448,380	-71,645
-100,505	Design & Maintenance	36	-406,418	-345,595
-440,167	Service Director Property & Construction	37	-36,084	14,799
-5,055,490	*Net Income*		-5,761,301	-6,016,794
	Expenditure Analysis			
	Direct Costs/Income			
3,943,740	Employees	38	4,167,888	4,277,802
7,229,636	Premises	39	4,977,747	4,631,387
23,974	Transport	40	30,270	24,342
2,247,742	Supplies and Services	41	964,950	1,163,020
0	Third Party Payments	42	4,850	4,850
-14,755,613	External Income	43	-12,623,805	-13,712,445
-261,330	Government Grants	44	0	0
-261,879	Recharges to Schools	45	-871,090	-813,609
10,758	Property Recharges	46	0	11,205
-1,822,972			-3,349,190	-4,413,448
	Indirect Costs/Income			
2,419,401	Support Services	47	2,291,804	2,322,777
3,843,573	Capital Financing	48	4,886,736	5,276,877
-9,495,492	Internal Recharges	49	-9,590,651	-9,203,000
-3,232,518			-2,412,111	-1,603,346
-5,055,490	*Net Income*		-5,761,301	-6,016,794

PLACE & INFRASTRUCTURE

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - PUBLIC PROTECTION			
	Service Divisions			
388,702	Administration of Justice Services	50	402,774	403,271
-1,198,047	Car Parking Service	51	-1,903,730	-1,888,154
217,364	Community Safety & Civil Protection	52	204,265	222,861
468,319	Regulatory Services	53	296,958	299,388
-186,939	Licensing	54	-313,342	-329,279
27,846	Service Director Public Protection	55	6,151	6,166
588,785	Environmental Health	56	497,534	426,178
1,139,863	Neighbourhood Delivery	57	1,366,177	1,396,934
139,417	Pest Control & Dog Wardens	58	139,113	112,141
109,542	Registration Services	59	228,772	235,182
566,177	Strategy & Private Sector Housing	60	446,097	501,435
395,172	Trading Standards	61	285,761	291,944
2,656,201	*Net Expenditure*		1,656,530	1,678,067
	Expenditure Analysis			
	Direct Costs/Income			
4,841,314	Employees	62	5,199,277	5,577,351
204,349	Premises	63	213,173	217,442
177,785	Transport	64	194,577	191,987
2,178,025	Supplies and Services	65	1,456,503	1,432,144
-5,374,881	External Income	66	-6,120,787	-6,285,759
-214,641	Government Grants	67	-162,009	-21,147
-13,130	Recharges to Schools	68	-11,000	-11,000
1,798,821			769,734	1,101,018
	Indirect Costs/Income			
1,656,857	Support Services	69	1,594,892	1,723,336
126,320	Capital Financing	70	89,605	89,605
-925,797	Internal Recharges	71	-797,701	-1,235,892
857,380			886,796	577,049
2,656,201	*Net Expenditure*		1,656,530	1,678,067

	SERVICE DIRECTOR - PLANNING AND TRANSPORT			
	Service Divisions			
396,365	Development Control	72	231,286	273,308
157,131	Environment & Neighbourhoods	73	278,873	293,393
133,677	Environmental Initiatives	74	183,476	167,902
316,742	Highways	75	213,435	203,994
11,113	Service Director Planning & Transport	76	665	2
	Public Transport	77		
514,930	Strategic Planning	78	440,281	558,787
4,249,352	Transportation Strategy	79	3,331,981	3,338,191
5,779,310	*Net Expenditure*		4,679,997	4,835,577

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR - PLANNING AND TRANSPORT (cont.)			
	Expenditure Analysis			
	Direct Costs/Income			
1,979,016	Employees	80	1,893,199	2,018,151
367,723	Premises	81	231,438	240,160
24,745	Transport	82	22,110	22,110
5,303,612	Supplies and Services	83	3,582,810	3,641,723
230	Transfer Payments	84	0	0
-1,391,033	External Income	85	-1,169,163	-1,189,163
-886,141	Government Grants	86	-27,471	-27,471
5,398,152			4,532,923	4,705,510
	Indirect Costs/Income			
1,142,757	Support Services	87	1,047,876	1,082,900
141,071	Capital Financing	88	265,168	265,168
-902,670	Internal Recharges	89	-1,165,970	-1,218,001
381,158			147,074	130,067
5,779,310	*Net Expenditure*		4,679,997	4,835,577

	SERVICE DIRECTOR INCLUSIVE GROWTH			
	Service Divisions			
130,982	Corporate & Democratic Core	90	184,561	185,529
6,852	Service Director, Inclusive Growth	91	1,490	0
-756,951	Economic Growth and Investment	92	491,236	504,613
301,708	Adult Learning	93	736,323	613,695
-45,607	Procurement	94	60,338	1,208
-363,016	*Net Income/Expenditure*		1,473,948	1,305,045
	Expenditure Analysis			
	Direct Costs/Income			
3,341,623	Employees	95	4,071,721	3,960,484
372,993	Premises	96	199,131	199,234
7,460	Transport	97	19,563	19,563
1,371,214	Supplies & Services	98	671,735	571,735
-3,662,854	External Income	99	-2,829,475	-2,829,475
-3,030	Recharges to Schools	100	-4,803	-4,803
1,427,406			2,127,872	1,916,738
	Indirect Costs/Income			
523,661	Support Services	101	527,760	644,721
-1004099	Capital Financing Costs	102	0	0
-1,309,984	Internal Recharges	103	-1,181,684	-1,256,414
-1,790,422			-653,924	-611,693
-363,016	*Net Income/Expenditure*		1,473,948	1,305,045

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£

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PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
	Public Health Directorate			
191,595	Director of Public Health and Wellbeing		672,695	165,439
4,366,803	Service Director Healthcare and Adults Commissioning		4,399,678	4,188,785
10,059,065	Service Director Healthy Lives, Children's Joint Comissioning & EP		10,414,572	11,226,696
-14,979,039	Public Health Grant		-15,486,945	-15,580,920
-361,576	**Transfer to(-)/from(+) Public Health Reserve**		**0**	**0**
	Wellbeing Directorate			
506,193	Director of Public Health and Wellbeing		1,760,568	2,141,872
9,336,656	Service Director, Healthcare and Adults Commissioning		8,862,281	9,420,433
5,427,701	Service Director Healthy Lives, Children's Joint Comissioning & EP		5,644,411	5,619,198
45,265,534	Service Director Adult Social Care		49,653,099	47,714,408
60,536,084			**65,920,359**	**64,895,911**
60,174,508	**Total Net Budget for Department**		**65,920,359**	**64,895,911**
2,362,618	Capital Charges to Revenue		2,203,535	2,203,535
57,811,890	**Net Budget Before Capital Charges**		**63,716,824**	**62,692,376**

PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	PUBLIC HEALTH DIRECTORATE			
	DIRECTOR OF PUBLIC HEALTH AND WELLBEING			
	Service Divisions			
-11,023	Leadership & Intelligence	1	96,583	112,813
202,618	Public Health Programmes	2	576,112	52,626
191,595	*Net Income/Expenditure*		672,695	165,439
	Expenditure Analysis			
	Direct Costs/Income			
445,133	Employees	3	500,165	517,641
880	Premises	4	0	0
2,489	Transport	5	0	0
130,276	Supplies and Services	6	16,812	16,812
74,740	Third Party Payments	7	570,000	50,000
0	External Income	8	-17,000	-17,000
653,518			1,069,977	567,453
	Indirect Costs/Income			
434,877	Support Services	9	427,009	356,990
-896,800	Internal Recharges	10	-824,291	-759,004
-461,923			-397,282	-402,014
191,595	*Net Income/Expenditure*		672,695	165,439
	SERVICE DIRECTOR, HEALTHCARE AND ADULTS COMMISSIONING			
	Service Divisions			
13,760	Leadership & Intelligence	11	-45	0
4,335,258	Luton Drug & Alcohol Partnership	12	4,376,474	4,186,313
17,785	Public Health Programmes	13	23,249	2,472
4,366,803	*Net Expenditure*		4,399,678	4,188,785
	Expenditure Analysis			
	Direct Costs/Income			
263,469	Employees	14	373,757	377,631
468	Transport	15	0	0
141	Supplies & Services	16	0	0
3,804,135	Third Party Payments	17	3,812,497	3,649,997
4,068,213			4,186,254	4,027,628
	Indirect Costs/Income			
570,294	Support Services	18	607,817	558,285
-271,704	Internal Recharges	19	-394,393	-397,128
298,590			213,424	161,157
4,366,803	*Net Expenditure*		4,399,678	4,188,785

PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, HEALTHY LIVES, CHILDREN'S JOINT COMISSIONING AND EP			
	Service Divisions			
977,226	Diet & Nutrition	20	1,007,634	887,273
-119,023	Leadership & Intelligence	21	-92	0
5,866,127	Public Health Programmes	22	5,974,650	7,336,056
2,733,327	Sexual Health	23	2,770,285	2,402,785
601,408	Smoking & Tobacco	24	662,095	600,582
10,059,065	*Net Expenditure*		10,414,572	11,226,696
	Expenditure Analysis			
	Direct Costs/Income			
336,927	Employees	25	349,387	345,760
290	Premises	26	0	0
1,679	Transport	27	0	0
30,140	Supplies and Services	28	89,597	25,847
9,359,223	Third Party Payments	29	9,567,691	10,462,934
-16,573	External income	30	-39,549	-39,549
9,711,686			9,967,126	10,794,992
	Indirect Costs/Income			
961,916	Support Services	31	826,229	807,511
-614,537	Internal Recharges	32	-378,783	-375,807
347,379			447,446	431,704
10,059,065	*Net Expenditure*		10,414,572	11,226,696
	PUBLIC HEALTH GRANT			
	Service Divisions			
-14,979,039	Public Health Grant	33	-15,486,945	-15,580,920
-14,979,039	*Net Income*		-15,486,945	-15,580,920
	Direct Costs/Income			
-14,979,039	Government Grant	34	-15,486,945	-15,580,920
-14,979,039	*Net Income*		-15,486,945	-15,580,920

PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	WELLBEING DIRECTORATE			
	DIRECTOR OF PUBLIC HEALTH AND WELLBEING			
	Service Divisions			
0	Savings Contingencies	35	1,247,450	1,570,068
255,152	Management	36	262,077	320,763
251,041	Unapportionable Central Overheads	37	251,041	251,041
506,193	*Net Expenditure*		1,760,568	2,141,872
	Expenditure Analysis			
	Direct Costs/Income			
466,755	Employees	38	449,464	507,008
402	Transport	39	0	0
13,368	Supplies & Services	40	1,283,892	1,606,510
480,525			1,733,356	2,113,518
	Indirect Costs/Income			
25,668	Support Services	41	27,212	28,354
25,668			27,212	28,354
506,193	*Net Expenditure*		1,760,568	2,141,872
	SERVICE DIRECTOR, HEALTHCARE AND ADULTS COMMISSIONING			
	Service Divisions			
585,011	ASC Joint Commissioning Team	42	322,401	519,281
406,979	ASC Contracting & Quality Assurance Team	43	500,917	454,200
868,477	ASC Contracts	44	778,778	681,156
1,764,882	Mental Health Pooled Budget	45	1,842,741	1,690,296
1,945,389	Supporting People	46	1,653,722	1,417,870
3,624,180	SEN Transport	47	3,586,401	4,469,388
141,738	Student Support Transport	48	177,321	188,242
9,336,656	*Net Expenditure*		8,862,281	9,420,433
	Expenditure Analysis			
	Direct Costs/Income			
1,115,646	Employees	49	868,553	1,035,622
1,510	Premises	50	1,862	1,862
2,205,647	Transport	51	2,228,257	2,228,257
4,780,404	Supplies & Services	52	4,374,498	3,984,468
179,901	Third Party Payments	53	198,030	225,843
-125,794	External income	54	-130	-130
-592,200	Government Grants	55	-641,000	-641,000
7,565,114			7,030,070	6,834,922
	Indirect Costs/Income			
1,865,501	Support Services	56	1,830,921	2,709,221
1,041	Capital Financing Costs	57	1,290	1,290
-95,000	Internal Recharges	58	0	-125,000
1,771,542			1,832,211	2,585,511
9,336,656	*Net Expenditure*		8,862,281	9,420,433

PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, HEALTHY LIVES, CHILDREN'S JOINT COMISSIONING AND EP			
	Service Divisions			
171,266	Children's Joint Commisssioning & Contracts	59	205,375	60,107
44,644	Commissioning Support	60	47,988	22,725
2,844,081	Leisure Trust	61	3,472,384	3,501,388
1,741,010	Cultural Trust	62	1,781,968	1,893,894
626,700	Trust Client Function	63	136,696	141,084
5,427,701	*Net Expenditure*		5,644,411	5,619,198
	Expenditure Analysis			
	Direct Costs/Income			
475,377	Employees	64	469,222	475,873
64,293	Premises	65	65,996	66,194
11,438	Transport	66	14,950	15,520
1,039,314	Supplies & Services	67	987,524	887,524
279,865	Third Party Payments	68	0	0
-539,584	External income	69	-298,108	-298,108
-26,004	Recharges to Schools	70	-25,990	-25,990
1,304,699			1,213,594	1,121,013
	Indirect Costs/Income			
2,317,889	Support Services	71	2,427,329	2,639,697
1,805,113	Capital Financing Costs	72	2,003,488	2,003,488
0	Internal Recharges	73	0	-145,000
4,123,002			4,430,817	4,498,185
5,427,701	*Net Expenditure*		5,644,411	5,619,198

PUBLIC HEALTH AND WELLBEING

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, ADULT SOCIAL CARE			
	Service Divisions			
	Adult Social Services			
-10,470,171	Service Director, Adult Social Care	74	-7,351,312	-8,287,624
740,638	Unapportionable Central Overheads	75	1,026,591	1,112,288
	Physical Disabilities & Frail Elderly			
5,640,303	Assessment & Care Planning	76	5,268,359	5,489,266
	Purchased Care			
5,543,817	Residential & Nursing	77	5,497,664	5,386,372
11,523,441	Non Residential Care	78	11,439,433	11,496,625
532,019	Equipment & Adaptations	79	599,442	600,257
	Provider Services			
2,001,267	Reablement & Extra Care Services	80	2,210,209	756,119
3,667,182	Day Services	81	3,732,159	3,488,876
	Learning Disabilities			
1,319,301	Assessment & Care Planning	82	1,417,252	1,607,508
	Purchased Care			
8,382,122	Residential & Nursing	83	9,722,598	9,288,586
3,941,868	Non Residential Care	84	4,230,759	4,055,130
	Provider Services			
2,862,529	Day Services	85	3,022,420	2,832,381
1,871,413	Supported Living	86	1,874,787	1,884,883
640,093	Respite Services	87	601,707	631,665
	Mental Health			
	Purchased Care			
6,202,086	Residential & Nursing	88	5,446,518	6,550,124
651,581	Non Residential Care	89	655,314	572,215
198,202	Other Mental Health	90	209,914	228,920
	Other Adult Services			
17,843	Drug & Alcohol Services	91	49,285	20,817
45,265,534	*Net Expenditure*		49,653,099	47,714,408
	Expenditure Analysis			
	Direct Costs/Income			
16,602,834	Employees	92	16,668,306	16,319,078
497,538	Premises	93	426,256	428,162
904,294	Transport	94	550,352	550,191
2,867,939	Supplies and Services	95	1,813,445	1,253,445
51,786,429	Third Party Payments	96	52,648,993	53,270,660
39,090	Transfer Payments	97	91,692	91,692
-13,094,442	Government Grants	98	-7,259,780	-8,331,418
-20,118,658	External Income	99	-20,595,579	-20,669,481
39,485,024			44,343,685	42,912,329
	Indirect Costs/Income			
5,224,046	Support Services	100	5,110,657	4,663,322
556,464	Capital Charges	101	198,757	198,757
0	Internal recharges	102	0	-60,000
5,780,510			5,309,414	4,802,079
45,265,534	*Net Expenditure*		49,653,099	47,714,408

CUSTOMER & COMMERCIAL - HOUSING REVENUE ACCOUNT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SUMMARY			
-10,532,194	Balance brought forward at 1st April		-12,137,798	-14,226,456
-1,605,604	Service Director, Housing		-2,088,658	-2,062,202
-12,137,798	**Balance carried forward at 31st March**		**-14,226,456**	**-16,288,658**

CUSTOMER & COMMERCIAL - HOUSING REVENUE ACCOUNT

2019-2020 Actual	Description	Item No.	2020-2021 Estimate	2021-2022 Estimate
£			£	£
	SERVICE DIRECTOR, HOUSING			
	Service Divisions			
902,709	Aids & Adaptatations	1	920,971	920,971
10,727,793	Asset Management	2	12,505,325	12,578,096
524,975	Business Development	3	647,728	677,911
17,211,524	Capital Charges	4	15,271,957	15,496,463
275,361	Head of Landlord Services	5	252,904	248,449
5,217,109	Housing Management	6	5,564,401	5,789,045
252,802	HRA Shops	7	384,237	193,702
660,500	Policy & Management	8	754,332	789,954
-38,247,893	Rent and Other Income	9	-39,499,271	-39,882,206
869,516	Sheltered Accomodation	10	1,108,758	1,125,413
-1,605,604	*Net Income & Contribution to Revenue Balances*		-2,088,658	-2,062,202
	Expenditure Analysis			
	Direct Costs/Income			
4,364,172	Employees	11	5,083,232	5,260,179
12,286,935	Premises	12	11,828,605	11,678,640
95,194	Transport	13	86,994	86,994
1,738,469	Supplies and Services	14	1,901,883	1,946,710
50,766	Third Party Payments	15	65,000	65,000
10,349	Transfer Payments	16	20,000	20,000
-38,453,676	External Income	17	-39,781,616	-40,164,701
-23,701,335	Transfer to Net Housing Revenue	18	-300,776	-300,776
-43,609,126			-21,096,678	-21,407,954
	Indirect Costs/Income			
1,433,551	Support Services	19	1,641,132	1,743,197
40,842,469	Capital Financing	20	17,584,259	17,814,259
-272,498	Internal Recharges	21	-217,371	-211,704
42,003,522			19,008,020	19,345,752
-1,605,604	*Net Income & Contribution to Revenue Balances*		-2,088,658	-2,062,202

Unavoidable Increases in Cost - 2021/22 Draft Budget Proposals

Dept.	Service	Proposal	Base Budget 2020/21 £'000	Budget Growth 2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Corporate Cost Increases							
All	All, bar Social Care	Contractual Inflation - excluding Childrens and Adults Social Care	86,389.1	630.0	1,880.0	3,130.0	4,380.0
All	All, bar Social Care	Employee Costs - Pay Awards, excluding Childrens and Adults Social Care (minimum for 2021/22)	72,967.4	155.5	1,503.7	2,204.3	2,257.3
All	All, bar Social Care	Employee Costs - Increments, excluding Childrens and Adults Social Care	55,749.8	226.8	453.6	680.4	907.2
All	All, bar Social Care	Employee Costs - Pension Costs, excluding Childrens and Adults Social Care	10,315.7	695.9	1,391.7	t.b.c	t.b.c
Specific Service Cost Increases							
PHWB	Adult Social Care	Contractual Inflation - Adults Social Care	57,668.9	934.5	2,384.5	3,834.5	5,284.5
PHWB	Adult Social Care	Employee Costs - Pay Awards, Adults Social Care (minimum for 2020/21)	16,565.0	78.8	408.1	737.4	1,066.7
PHWB	Adult Social Care	Employee Costs - Pension Costs, Adults Social Care	2,354.7	125.5	251.1	t.b.c	t.b.c
PHWB	Adult Social Care	Employee Costs - Increments, Adults Social Care	12,467.5	158.2	316.5	474.7	633.0
PHWB	Adult Social Care	Children's transition to adult care. 5 Placements including 1 very high cost placement (5:1)	19,452.0	535.0	535.0	535.0	535.0
PHWB	Adult Social Care	Increase in Mental Health Placements	6,312.0	100.0	100.0	100.0	100.0
CF&E	Children's Social Care	Contractual Inflation - Childrens Social Care	21,822.2	360.0	720.0	1,080.0	1,440.0
CF&E	Children's Social Care	Employee Costs - Pay Awards, Childrens Social Care (minimum for 2020/21)	16,173.6	14.7	333.0	651.3	969.6
CF&E	Children's Social Care	Employee Costs - Pension Costs, Childrens Social Care	2,223.2	126.2	252.5	t.b.c	t.b.c
CF&E	Children's Social Care	Employee Costs - Increments, Childrens Social Care	12,349.6	73.2	146.4	219.6	292.7
CF&E	Children's Services, including Social Care	Children's Improvement Programme - increased support staff	25,929.4	817.3	538.0	491.4	491.4
CF&E	Special Educational Needs	SEND transformation improvement plan following inspection (net of joint funding from CCG and internal budget reallocations from underspent budgets)	1,008.0	235.2	235.2	235.2	235.2
CE	Policy, Communities & Engagement	Luton 2040 Team to meet strategic priorities	0.0	200.0	200.0	200.0	200.0

Unavoidable Increases in Cost - 2021/22 Draft Budget Proposals

Dept.	Service	Proposal	Base Budget 2020/21 £'000	Budget Growth 2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
CCS	Housing Benefits	Reduction in Housing Benefit Admin Grant	-1,029.4	131.7	131.7	131.7	131.7
CCS	Housing	Adjust Assisted Techonology Services budget to current contract costs and market capacity	-180.6	150.0	150.0	150.0	150.0
CCS	Housing	Adjust Rent Deposits budget to current requirements	-27.8	140.0	140.0	140.0	140.0
P&I	Neighbourhood Enforcement	To continue funding 3.5 FTE enforcement posts, previously met from use of the WCSS grant that is no longer available.	-127.0	127.0	127.0	127.0	127.0
P&I	Fleet Transport	Conversion of the vehicle fleet to Green Bio-diesl Fuel. Additional fuel cost, no vehicle or infrastructure conversion needed.	735.7	80.0	80.0	80.0	80.0
P&I	Property & Construction	To correct the achievable income budget for Clemitson House. Internal recharge budget adjustment not made in 2020/21	-224.0	224.0	224.0	224.0	224.0
P&I	Property & Construction	Fallout of temporary Town Hall decant funding approved for 2020/21 Budget. (not used in 20/21 & no longer needed)	200.0	-200.0	-200.0	-200.0	-200.0
		Total General Fund Growth Cost		**6,119.7**	**12,302.0**	**15,226.6**	**19,445.4**
Income for Specific Service Costs							
PHWB	Adult Social Care	Adult Social Care Precept	n/a	-2,256.5	-2,256.5	-2,256.5	-2,256.5
PHWB	Social Care	Social Care Grant	n/a	-1,071.6			
PHWB	Invest to Save Reserve	Contribution from Reserves for Childrens Improvement Programme staffing and Luton 2040 post	n/a	-876.8	-538.0	-491.4	-491.4
		Total New Income to Support Cost Increases		**-4,205.0**	**-2,794.5**	**-2,748.0**	**-2,748.0**
		Net Impact of Unavoidable Increases in Cost		**1,914.7**	**9,507.5**	**12,478.6**	**16,697.4**

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category
Revenues & Benefits	CE/21/001	Regular financial review of Adult Social Care packages	-500.0	0.0	0.0		4	Process & Efficiency Improvements
Revenues & Benefits	CE/21/002	Investing in further robots in Revs & Bens	-17.0	0.0	0.0		4	System/Service Redesign
Finance	CE/21/003	Increased audit income	-6.0	0.0	0.0		4	Trading & Commercialisation
Finance	CE/21/004	Further digitisation of processes	-5.0	0.0	0.0		4	System/Service Redesign
Legal	CE/21/005	Legal admin/CE business support	-30.0	0.0	0.0		4	Changes to Organisational Structure/Responsibilities
All Chief Executive's	CE/21/006	Review of 3rd and 4th tier structures	-150.0	2.0	tbc		2	Changes to Organisational Structure/Responsibilities
ICT	IE/21/001	Application Portfolio Management Phase 2	-200.0	0.0	0.0		4	System/Service Redesign
All	IE/21/002	Avaya and travel budgets	-25.0	0.0	0.0		4	Process & Efficiency Improvements
Customer & Organisation Development	IE/21/003	Print savings	-70.0	0.0	0.0		4	Process & Efficiency Improvements
Property & Infrastructure	IE/21/005	Highways staffing restructure	-90.0	2.0	2.0		1	Changes to Organisational Structure/Responsibilities
Neighbourhood Services	IE/21/006	New pest control contract with MK	-30.0	0.0	0.0		4	Procurement & Commissioning Efficiencies
Sustainable Development	IE/21/008	PTU Commercial income	-30.0	0.0	0.0		4	Trading & Commercialisation
Citizen Engagement & Legal Services	CE/20/004	Review provision of apprentices	-14.0	0.5	0.5	yes	2	Changes to Organisational Structure/Responsibilities
Citizen Engagement & Legal Services	CE/20/005	Structural & functional review - opportunities for focussing activity to support Luton 2040 and community empowerment	-154.0	4.5	4.5	yes	2	Changes to Organisational Structure/Responsibilities
Citizen Engagement & Legal Services	CE/20/008	Review of senior management structures	-275.0	4.0	2.0	yes	3	Changes to Organisational Structure/Responsibilities
Human Resources	C&C/20/001	New recruitment service for contingent labour	-272.8	0.0	0.0	yes	4	System/Service Redesign

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category
Revenues & Benefits	C&C/20C/001	Customer Services new operating model	-150.0	5.0	tbc	yes	2	Changes to Organisational Structure/Responsibilities
All	C&C/20C/002	Temporary recruitment moratorium across department (except HRA and posts subject to OCA's)	500.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Housing	C&C/20C/013	Transfer of shopping parades from the HRA to General Fund, with GF properties moving to the HRA (subject to appropriate arrangements being reached and consultation with the Tenants Board)	-250.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Housing	C&C/20C/014	BTS procurement saving on the materials contract starting in Aug 2020 (one year saving but subject to the market and volumes)	150.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Revenues & Benefits	C&C/21/001	New Council Tax Reduction Scheme proposal for 21/22	-500.0	0.0	0.0	yes	1	System/Service Redesign
Adult Social Services	PH&WB/20/001	Review Model of ASC Provision including Day Centres, Extra Care and Reablement	-712.0	38.6	80.5	yes	3	Changes to Organisational Structure/Responsibilities
Healthcare & Adults Commissioning	PH&WB/20/003	Financial efficiencies to ensure affordability of the Library Service, whilst supporting the modernisation and transformation of the service in response to emerging needs	-100.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Healthcare & Adults Commissioning	PH&WB/20/004	Staffing efficiencies across Commissioning (Removal of vacant posts)	-129.0	4.0	4.0	yes	4	Changes to Organisational Structure/Responsibilities
Adult Social Services	PH&WB/20/005	ASC - Review of existing high cost home care packages to ensure levels of care are appropriate to need following strength based assessments	-100.0	0.0	0.0	yes	4	Changes to Organisational Structure/Responsibilities
Adult Social Services	PH&WB/20/007	ASC Scale of Charges - review of Supported Living charges in line with re-commissioned services	-10.0	0.0	0.0	yes	1	Changes to Organisational Structure/Responsibilities

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category
Adult Social Services	PH&WB/20/008	Review of ASC in-house transport following strength based reviews (Side by Side Programme) and review of model of care across provider services	-650.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Adult Social Services	PH&WB/20/009	Review clients travel following strength based assessments (Side by Side programme) and commissioning activity efficiencies	-150.0	0.0	0.0	yes	4	Changes to Organisational Structure/Responsibilities
Adult Social Services	PH&WB/20/010	ASC staff savings following restructure across care management and changes in care packages following embedment of strength based assessment (Side by Side programme)	-100.0	0.0	20.4	yes	3	Changes to Organisational Structure/Responsibilities
Adult Social Services	PH&WB/20/011	Review of out of area Supported Living and Respite accommodation exploring joint commissioning options across BLMK	-131.0	0.0	0.0	yes	3	Procurement & Commissioning Efficiencies
Adult Social Services	PH&WB/20/012	Implementation of Prepayment Cards to all DP clients. Savings achieved through more rigorous resource allocation.	-160.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Adult Social Services	PH&WB/20/015	Review Adults preventative and non-statutory commissioned services	-263.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Healthcare & Adults Commissioning	PH&WB/20/017	Review of Mental Health Social Work provider exploring potential for efficiency savings	-180.0	0.0	0.0	yes	4	Procurement & Commissioning Efficiencies
Healthcare & Adults Commissioning	PH&WB/20/018	Public Health Services Review exploring other current council spend areas for reinvestment whilst complying with grant conditions	-628.6	0.0	0.0	yes	4	Process & Efficiency Improvements
Healthcare & Adults Commissioning	PH&WB/20/021	Temporary recruitment moratorium across department (subject to OCA's)	350.0	0.0	0.0	yes	4	Trading & Commercialisation
Property & Infrastructure	P&I/19/004	Introduce access charges for the busway to fund ongoing costs and environmental impact	-20.0	0.0	0.0	yes	3	Trading & Commercialisation

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category
Property & Infrastructure	E&R/20/006	Rationalisation of the Community, Leisure and Cultural Estate	-824.5	0.0	0.0	yes	4	Changes to Organisational Structure/Responsibilities
Strategic Planning	P&I/20C/006	Major Projects - delete 2 posts	-22.0	2.0	2.0	yes	2	Changes to Organisational Structure/Responsibilities
Strategic Planning	P&I/20C/008	Planning Policy & Environment Team - temporary freeze on vacant posts (one-off)	126.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Inclusive Growth	P&I/20C/011	Economic Development Team review and rationalisation, with alignment to priorities of Luton 2040 and Covid-19 Economic Recovery Plan and tapping into external funds to support delivery	-34.0	1.0	1.0	yes	2	Changes to Organisational Structure/Responsibilities
Property & Infrastructure	P&I/20C/017	Savings from buildings being closed for several months (one-off)	350.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Property & Infrastructure	P&I/21/001	Office Estate Rationalisation	-152.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Children's Quality & Improvement	CFE/20/001	To develop a Family Resource Service - reviewing all resource services in children operational services to create one resource service.	-198.0	0.0	0.0	yes	4	Changes to Organisational Structure/Responsibilities
Children's, Families & Education - Whole Department	CFE/20/007	Change in investment level for Children's Social Care for 2021/22 (agreed by Exec on 27/4/20 on demand led approach)	500.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Education	CFE/20/008	Family Information Service Saving (reinstate budget 2020/21 one-off saving)	21.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Education	CFE/20/009	14-19 Progression and Transition Team-Increase income to 14-19 Progression and Transition Team (reinstate budget 2020/21 one-off saving)	30.0	0.0	0.0	yes	4	Process & Efficiency Improvements
Education	CFE/20/010	SEN-Savings in SEN budget (reinstated budget 2020/21 one-off saving)	32.0	1.0	1.0	yes	4	Process & Efficiency Improvements

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category
Education	CFE/20/011	Education Welfare Service-Increased Trading Target (10k per annum) and deferment of appointment of vacant post for 6 months (reinstated budget 2020/21 one-off saving)	14.0	0.0	0.0	yes	4	Trading & Commercialisation
Education	CFE/20/012	Moving from a School Improvement Service to an Education Standards and Effectiveness Service – change in staffing resource	-43.0	0.2	0.2	yes	2	Changes to Organisational Structure/Responsibilities
Education	CFE/20/013	Schools Traded Service – Ensuring costs of operating courses from The Leagrave Centre are fully covered by trading income.	-4.0	0.0	0.0	yes	4	Trading & Commercialisation
Education	CFE/20/020	Early years-Staff change and ceasing of support contract	-32.0	1.0	0.0	yes	2	Changes to Organisational Structure/Responsibilities
Education	CFE/20/021	School Meals Service-Ceasing to operate the School Meals Service and completely remove the current GF subsidy.	-550.0	259.0	8.0	yes	3	System/Service Redesign
	Total General Fund Savings		**-5,888.9**	**324.8**	**126.1**			

Impact on Equalities Key
1 - Required, Not Started
2 - Work in Progress
3 - Completed
4 - Not Needed

Savings Recommended for Inclusion in the 2021/22 Budget

Service Area	Project Ref	Project Name and Description	2021/22 Saving £000	Estimated Post Reductions	No. of Vacancies within this department	Previously Approved at 2020/21 Budget	Impact on Equalities	Savings Category

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CAPITAL EXPENDITURE PROGRAMME 2021 - 2026

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CAPITAL PROGRAMME SUMMARY 2021-2026

SUMMARY	Total £'000	Spend to 31.03.20 £'000	Estimated Expenditure 2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
GENERAL FUND								
Inclusive Economy	466,708.2	312,577.3	29,973.6	36,933.6	30,263.6	18,455.8	22,394.3	16,110.0
Childrens, Families & Education	126,629.3	69,324.2	9,405.9	11,363.2	9,059.0	9,059.0	9,059.0	9,359.0
Commercial	466,474.8	239,065.8	135,557.0	55,361.0	18,250.0	15,201.0	3,040.0	
Population and Well Being	57,244.1	29,247.4	15,171.7	2,745.0	4,395.0	1,895.0	1,895.0	1,895.0
	1,117,056.4	**650,214.7**	**190,108.2**	**106,402.8**	**61,967.6**	**44,610.8**	**36,388.3**	**27,364.0**
HOUSING REVENUE ACCOUNT								
Customer and Commercial - HRA	207,950.8	83,158.4	19,426.6	24,634.7	29,084.7	26,424.7	12,503.0	12,718.7
TOTAL PROGRAMME	**1,325,007.1**	**733,373.1**	**209,534.8**	**131,037.5**	**91,052.3**	**71,035.5**	**48,891.3**	**40,082.7**

INCLUSIVE ECONOMY

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
		Adults										
1	AD01	Modernisation of Day Services & Respite	PB		7181.5	7188.4	-6.9					
		Cleansing										
2	WS01	Recycling Centre & Bins	CR	*	1580.3	721.5	146.3	175.0	167.5	185.0	185.0	
3	WS04	Replacement Litter Bins	CR		70.0	17.5	17.5	17.5	17.5			
4	WS02	WCSS Implementation (Weekly Collection Support Scheme)	CG		1042.0	708.3	333.7					
		Fleet										
5	WS03	In Cab Technology	CG		158.3	123.3	35.0					
6	TS01	Transport Replacement Programme	CR		16145.9	7255.4	865.4	2223.0	1840.5	3700.3	261.3	
		Highways										
7	HW25	Active Travel Improvements	CR		280.0		280.0					
8	NEW	Air Quality & Carbon Reduction	PB		100.0			100.0				
9	HW24	Chaul End Lane Hatters Way-Dunstable Road	CR	*	1050.0			350.0	350.0	350.0		
10	NEW	Congestion Management	PB	*	3750.0			450.0	750.0	750.0	900.0	900.0
11	HW14	Digitalisation of Existing Safety Camera Stock	CR	*	592.3	160.0	132.3	300.0				
12	HW21	Dunstable Road, Bury Park	CR		436.6	82.1	19.5		335.0			
13	HW20	East Luton Corridor (South)	CG/CR		30020.4	29993.8	26.6					
14	HW22	Electric Vehicle Charging infrastructure	CG/CR		382.7	282.7		100.0				
15	HW16	Enforcement of Red Routes Using CCTV	CR		175.9	175.9						
16	NEW	Highways Structures	PB	*	1365.0			395.0	340.0	210.0	210.0	210.0
17	HW13	LLA Highway Access (Junctions of ELC)	CG		3200.2	1438.3	1761.9					
18	HW09	LTP Maintenance	GC		11942.6	5979.6	1330.0	1330.0	1101.0	1101.0	1101.0	
19	HW01	LTP Package for Integrated Transport	GC		13354.1	6069.1	1457.0	1457.0	1457.0	1457.0	1457.0	
20	HW02	Luton Dunstable Busway - Works	CG/CR/TP		84438.1	82151.8	1500.0	786.3				
21	HW03	Luton Town Centre Transport Scheme	CG/CR		21233.9	19974.0		1259.9				
22	HW04	M1 Junction 10a - Construction	CG/CR		30192.1	29686.7	505.4					
23	HW15	Red Routes	CR		70.2	3.9	66.3					
24	HW11	Replacement Highway Lighting Columns	CR	*	6090.1	2970.9	1465.2	1000.0	326.0	328.0		
25	HW12	Resurfacing	CG/CR	*	12862.8	5849.9	1272.0	1540.9	1400.0	1400.0	1400.0	
26	HW17	Speed Restraint Measures	CR	*	1570.0	534.4	235.6	500.0	300.0			
27	HW18	Street Lighting LED Lantern Conversion	CR	*	5181.6	1603.6	1328.0	2250.0				
28	NEW	Traffic Exclusion Zones Pilot Scheme	PB		95.5			90.5	5.0			
	NEW	Urban Traffic Management Control (UTMC) Systems	PB		50.0				50.0			
		ICT										
29	TF09	Additional public wi fi to support BYOD	PB		40.0		40.0					
30	NEW	APP Replacement	PB	*	150.0				150.0			
31	RP01	Application Software	PB		10.0	2.1	7.9					
32	TF11	Avaya Unified Communications	PB	*	130.0		130.0					
33	TF12	Break Fix networks and infrastructure	PB	*	100.0		50.0	50.0				
34	TF05	Business Intelligence	PB		355.9	355.9						
35	CE12	Corporate Wifi	PB		20.5		20.5					
36	RP03	Data Centre Refresh	PB	*	3176.0	3076.2	99.8					
37	RP06	Desktop Refresh Programme	PB	*	1469.5	344.5	671.0	454.0				
38	NEW	Digital 360 Development	PB	*	100.0			100.0				

INCLUSIVE ECONOMY

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
39	TF01	Digital Inclusion	PB	*	111.4	75.7	35.7					
40	TF08	Digital Strategy Implementation	PB	*	1713.7	1634.1	79.6					
41	TF10	File Store management software	PB	*	175.0		175.0					
42	TF14	Future Ready Programme	PB	*	460.0		460.0					
43	RP11	Hot Swap Stock	PB	*	94.1	39.7	54.4					
44	NEW	ICT Peripherals Stock	PB	*	72.0			72.0				
45	RP07	Intranet Replacement	PB	*	205.0	157.8	47.2					
46	RP10	Mobile and tablet refresh	PB	*	316.7	171.3	145.4					
47	NEW	Mobile Device Refresh - Refresh of Iphone	PB	*	360.0			360.0				
48	RP09	Mobile telephony estate refresh	PB	*	370.0	38.2	331.8					
49	NEW	Network Refresh	PB	*	250.0			250.0				
50	TF07	New ICT Software - BI	PB	*	33.4		33.4					
51	TF06	New ICT Software - Technology	PB	*	250.0		90.0	160.0				
52	CE13	Sharepoint replacement	PB	*	30.0		30.0					
53	TF02	Transition PS for Data Centre Refresh	PB	*	2054.6	1753.5	301.1					
54	TF04	Unified comms for telephony system	PB	*	109.7	72.9	36.8					
55	TF03	W2 Improvement	PB	*	30.0		30.0					
56	RP14	Website - refreshing/replacing digital platform	PB	*	240.0	49.6	165.4	25.0				
57	TF13	Workflow 360	PB	*	50.0		50.0					
		Property										
58	PR07	Alterations to Town Hall to support TWTP	CR	*	4175.8	2550.0	500.8	1000.0	125.0			
59	PR30	Apex House - Replacement Windows	CR	*	400.0			400.0				
60	PR25	Apex House Refurbishment to Floor 3	CR	*	800.0	10.0		790.0				
61	PR18	Arndale House Fit Out & IT (3.5 floors)	CG/CR	*	1735.6	1381.8	353.8					
62	PR04	Asbestos Management and Removal	CR		1149.8	748.2	93.7	170.0	137.9			
63	PR30	Automatic Door Barriers/Roller Shutter	PB	*	1000.0				1000.0			
64	NEW	Boiler Replacement Programme	PB	*	300.0			150.0	150.0			
65	PR09	Building Schools for the Future (BSF) Life Cycle Costs - 25 Years	CR		3420.0	1520.0	380.0	380.0	380.0	380.0	380.0	
66	HW06	Burr Street Square Public Realm Enhancements	CR		210.2	105.2	105.0					
67	IVP02	Bute Street Car Park	PB	*	5000.0		5000.0					
68	PR20	Clemitson House Refurbishment to Floors 1 & 2	CR		75.0	75.0						
69	PR10	Community Centres - Maintenance and Compliance	CR	*	1605.0	307.5	47.5	1250.0				
70	IVP06	Creative Quarter Regeneration	PB	*	269.0		269.0					
71	PR08	Depot - Major Refurbishment	CR	*	2490.6	1803.4	-112.8		800.0			
72	NEW	Depot Former Street Services Building - Demolition	PB		225.0			225.0				
73	EN01	Energy Conservation to Support Energy Performance Contract (Honeywell-	PB	*	2156.3	2147.1	9.2					
74	NEW	Energy Management Programme Buildings	PB	*	200.0			200.0				
75	EN02	Energy Performance Contract - Phase 3	PB	*	500.0	345.8	154.2					
76	EN03	Energy Performance Contract - Phase 4	PB	*	500.0		500.0					
77	IVP04	Farley Hill Redevelopment	CG/PB	*	1000.0			1000.0				
78	NEW	Future cap prog	PB		30000.0						15000.0	15000.0
79	NEW	Hatters Way Drainage	PB		200.0			200.0				
80	PR29	Inspire HQ and Library	CR	*	2532.0		200.0	2200.0		132.0		
81	IVP01	Investment Properties Project	PB	*	62073.8	62686.9	-633.1			20.0		
82	IVP03	Investment Properties Refurbishments	PB	*	1187.0		487.0	700.0				
83	NEW	Leagrave Centre - Building Refurb & Extension	PB	*	1250.0			1250.0				
84	IVP05	Lewsey Park Development Project	CG/PB	*	200.0			200.0				

INCLUSIVE ECONOMY

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
85	PR02	Library Buildings - Refurbishment Programme	CR	*	960.2	447.6	-137.4		650.0			
86	NEW	Lifts Refurbishment Programme - Corporate Buildings	PB	*	900.0				300.0	600.0		
87	NEW	Main Town Hall Building - Replacement Windows	PB	*	1200.0				1200.0			
88	HW07	Midland Road Square Public Realm Enhancement	CR		135.0	107.1	27.9					
89	PR26	Napier Park - East of Luton 106	CG		1197.3	734.9	462.4					
90	PR23	New Childrens Play Area Leagrave Park	CR		75.0		75.0					
91	PR15	New Multi Storey Car Park (MSCP) for Luton Town Centre	CR	*	6400.0	455.2	-162.9		6107.7			
92	PK06	New Vale Cemetery Boundary Fence	CR		7.0		7.0					
93	PK07	Play Equipment Replacement	CG/CR	*	325.0		100.0	75.0	75.0	75.0		
94	NEW	Preservation House Purchase	PB		950.0			950.0				
95	NEW	Preservation House Refurb	PB	*	500.0			500.0				
96	PR01	Property Maintenance - Priority Programme	CR	*	12780.9	5372.5	1408.4	1500.0	1500.0	1500.0	1500.0	
97	EN04	Renewable Energy Regeneration Park	CR	*	250.0		250.0					
98	NEW	Roof Renewals Programme - Corporate Buildings	PB	*	600.0				200.0	400.0		
99	PR13	Roof Renewals to Operational Building Following Aerial Survey Reports	CR		155.4	155.4						
100	PR14	Silver Street Car Park Culvert Repairs	CG/CR/F	*	2047.7	219.6	225.1	1462.0	141.0			
101	PR24	Stockwood Park & Chalk Hills Academy Fire Prevention	CR		300.0		250.0	50.0				
102	PR23	Stockwood Park Academy Water Compliance	CR		175.0		50.0	125.0				
103	PK02	Stockwood Park Veteran Tree Measures	CR/TP		51.1	7.3	23.8	20.0				
104	EN04	Sustainable Tree Planting Programme	CR		50.0			50.0				
105	NEW	Town Centre Culvert Opening	PB/CG	*	10000.0			1000.0	4850.0	4150.0		
106	NEW	Town Centre Delivery	PB	*	2000.0			1000.0	1000.0			
107	PK03	Town Centre Tree Management Programme	CR		414.9	141.4	33.5	160.0	80.0			
108	PR17	Town Hall Clock Tower Structural Repairs	CR		150.0		150.0					
109	PR22	Town Hall Extension - External Fabric Renewal & Replacement Windows	CR		0.0	35.0	-35.0					
110	NEW	Town Hall Extension recladding	PB		590.0				590.0			
111	PR19	TSLT (BWA/BSA) Post Construction Outstanding Work Completion	CR		323.3	323.3						
112	PIXXY	Vale Cemetery Extension	PB		4500.0		2000.0	1305.0	790.0	405.0		
113	NEW	Vale Landscaping Enhancements	PB		100.0			100.0				
114	NEW	Vale Stockwood Park Masterplan Consultancy (Athletics Track Incl)	PB		200.0			200.0				
115	WP02	Wardown Lake & Terrace Restoration	CG/CR	*	1342.5			517.5	412.5	412.5		
116	PR21	Waste Transfer Station - Fire Safety Works	CR	*	1668.0	68.0	100.0	1500.0				
117	PIXXX	WTS/MRF Refurbishment	PB		1200.0		1200.0					
		Regeneration										
118	HW08	Luton Station Gateway	PB		19163.0	19034.2	128.8					
119	HW05	Parkway Station Northern Entrance	PB		1013.2	955.1	58.1					
120	HW30	Train Station Regeneration - Access to All	PB	*	2500.0		500.0		1100.0	900.0		
		Special Operations										
121	HW24	CCTV Upgrade to Synergy 3	PB	*	158.0			158.0				
122	HW10	Deploy CCTV Cameras for Enforcement Around Schools	PB		101.0	97.2	3.8					
123	NEW	Improving & Regulating ON-Street Parking (Area Parking Works)	PB	*	350.0			350.0				
124	HW23	Lane Watch Bus Lane Cameras	PB		45.0		45.0					
125	HW25	Mobile enforcement solution	PB	*	85.0				85.0			
					466708.2	**312577.3**	**29973.6**	**36933.6**	**30263.6**	**18455.8**	**22394.3**	**16110.0**

CHILDREN, FAMILIES AND EDUCATION

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
		Schools										
1	SC07	BSF Phase 1 Barnfield South - Construction	CG		29,186.3	29,158.2	28.1					
2	SC02	Development of Putteridge Playing Fields	CG		472.3	467.1	5.2					
3	SC03	Development of Wycombe as SEND Provision	CG		38.0		38.0					
4	SC05	Devolved Formula Capital Grant	CG		5,329.9	3,099.0	-239.1	494.0	494.0	494.0	494.0	494.0
5	SC06	School Conditional Funding	CG		25,534.3	9,781.6	2,927.7	2,565.0	2,565.0	2,565.0	2,565.0	2,565.0
6	SC01	School Expansions Basic Needs	CG		62,220.7	26,463.5	5,457.2	6,000.0	6,000.0	6,000.0	6,000.0	6,300.0
7	SC04	Special Units and Resourced Provision SEND	CG		2,366.9	16.9	900.0	1,450.0				
		Children										
8	CD04	Child Protection Information Sharing (CPIS)	PB		79.7	57.0	22.7					
9	CD07	Healthy Pupil Capital Grant	PB		320.1	167.7	152.4					
10	CD03	Liquid Logic Child Sexual Exploitation Module	PB	*	983.2	62.5	66.5	854.2				
11	CD05	Profile Replacement System	PB		97.9	50.7	47.2					
		Total Childrens, Families & Education			**126,629.3**	**69,324.2**	**9,405.9**	**11,363.2**	**9,059.0**	**9,059.0**	**9,059.0**	**9,359.0**

CORPORATE PROJECTS

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
		Commercial										
1	CP06	Foxhall Homes - Loans	PB	*	24,879.0		11,779.0	13,100.0				
2	CP05	Foxhall Homes - Share Capital	PB	*	3,125.8	925.8	2,200.0		0.0			
3	CP04	LLAL Debentures - Bartlett Square	PB	*	438,470.0	238,140.0	121,578.0	42,261.0	18,250.0	15,201.0	3,040.0	
		Total Commercial			**466,474.8**	**239,065.8**	**135,557.0**	**55,361.0**	**18,250.0**	**15,201.0**	**3,040.0**	**0.0**

POPULATION AND WELLBEING

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
		General Fund Housing										
1	HG05	BTS Whole Job Costing	PB		70.0		70.0					
2	HG09	Empty Homes	PB		400.0		400.0					
3	HG01	Grants for the improvements to private housing	CG	*	18,724.4	7,354.4	1,895.0	1,895.0	1,895.0	1,895.0	1,895.0	1,895.0
4	NEW	Learning Disability & Autism Housing	PB	*	3,350.0			850.0	2,500.0			
5	HG07	Mobile Homes and Caravan Sites	PB		10.7	5.3	5.4					
6	HG06	Modernisation of Mobile Park & Travellers Site	PB		1,492.9	757.7	735.2					
7	HG10	New Storage Building for BTS	PB		275.0		275.0					
8	HG03	Right To Buy Receipts to Housing Associations	CG		2,005.0	1,739.8	265.2					
9	HG02	Temporary Accomm Purchasing Scheme (TAPS)	PB	*	30,916.1	19,390.2	11,525.9					
		Total General Fund Housing			**57,244.1**	**29,247.4**	**15,171.7**	**2,745.0**	**4,395.0**	**1,895.0**	**1,895.0**	**1,895.0**

HOUSING REVENUE ACCOUNT

Item No.	Proj. No.	Details of Project	Res. Code	Excp. Rpt.	Total £000	Spend To 31.03.20 £000	Estimated Expenditure 2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
		HRA										
1	HRA07	Acquisition of Homes (Highways Agency Bungalows)	CG/RCCO		-210.6	-310.6	100.0					
2	HRA12	Birdsfoot Lane Development	CG/RCCO		1,952.0	1,952.0						
3	HRA10	Buckle Close	CG/RCCO		1,781.2	385.5	1,395.7					
4	HRA24	Climate Change Reduction Initiative	CG/RCCO		1,200.0		200.0	200.0	200.0	200.0	200.0	200.0
5	NEW	Emerging Sites / SME Project	CG/RCCO		6,000.0			1,500.0	1,500.0	1,000.0	1,000.0	1,000.0
6	HRA14	Fitzwarin	CG/RCCO		174.0	41.0	133.0					
7	HRA11	Freemans Green Land Adj Sherd Lodge	CG/RCCO		125.7	125.7						
8	HRA06	Hightown Area Refurbishment	CG/RCCO		2,461.0	2,362.6	98.4					
9	HRA04	Highway Agency Properties	CG/RCCO		1,890.7	1,761.4	129.3					
10	HRA21	HRA Extensions to Dwellings	CG/RCCO		1,200.0		400.0	400.0	400.0			
11	HRA09	HRA Garage and Infill	CG/RCCO		33,700.0			4,220.0	10,680.0	8,920.0	4,880.0	5,000.0
12	HRA22	Land Purchases	CG/RCCO		6,000.0		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
13	HRA03	Major Works (BTS Capital)	CG/RCCO		116,261.8	45,189.9	14,616.1	15,304.7	15,304.7	15,304.7	5,023.0	5,518.7
14	HRA02	Marsh Farm Central Area Redevelopment	CG/RCCO		30,920.0	30,444.8	475.2					
15	NEW	NSAP - Complex Needs	CG/RCCO		1,200.0			1,200.0				
16	NEW	NSAP - Womens Projects	CG/RCCO		810.0			810.0				
17	HRA16	Pond Close/Butely Road	CG/RCCO		383.0		383.0					
18	HRA01	Purchase of Ex RTB properties	CG/RCCO		2,008.2	1,205.5	402.7				400.0	
19	HRA05	Refurbishment of Cornish Units	CG/RCCO		93.8	0.6	93.2					
					207,950.8	**83,158.4**	**19,426.6**	**24,634.7**	**29,084.7**	**26,424.7**	**12,503.0**	**12,718.7**

ABBREVIATIONS AND SYMBOLS USED IN CAPITAL REPORTING & RESOURCING

Exception Report

A	=	Additions to the programme - increased project costs
N	=	New project entered in programme without previously being in the programme.
R	=	Annual allocations for rolling capital programme - including additional year
*	=	Project subject to a viable business case and/or business plan

Resource Code

CG	=	Capital Grant
CR	=	Corporately Resourced: Capital Receipts, LLAL Dividend Received or Prudential Borrowing
PB	=	Prudential Borrowing
RCCO	=	Revenue Contribution
RTB	=	Right to Buy One for One Capital Receipts
TP	=	Third Party Contribution
MRA	=	Major Repairs Allowance

Luton

Report For:	Executive	**Item No:**
Date:	20 January 2021	**9**
Report Of:	Service Director Finance, Revenues & Benefits	
Report Author:	Robert Millard	

Subject:	Treasury Management Annual Investment Strategy 2021/22	
Lead Executive Member(s):	Councillor Malcolm	
Wards Affected:	All	
Consultations:	Councillors	☐
	Scrutiny	x
	Stakeholders	☐
	Others	☐

Recommendations

1. **Executive is recommended to approve and to submit to Full Council for final approval:**

   a. **the Treasury Management Strategy and Policy Statement**

   b. **the Annual Investment Strategy 2021/22**

   c. **the Borrowing Strategy for 2021/22 and**

   d. **the Council's Prudential and Treasury Indicators**

Background

2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus cash is invested in low risk counterparties providing adequate liquidity initially before considering investment return.

3. The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the long term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve long or short term borrowing or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

4. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities. Such activities are subject to separate Investment

Strategy Report 2021/22 which can be found in full as an Appendix to the Draft Revenue Budget 2021/22 and Capital Programme 2021/26 Report.

5. CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks"

6. The Council is required to receive and approve three main reports each year, which incorporate a variety of policies, estimates and actuals and these are submitted to the Audit and Governance Committee for scrutiny. Additionally activity reports are submitted to the Executive providing up to date information on a quarterly basis.

7. Revised reporting was required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a Capital Strategy to provide a longer-term focus to the capital plans, the greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.

8. The Capital Strategy will be incorporated into the Budget & Capital Programme 2021/22 & MTFP report as an appendix.

Treasury Management and Annual Investment Strategy

This report covers:

a. the Council's current Capital Programme (including prudential indicators);

b. how the investments and borrowings are to be organised and the parameters put in place

c. an investment strategy – the parameters put in place on how investments are to be managed

Mid-Year Treasury Management Report

9. This report updates Members with the progress of the capital position, amending prudential indicators where necessary and whether the treasury strategy is being adhered to or whether policies require revision.

Annual Treasury Management Report

10. This provides details of actual prudential and treasury indicators and the actual treasury operations compared to the estimates within the strategy.

Scrutiny

11. The above reports are submitted to Audit & Governance for scrutiny.

Annual Treasury Management Strategy for 2021/22

12. The strategy covers two main areas:

Capital Programme and Financing

13. The capital issues include:

    a. the current Capital Programme, forecast of the Capital Financing Requirement (CFR) and prudential indicators and

    b. reference to the Minimum Revenue Provision (MRP) policy

Treasury Management

14. The Treasury Management section includes:

    a. the current treasury position
    b. treasury indicators which limit the treasury risk and activities of the Council prospects for interest rates
    c. the borrowing strategy
    d. policy on borrowing in advance of need
    e. debt rescheduling
    f. the annual investment strategy
    g. creditworthiness policy
    h. policy on use of external service providers

15. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

Training

16. The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. Officers receive on the job training in addition to attending training sessions and seminars provided by CIPFA and the Council's treasury advisers Arlingclose.

17. Training for the members of the Audit & Governance Committee is being arranged with Arlingclose. This will cover current market knowledge and an overview of the statutory roles of the council in terms of treasury management.

Treasury Management Consultants

18. The Council uses Arlingclose as its external treasury management advisors. It is recognised that responsibility for treasury management decisions remains with the Council at all times and that undue reliance will not be placed upon our external service provider.

19. It is also recognised that there is value in employing when required external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods

by which their value will be assessed are properly agreed, follow Council procurement guidelines and subjected to regular review.

The Current Position

20. The current position incorporates the Council's current use of resources and the latest investment position.

21. The application of existing resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). The Council also utilises cash for policy investments which are outside the remit of the treasury management strategy. Lending for policy investments is approved by the Executive.

22. The table below shows the General Fund, HRA and Schools position at 1 April 2020, 31 December 2020 and a forecasted position at 31 March 2021.

Year End Resources	**01/04/2020 Actual £'000**	**31/12/2020 Estimate £'000**	**31/03/2021 Estimate £'000**
Total Investments*	**43,480**	**41,789**	**30,000**
Borrowing			
Short Term Borrowing (Other LAs)	70,000	99,000	72,000
PWLB / EIB	381,696	381,696	537,696
Money Market (including LOBOs)	48,600	48,600	48,600
Total Borrowing (31st March position)	**500,296**	**577,896**	**658,296**

*Actual investment figures will differ from the accounts because the table excludes investments in subsidiaries

23. During 2020/21 the Council has utilised inter-council lending due the low interest rates. However before the year end loans will be taken out with the PWLB due to the recent rate cut in December.

Annual Treasury	**2019/20 Actual £'000**	**YTD Actual £'000**	**2020/21 Estimate £'000**
Interest on Investments	405	44	60
Interest paid to 3rd Parties	(227)	(2)	(4)
Total Net Interest	**178**	**42**	**56**
Total Interest on Total Borrowing	**10,318**	**8,188**	**14,275**

24. The Council receives interest rate monitoring data from its treasury management adviser Arlingclose. This allows the Council to review the direction of interest rates and therefore make informed decision on maximising investment returns. This year the interest received has been substantially lower than budgeted due to the drop in government base rate.

25. The Council has a current policy of maximising internal borrowing, and therefore minimising the need to borrow. This has the consequence of there being less cash available for treasury investments, and therefore a reduction in investment income. This

policy will be continually monitored to ensure the council is not exposed to higher borrowing rates in future years.

26. In 2019/20, the Council paid interest totalling £227k a number of 3rd Party Funds where cash has been held pending allocation (e.g. Local Growth Fund and Growing Places Fund). It is estimated that in 2020/21 payments totalling £4k will be due. This is due to interest rates falling to 0.01% on Money Market funds.

Capital Expenditure

27. The Council's capital expenditure plans both those approved previously and those set out for approval during the 2020/21 budget cycle are summarised in following table. Members are asked to approve the capital expenditure forecasts in the table below. Detail is included in the Capital Programme – section 2 of the green book.

Capital Expenditure	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Childrens, Families and Education	9,406	11,363	9,059	9,059	9,059	9,359
Commercial	135,557	55,361	18,250	15,201	3,040	
Inclusive economy	29,974	36,934	30,264	18,456	22,394	16,110
Population Wellbeing	15,172	2,745	4,395	1,895	1,895	1,895
General Fund	**190,108**	**106,403**	**61,968**	**44,611**	**36,388**	**27,364**
HRA	19,427	24,635	29,085	26,425	12,503	12,719
Capital Expenditure	**209,535**	**131,038**	**91,052**	**71,036**	**48,891**	**40,083**

28. There has been a significant review of the budgets for all departments, due to the Covid-19 pandemic impacting on income streams, and therefore some major infrastructure investment projects such as the Century Park Access Road and Vauxhall Way Improvement schemes have been removed until a review is undertaken later in the year.

29. The table below summarises the above General Fund capital expenditure plans and how they are to be financed either by capital or revenue resources. Any shortfall of resources results in a need for additional borrowing.

General Fund Financing	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'001	£'002
Capital Expenditure	**190,108**	**106,403**	**61,968**	**44,611**	**36,388**	**27,364**
Financed by:						
Grants & Contributions	28,813	17,070	18,670	17,970	13,512	11,254
Revenue Contributions	5,378	5,153	2,346	-	-	-
Airport Dividend	-	-	-	-	-	-
Capital Receipts	436	1,090	-	-	-	-
Total:	**34,627**	**23,313**	**21,015**	**17,970**	**13,512**	**11,254**
Capital Financing Requirement (CFR)	**155,481**	**83,090**	**40,953**	**26,641**	**22,876**	**16,110**

30. A significant proportion of the financing need is generated by the investments in our Wholly Owned Subsidiaries, London Luton Airport Limited and Foxhall Homes Limited. These investments will increase the Council's borrowing requirement considerably, and

therefore generate much greater loan interest payable each year. These additional costs will be financed by additional debenture interest and dividends payable by our subsidiaries (no dividend form LLAL for the foreseeable future). All investments are supported by detailed business cases approved by Executive. Within the figures above, the capital expenditure and financing for commercial activities is extracted and shown in the table below.

Commercial Activities/Non-Financial Investments	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement	133,691	155,481	83,090	40,952	26,641	16,110
Percentage of Total Net Financing Need	90.42%	87.19%	66.63%	44.56%	57.06%	13.29%

31. The HRA Capital Financing Requirement (CFR) reflects the net cost of the Capital Programme after all available HRA resources. The CFR will be financed by new HRA external borrowing with PWLB.

HRA Financing	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	**19,427**	**24,635**	**29,085**	**26,425**	**12,503**	**12,719**
Financed by:						
Grants & Contributions	-	-	-	-	-	-
Revenue Contributions	19,427	24,635	29,085	26,425	12,503	12,719
Capital Receipts	-	-	-	-	-	-
Total:	**19,427**	**24,635**	**29,085**	**26,425**	**12,503**	**12,719**
Capital Financing Requirement (CFR)	**-**	**-**	**-**	**-**	**-**	**-**

*This includes the annual contribution from the Major Repairs Reserve (MRR)

The Council's Borrowing Need (Capital Financing Requirement)

32. The Capital Financing Requirement (CFR) prudential indicator is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life. The CFR includes any other long term liabilities for example PFI schemes, finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and therefore the Council does not need to enter into additional borrowing. The Council has £20.1m of such schemes within the CFR in 2020/21.

33. The Council is asked to approve the CFR projections below:

Capital Financing Requirement	31/03/2020 Actual £'000	31/03/2021 Estimate £'000	31/03/2022 Estimate £'000	31/03/2023 Estimate £'000	31/03/2024 Estimate £'000	31/03/2025 Estimate £'000
Service Delivery	211,173	224,270	245,121	260,662	264,223	275,590
Commercial	311,808	445,372	498,609	514,716	527,752	528,606
Total General Fund	**522,981**	**669,642**	**743,730**	**775,377**	**791,975**	**804,196**
Housing	134,090	134,090	134,090	134,090	134,090	134,090
Total CFR	**657,071**	**803,732**	**877,820**	**909,468**	**926,065**	**938,286**

Minimum Revenue Provision Policy Statement

34. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake voluntary payments if required (voluntary revenue provision – VRP). MHCLG regulations have been issued which require that each local authority should prepare a statement of policy setting out how it will make a prudent Minimum Revenue Provision (MRP) for the next financial year, and submit that statement of policy to Full Council.

35. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

36. Government wishes to ensure that elected members have the opportunity to scrutinise the ways in which officers propose to ensure that a prudent provision is made.

The Council's MRP Statement can be found in full as an Appendix to the Draft Revenue Budget 2020/21 and Capital Programme 2021/26 Report.

Capital Prudential Indicators 2020/21 to 2025/26

37. The council's capital expenditure plans are the key driver of treasury management activity. The effect of these plans is reflected in the prudential indicators which are designed to assist members' overview and confirm the capital plans.

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators.

Ratio of financing costs to net revenue stream

38. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The

estimates of financing costs include current commitments and the proposals in this report.

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery	7.60%	6.53%	6.63%	9.08%	9.47%	9.72%
Commercial	-16.43%	-21.47%	-33.24%	-30.23%	-30.44%	-34.21%
Total GF	-8.83%	-14.94%	-26.61%	-21.15%	-20.97%	-24.48%
HRA	12.69%	12.82%	12.69%	12.62%	12.97%	12.82%

39. The financing costs ratio for service delivery is estimated to increase over the life of the programme which reflects assumed higher interest rates in future years.

40. Commercial activities create a negative ratio due to the income generated from subsidiaries and commercial properties being significantly greater than the cost of the associated capital financing. The Council continues to be reported by LGA as being one of the highest generators of commercial income in the sector.

41. HRA debt levels are not expected to increase in later years, but the financing ratio is estimated to increase due to higher debt interest rates being accessible as loans are re-financed in years 2022/23 and 2023/24.

Financing costs impact on Band D

42. This indicator identifies the impact on the average Band D precept of the financing costs of service delivery, the savings generated by commercial activity and the combined capital financing impact. This includes interest payable on debt and MRP set aside for the scheme. Debenture loans to subsidiaries currently do not attract any MRP each year.

43. The table below illustrates the proportion of the Council Tax Band D precept which relates to the financing of the capital programme to deliver services to the public. The estimate for 2021/22 is £204.15 (13.02%) of the proposed Band D precept of £1,567.80.

44. Commercial activity creates a significant net revenue stream to the Council through the net investment gains realised through our subsidiaries and the net profits generated through commercial property investments. The impact on the Council's Band D precept if the Council did not generate commercial returns would be £506.32, an increase of 32.29% on the proposed £1,567.80 2021/22 precept.

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery	203.37	216.41	184.26	188.88	260.36	275.55
Commercial	-753.20	-467.87	-606.11	-684.17	-587.72	-571.97
Total GF	-549.83	-251.46	-421.85	-495.30	-327.36	-296.42

45. This table illustrates the success of commercial ventures undertaken by the Council, but conversely highlights the risk and reliance the Council has on its commercial investments to finance front line services.

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Returns	-38,160	-24,249	-32,081	-36,486	-31,578	-30,960
Percentage of Revenue Stream	-27.75%	-16.43%	-21.47%	-24.02%	-20.50%	-19.65%
Impact on Council Tax Band D	-753.20	-467.87	-606.11	-684.17	-587.72	-571.97

Debt per dwelling

46. A key HRA affordability indicator is the level of debt per dwelling. The below table illustrates the movement in this indicator over the life of the capital programme.

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Debt £'000	134,090	134,090	134,090	134,090	134,090	134,090
Number of HRA Dwellings	7,808	7,792	7,782	7,780	7,813	7,847
Debt per dwelling	17.17	17.21	17.23	17.24	17.16	17.09

Borrowing Strategy

47. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet all cash commitments. This will include borrowing for capital purposes when necessary. The strategy covers the relevant treasury /prudential indicators, the current and projected debt positions and the annual investment strategy. The General Fund will continue to manage the Council's debt portfolio, and will recharge the Housing Revenue Account (HRA) under a proper accounting approach.

Current and Future Years Debt Portfolio Position

48. The Council's estimated debt portfolio position at 31 March 2021, with forward projections are summarised in the table below. The table shows the actual external debt against the underlying borrowing need (CFR) highlighting any over/or under borrowing. The Council would be over borrowed should the external debt exceed the capital financing requirement.

49. The Council is currently maintaining an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Debt Position	31/03/2020 Actual £'000	31/03/2021 Estimate £'000	31/03/2022 Estimate £'000	31/03/2023 Estimate £'000	31/03/2024 Estimate £'000	31/04/2025 Estimate £'000
Borrowing	500,296	669,642	743,730	775,377	791,975	804,196
Other L-T Liabilities	22,073	21,305	20,911	20,091	19,026	18,358
Gross Debt	**522,370**	**690,946**	**764,641**	**795,469**	**811,001**	**822,553**
CFR	657,071	803,732	877,820	909,468	926,065	938,286
Over/(Under) Borrowing	**-134,701**	**-112,785**	**-113,179**	**-113,999**	**-115,064**	**-115,733**

50. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total CFR in the preceding year plus the estimates of an additional CFR for 20/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes. The Service Director (Finance & Audit) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties in the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

51. The estimated Capital Financing Requirement (CFR) of the Council as at 31 March 2021 is £803.7m, the difference between this and the projected gross debt of the authority, £690.9m is £112.8m. This is the amount of capital financing that the Council has internally borrowed. The reduction in investment returns is more than offset by the savings generated by reducing the amount of interest payable on external debt.

52. This policy will be continually reviewed to ensure the Council is not exposed to interest rate risk and the potential of fixing longer term debt at higher rates.

Liability benchmark

53. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. The cash and investment balances are kept to a minimum level of circa £30m at each year-end to maintain sufficient liquidity but minimise credit risk.

54. The current estimated year end position of £30m is being viewed as being a maximum level of available cash backed balances available for the policy decision of internal borrowing. This policy has, and will continue, to generate sufficient savings through the reduction in the cost of debt interest. This does however generate an additional risk of requiring additional borrowing beyond the need to borrow generated by the Capital Programme if cash backed balances reduce. This does increase the interest rate risk the council is exposed to.

55. To create a prudent budget position we have built in a worse case assumption of a reduction in the capacity to internally borrow of approximately £58m. This assumption is based on modelling of reduced earmarked reserves to fund service spend, a reduction in working capital balances, a reduction in monies held for third parties (SEMLEP in particular) and the use of significant capital resources to fund the General Fund and HRA Capital Programme.

	31/03/2020 £'000	31/03/2021 £'000	31/03/2022 £'000	31/03/2023 £'000	31/03/2024 £'000
Total CFR	**657,071**	**803,732**	**877,820**	**909,468**	**926,065**
Less: Usable reserves	-119,272	-119,272	-119,272	-119,272	-119,272
Less: Working Capital	**-2,178**	**-17,822**	**-2,178**	**-2,178**	**-2,178**
Plus: Minimum Investments	32	30	30	30	30
Liability Benchmark	**535,653**	**666,668**	**756,400**	**788,048**	**804,645**

56. The total movement during 2020/21 of the liability benchmark is £146.6m. This reflects the CFR increase.

Treasury Indicators: Limits To Borrowing Activity

Operational Boundary

57. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

	31/03/2021 Estimate £'000	31/03/2022 Estimate £'000	31/03/2023 Estimate £'000	31/03/2024 Estimate £'000	31/03/2025 Estimate £'000	31/03/2026 Estimate £'000
Borrowing	669,642	743,723	775,336	791,869	803,929	808,612
Other LT Liabilities	- 20,694	- 20,434	- 19,754	- 18,830	- 18,230	17,224
Operational Boundary	**648,948**	**723,290**	**755,581**	**773,038**	**785,699**	**825,836**

Authorised Limit for External Debt

58. This indicator represents a control on the maximum level of debt .This being the limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term but is now sustainable in the longer term. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Authorised Limit	**900,000**	**953,500**	**998,000**	**1,000,000**	**1,000,000**	**1,000,000**

59. The Council is also limited to a maximum HRA CFR through the HRA self-financing regime.

HRA Debt Limit	**2019/20 Actual £000**	**2020/21 Estimate £000**	**2021/22 Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
HRA Debt	133,639	133,639	133,639	133,639	133,639	133,639
HRA CFR	**134,090**	**134,090**	**134,090**	**134,090**	**134,090**	**134,090**

*****In October 2018, government announced a policy change with the HRA debt cap being abolished.

60. The removal of the Debt Cap has opened up the potential to invest in new developments across the town. This opportunity is being investigated, and early in the new financial year more detailed plans, supported by robust business cases, will be evaluated.

Prospect for Interest Rates

61. The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.01% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, with the general election result, the need for Brexit to be concluded and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

62. Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 0.20% and 0.60% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

63. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix F.

Investment and borrowing rates

64. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

65. There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

66. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

67. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

68. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its

output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

69. The Council has previously raised the majority of its long-term borrowing from the PWLB but the government decreased PWLB rates by 1% in December 2020. The Council will now look to borrow long-term loans from the PWLB while the rate remains low and will also continue to investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

70. The Council has negotiated an additional £125 million of loans from the European Investment Bank to finance the remaining costs of delivering the DART project. This successful application supports the strong vision and financial management of the Council and the major projects it is undertaking; not to mention the considerable financial savings achieved by the competitive interest rates of the loans. Currently this agreement has been put on hold due to complexities created by Brexit negotiations. In light of the aforementioned increase in PWLB rates and with advice from external advisors the Council is now exploring other sources of funding with alternative institutions.

71. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

72. Caution will be adopted with the 2020/21 treasury operations. The Service Director (Finance & Audit) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

73. As shown in the table at paragraph 28 the Council continues with a heavy schedule of capital expenditure (£358m over a three year period) primarily to fund the London Luton Direct Air to Rail Transport (DART), Bartlett Square and the Airport Planning Strategy and Foxhall Homes, an additional wholly owned subsidiary. This expenditure includes potential loan to LLAL and investment in shares as part of the Framewrok for the Funding and Financing of LLAL stabilisation and recovery plan (agenda item no. 12 EX/01A/21). This is also reflected in the change in debt year on year shown in the table at item 50, where borrowing has increased over the same three years by £275.1m from its 2019/20 level of £500.3m.

74. In order to finance this expenditure the Council will continue to assess the cheapest form of debt available. It is estimated interest costs will be in excess of £45m over the next 3 years no matter which form of finance is agreed. To date in 2020/21 the Council has undertaken no additional long term borrowing from the PWLB.

75. The financing costs will be more than offset by interest earnt on Debenture Loans for London Luton Airport Limited and secured capital loans for Foxhall Homes Ltd (estimated in excess of £100m over the next 3 years). In view of the scale of borrowing required as part of this strategy, and the impact that borrowing is likely to have on the Council's balance sheet, on the financial gearing, and on financial risks, it is recommended that when the final business cases for the major investments are ready for approval, this is accompanied by a full review of the Annual Borrowing Strategy requiring the approval of the Executive and Full Council.

76. Consideration is being given to a Bond Issue which may generate lower than estimated capital financing costs, and therefore be a viable alternative for capital financing. Should the Council activate a Bond issue the Service Director (Finance and Audit) has delegated powers to authorise the process, similar to those given for the arrangement of Public Works Loan Board loans.

77. **Sources of borrowing**: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Europen Investment Bank
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Bedfordshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Local Government Association (LGA) - Municipal Bonds Agency

78. The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

Treasury Management Limits on Activity

79. Maturity Structure of Current fixed and variable interest rate borrowing 2020/21. This indicator is set to control the Council's exposure to refinancing risk.

	Fixed Rate		**Variable Rate**	
	2020/21 £'000	**2020/21 %**	**2020/21 £'000**	**2020/21 %**
Under 12 months	99,000	20	23,600*	100
12 months to 2 years	48,128	10	0	0
2 years to 5 years	75,000	15	0	0
5 years to 10 years	997	0	0	0
10 years to 20 years	57,500	11	0	0
20 years to 30 years	4,095	1	0	0
30 years to 40 years	95,976	19	0	0
40 years to 50 years	110,000	22	0	0
50 years and above	15,000	3	0	0

*This figure represents Money Market Loans with call periods of less than 1 year

80. The profile of borrowing will be continually monitored to ensure the cost of financing is minimised without creating operational liquidity issues and generating unaffordable future financing costs.

81. In terms of the blend of the debt portfolio the council will continue to improve the maturity spread, and if financially beneficial enter into more variable rate debt. The council will also apply two key limits:

    a. At least 25% of debt maturing within 10 years
    b. No more than 50% of debt maturing over 50 years

Policy On Borrowing In Advance Of Need

82. The Council will not borrow more than, or in advance of, its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure security of such funds.

83. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling And Early Repayment Of Debt

84. When short term borrowing rates are considerably lower than longer term fixed interest rates and there is an argument for switching some existing debt from long term to short term debt to create savings the Council would do so. However premature repayment of debt would incur large premiums which currently would far and away exceed any savings created by lower interest rates in current interest rate environment.

85. The reasons for rescheduling to take place include:

    a. to generate cash savings
    b. to help fulfil the treasury strategy
    c. to enhance the balance of the debt profile

86. If circumstances allow then consideration will be given to using maturing investment balances to prematurely repay debt as returns on investments are lower than rates paid on debt. The Service Director Finance & Audit monitors interest rates and debt repayment opportunities should they arise. The Council's treasury management adviser Arlingclose also provide updates on early repayment of debt opportunities should they arise. However in current interest rate environment there are no cost savings from early repayment of LOBO or PWLB debt.

87. All early repayment of debt and rescheduling will be reported to the Executive at the earliest meeting following its action. The Council from time to time monitors the market conditions so as to ensure that opportunities for early repayment or rescheduling of debt are not missed.

Housing Revenue Account

88. The reform of the HRA, on 28 March 2012, had consequences for the Council in that its treasury management position could be managed separately. The portfolio was split on 28 March 2012 when the Council, borrowed £89.456m from the Public Works Loan Board, and paid this sum to the government to be released from the then existing Subsidy system (ie the perceived debt owing to the government in respect of their previous funding of council houses). Half of this debt will need to be refinanced in 2021-22 and the remaining in 2022-23.The table below shows the HRA debt portfolio before HRA self-financing, at self-financing and forecast position at 31 March 2021.

Actual Debt Pre-Reform £'000	**Actual Debt at Reform Date £'000**	**Estimated Debt 31 March 2021 £'000**
19,805	109,261	134,090

89. One of the principles behind the reform was to provide some level of autonomy for the HRA, separating its debt from the Council's so that its treasury position could be managed separately.

Future HRA Borrowing

90. Following the split of the portfolio, borrowing decisions have to be made in accordance with the needs of the business plan, provided those decisions are aligned with the Council's treasury management strategy as a whole and are agreed by the Section 151 Officer. The amounts and the maturity period are determined by the profile of the HRA capital expenditure.

Annual Investment Strategy

Risk Management

91. The Council is exposed to a number of risks. Risks associated with treasury management activities are liquidity risks, interest rate risks, inflation risk, counterparty risk, credit risk, refinancing risk and regulatory risks. The Council monitors and controls risk by ensuring that its day to day activities focus on risk mitigation.

92. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Negative Interest Rates

93. If the UK enters into a recession in 2021/22, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Instruments available to the council for investment purposes

94. The Council remains in a very difficult investment environment. Whilst counterparty risk appears to have eased, market sentiment has still been subject to bouts of sometimes extreme volatility and economic forecasts abound with uncertainty. With Bank Rate at 0.01%, the return on investment remains low resulting in various investment opportunities being introduced in the market. The Council will ensure that when considering investments, especially pooled investments vehicles, consideration will be given to wider issues. Liquidity and interest rate risks will be investigated and considered and an understanding of the product will be gained before making informed decisions. The council will not invest purely on the backdrop of other councils investing in the scheme or investment opportunity. Alternative investment instruments available to the council include Enhanced Money Market Funds, Bond Funds including gilts, Property Funds and Equity Funds.

Investment Policy – management of risk

95. The Council's investment policy has regard to the Community and Local Government's (CLG) Guidance on Local Government Investments ('the Guidance) and the revised Chartered Institute for Public Finance and Accountancy (CIPFA) Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes. The Council's investment priorities will be security first, liquidity second, and then return.

96. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £9 and £69 million, the large variation being due to the Covid grant monies for Business Support £32m and similar levels up to £50m dependent on timing of borrowing are expected to be maintained in the forthcoming year. The majority of the Council's surplus cash is currently invested in money market funds and a higher yielding Short term Sterling Cash Plus Fund.

97. In accordance with the above, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

98. The key ratings used to monitor counterparties are the short and long term ratings.

99. It is recognised that ratings should not be the sole determinant of the quality of an institution it is important to continually assess and monitor the economy and political environment and have regard to market comment.

100. Other information sources used include the financial press, share price movement and other such information relating to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

101. Investment instruments identified for use are shown at Appendix A under the 'specified and non-specified categories'.

Use of HRA Temporary Cash Balances and Temporary Borrowing

102. Although the HRA's treasury position is now independent of the General Fund, both are managed in the name of the Council as a whole. As such, the day to day treasury position of the Council, whilst having regards to the impact on the HRA and General Fund, will be run on a Council basis – this simplifies the risk management of the treasury position, and should help to ensure that the treasury function is providing value for money.

103. In order to maintain effective, efficient and economic treasury management for the Council as a whole, the HRA will only be able to invest with the general fund. To achieve this the General Fund will deposit and borrow externally temporarily or long term, but the HRA will only be able to deposit with the General Fund and should it be required only be able to access borrowing through the General Fund. In order to ensure that this is fair, interest rates will be applied to any such internal transfers as summarised below:

104. If the General Fund has temporary investments, HRA investments with the General Fund will earn – average three month treasury bills rate (this excludes General Fund policy investments).

105. Borrowing rates will be applied as PWLB borrowing rate plus a debt administration charge.

Creditworthiness Policy

Credit Rating

106. Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

107. See Appendix A for list of approved counterparties

Country Limits

108. The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA. The list of countries that qualify using this criterion as at the date of this report is shown at Appendix B. This list will be added to, or deducted from in accordance with this policy.

Risk assessment and credit ratings

109. Credit ratings are obtained and monitored by the Council's treasury advisers Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

    a. no new investments will be made,
    b. any existing investments that can be recalled or sold at no cost will be, and
    c. full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

110. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it

may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

111. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

112. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits

113. The Council's revenue reserves available to cover investment losses are forecast to be £76 million on 31 March 2020. In order that no more than 66% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £50 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

In-house funds

114. Investments will be made with reference to the core balance, cash flow requirements and the outlook for short term interest rates (up to 12 months).

115. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Liquidity management:

116. The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. It is unlikely that the council will be able to place term deposits for period longer than one year except for policy investments which are outside the treasury management strategy.

Investment return expectations

117. The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.1% until the end of 2022. See Appendix F.

Investment treasury indicator and limit

118. In the unlikely event the Council invests for periods of over 365 days a limit of 25% of total investments will apply. These exclude policy investments. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year end. The Council is asked to approve the following indicators:

	2020/21	**2021/22**	**2022/23**	**2023/24**
Maximum percentage of outstanding investments >365 days	25%	25%	25%	25%

Investment Defined as Capital expenditure

119. The acquisition of share or loan capital in any corporate body is defined as capital expenditure under section 16(2) of the Local Government Act 2003. Such investments will have to be funded from capital or revenue resources and be classified as non-specified investments.

120. Any loan or grant to another body for capital expenditure by that body will also be deemed, by regulation, to be capital expenditure by the Council. This includes loans to London Luton Airport Limited, Wholly Owned Companies (WOC) and Residential Schemes. It is therefore important for the Council to clearly identify if the loan or grant has been made for policy reasons or it is an investment for treasury management purposes in which case it would be governed by the framework set for specified and non-specified investments. The Council will ensure that any State Aid issues are adequately considered.

Investment Risk Benchmarking

121. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £500k
- Adequate liquid short term deposits available with a week's notice.
- Weighted average life benchmark is expected to be 6 months, with a maximum of 1 year.

122. Yield - local measures of yield benchmarks are

- Investments – Returns above the annual average SONIA rate (Sterling Overnight Interbank Average rate). SONIA is the weighted average deposit rate for overnight trades of counterparties with very high creditworthiness

123. This modelling approach combines credit ratings credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used to determine the duration of the Council's investments. The Council will therefore use counterparties within the following durational bands:

- Yellow - 5 years (AAA rated Government debt or equivalent)
- Purple - 2 years
- Blue - 1 year (only applies to nationalised or semi nationalised UK banks)
- Orange - 1 year
- Red - 6 months
- Green - 100 days
- No colour - Not to be used

See Appendix A

124. The MMF limits remain at £50m but the maximum investment guidance by the Council's treasury advisors for each fund is also considered.

125. Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when institutions' ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information that supports their use.

126. All credit ratings will be monitored weekly and the Council is alerted daily to changes to ratings of all three agencies by the treasury advisors Arlingclose.

a. If a downgrade results in the institution/investment scheme /country no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

b. Should an institution/investment scheme/country counterparty be upgraded then they will be moved into the appropriate band on the Council's lending list thereby increasing their cash exposure and maturity limits, the opposite action will be taken should a downgrade occur

c. If counterparty is placed on monitoring, on the CDS Swap overlay then they will be moved down a band on the Council's list thereby reducing both their cash exposure and maturity limit.

127. As mentioned previously sole reliance will not be placed on the use of this external service. In addition the Council will use market data and information, information on government support for banks and the credit ratings of that supporting government.

Use of Money Market Funds

128. Money market funds are investment instruments that invest in a variety of institutions, therefore diversifying the investment risk. The funds are managed by a fund manager. The objectives of money market funds are to preserve capital, provide very high liquidity and provide competitive short term yield. The most important characteristic of a MMF is the highly diversified, high credit quality investments in the fund. The Council will use Aamf rated money market funds.

129. As the Council has a current policy of maximising internal borrowing and therefore minimising the need to borrow, money market fund investment levels are therefore kept as low as possible.

Reform of Money Market Funds

130. As a result of the Financial Crisis in 2008, the European Commission proposed new rules for Undertakings for Collective Investment in Transferable Securities (UCITS) money market funds. All funds had to be compliant by 21st January 2019. Money market funds are now categorised into two types of money market fund: Short term MMF's and Standard MMF's and within these categories there are three structural options available:

- Government Constant Net Asset Value (CNAV),
- Low Volatility Net Asset Value (LVNAV) (new) and
- Variable Net Asset Value (VNAV).

131. The Regulation requires that MMF managers perform a rigorous internal credit quality assessment of money market instruments, as well as implementing a prudent stress testing regime. Moreover, such credit analysis is to be undertaken by individuals separate from the team responsible for the day-to-day management of the MMF portfolio. This change will not materially alter current investment approaches.

UK banks – Ring Fencing

132. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up.

133. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

134. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Treasury Policy Statement

135. The Council’s treasury policy statement is shown at Appendix C.

Markets in Financial Instruments Directive

136. The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council’s treasury management activities and in order to continue to invest with some of our counterparties it was necessary to opt up to elective professional client status.

Provision for Credit – Related Losses

137. If any of the Council’s investments appeared to be at risk or of loss to default (i.e. a credit-related loss rather than a loss due to a fall in price or movement in interest rates) the Council will make a revenue provision of an appropriate amount.

External Fund Managers

138. At present the Council does not employ the services of an external fund manager. This is kept under review and if the Council’s treasury advisors suggest that an external fund manager can provide better value, net of fees, for a proportion of the Council’s investments, then the Council will consider this.

Large Scale Voluntary Transfer (LSVT)

139. Any potential transfer will have treasury management implications and these would need to be considered by the Executive if the situation ever arises.

Corporate Credit Card

140. The use of corporate credit cards carries significant risks. The Service Director Finance & Audit is responsible for ensuring that the council has appropriate controls in place to protect Council’s funds.

Other Issues

141. Specific consideration is given to funding PFI arrangements, as approved by the relevant Government department and H.M Treasury.

Banking Arrangements

142. The Council's banking contract is currently with Lloyds bank. The contact ends on 28 March 2022.

Role of the Section 151 officer

143. Please see Appendix D for the definition of the role of the S151 officer in relation to treasury management.

Goals and Objectives

144. The key goals and objectives are:

    a. To set an accurate treasury and capital financing budget, including a prudent Minimum Revenue Provision (MRP) provision, for 2021/22;
    b. To set robust strategies to manage cash, investments and debt to minimise the impact of capital financing costs and maximise investment returns, whilst maintaining acceptable levels of credit and liquidity risk;
    c. To set effective treasury prudential indicators and monitoring processes.

Proposal

145. Executive agrees and recommends the following documents to Full Council:

    a. the Treasury Management Strategy and Policy Statement
    b. the Annual Investment Strategy 2021/22
    c. the Borrowing Strategy for 2021/22 and
    d. the Council's Prudential and Treasury Indicators

Key Risks

146. Treasury Management is an area of significant risk. In relation to security and probity of investments all activity has been undertaken in accordance with the provisions of the Council's Treasury Management Practices (TMP's) which include a substantial section on risk, in order to manage and minimise, so far as possible, the risks involved.

Consultations

147. N/A

Alternative options considered and rejected (please specify)

148. N/A

Appendices Attached

Appendix A – Investment Terminology & Limits

Appendix B – Approved Countries for Investment

Appendix C – Treasury Policy Statement

Appendix D – Treasury Management Role of S151 Officer

Appendix E – External Context : Economic Background

Appendix F – Economic and Interest Rate Forecast

Appendix G – Treasury Glossary of Terms

Background Papers

149. The Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code

IMPLICATIONS

For Executive Reports:

- All grey boxes must be completed
- All statements must be cleared by an appropriate officer

For CLMT Reports:

- Only the dark grey boxes must be completed
- Clearance is not required

Legal	**Clearance Agreed By**	**Dated**
Save for those set out in the body of the report, there are no direct legal implications to this report	Angela Claridge, Service Director (Legal) & Monitoring Officer	10th January 2021

Finance	**Clearance Agreed By**	**Dated**
The financial implications are included in the body of the report	Dev Gopal, Service Director (Finance & Audit)	10th January 2021

Integrated Impact Assessment (IIA) – Key Points		
Equalities / Cohesion / Inclusion (Social Justice)	**Clearance Agreed By**	**Dated**
There are no direct equalities implications in this report.	Maureen Drummond, Cohesion & Equalities Adviser	6 January 2021
Environment	**Clearance Agreed By**	**Dated**
The report has no direct or indirect environmental implications except as far as it reports on investments and borrowings which may directly or indirectly have implications dependent upon how those investments are managed and how that borrowing is used. Going forward in relation to climate change , decisions may need to be considered on a case by case basis.	Shaun Askins – Service Manager Strategy & Sustainability	8th January 2020
Health	**Clearance Agreed By**	**Dated**
No health implications	Lucy Hubber MFPH Service Director – Healthy Lives and Children's Joint Commissioning Public Health, Commissioning and Procurement	11th January 2021
Community Safety	**Clearance Agreed By**	**Dated**
Staffing	**Clearance Agreed By**	**Dated**

Other	Clearance Agreed By	Dated

APPENDIX A

INVESTMENT TERMINOLOGY & LIMITS

SPECIFIED INVESTMENTS

All such investments will be sterling denominated with maturities of up to a maximum of 1 year meeting the maximum high quality criteria where applicable

NON-SPECIFIED INVESTMENTS

These are investments which do not meet the specified investment criteria. A maximum of 25% will be held in aggregate in non-specified investments (excluding policy investments). All such investments will be sterling denominated.

OTHER NON-SPECIFIED INVESTMENTS

Policy investments such as loans to London Luton Airport Ltd, other Wholly Owned Companies and Residential Schemes will be subject to separate limits.

<u>Credit Rating Components</u>

Long Term Rating

These generally cover maturities of between 1 and 5 years and assess the ongoing stability of the institution's prospective financial condition, addressing the possibility that a financial obligation will not be honoured

Fitch	A	Strong capacity to meet all long term financial commitments
Moody's	Aa3	
Standard & Poors	A	

Short Term Rating

These generally cover maturities of up to 13 months and place greater emphasis on the liquidity necessary to meet financial commitments.

Fitch	F1	Strong capacity to meet all short term financial commitments
Moody's	P-1	
Standard & Poors	A-1	

A variety of investments are available to use subject to the credit quality of the institution and depending on the type of investment will be categorised as either a specified or non-specified investment.

The criteria time limits and monetary limits applying to institutions or investment vehicles are:

	Min. Credit Criteria/ colour band/ rating	**Max Cash Exposure Limit (or 30% of total Investments excl.MMF's)**	**Maximum Duration Period**	**Specified/ Non specified**
DMADF – UK Government	N/A	100%	6 months	S
UK Government Gilts	UK Sovereign	20%	10 years	S & N/S
UK Government Treasury Bills	UK Sovereign	30%	12 months	S
Bonds issued by multilateral development banks	AAA	5%	5 years	S & N/S
Money Market Funds CNAV**	AAA	£50m	Liquid	S
Money Market Funds LVNAV**	AAA	£50m	Liquid	S
Money Market Funds VNAV**	AAA	£50m	Liquid	S
Enhanced money market funds**	AAA	£50m	Liquid	S
Local Authorities	N/A	£15m	2 years +	S &N/S
Term deposits with institutions	Purple Blue Orange Red Green No colour	£25m £30m £22.5m £15m £11.5m	2 years 1 year 1 year 6 months 100 days Not to use	S & N/S
Negotiable instruments with institutions***	Yellow Purple Blue Orange Red Green No colour	5%	5 years 2 years 1 year 1 year 6 months 100days Not to use	S & N/S
Corporate Bond Funds	UK Sovereign	5%	5 years	S & N/S
Gilt Funds	UK sovereign	5%	5 years	S & N/S

**Maximum investment of £50m or maximum investment per fund as advised monthly by the Council's treasury advisors (0.5% of fund size).

*** (Inc, Commercial Paper, Floating rate notes, Sovereign Bonds, Collateralised deposits, Government Liquidity Funds, Certificates of Deposit)

NB - S or N/S dependent upon duration of investment e.g. purchase of a Gilt with just 6 months to maturity

OTHER NON-SPECIFIED INVESTMENTS

	Use	Maximum Amount £'000	Maximum maturity period
Guaranteed loans and shares including cumulative redeemable preference shares to London Luton Airport Limited, other Wholly Owned Companies and Residential Schemes where the expenditure is deemed to be of a capital nature and therefore increasing the Council's capital financing requirement for a period of up to 40 years	In house	700,000	40 years Core Cash
Loans to public sector bodies in Luton and housing associations where expenditure is deemed to be of a capital nature and therefore increasing the Council's capital financing requirement for a period of up to 40 years	In house	10,000	40 years Core Cash

INSTRUMENTS NOT CONSIDERED BY THIS COUNCIL AS PRUDENT INVESTMENTS FOR ITS SURPLUS TREASURY FUNDS

Investment
Equities
Deposits with un-rated deposit takers (banks and building societies) but with unconditional financial guarantee from HMG or credit-rated parent institution: any maturity
Un-rated deposit takers (banks and building societies) which do not have an unconditional guarantee: any maturity
Open Ended Investment Companies (OEICS) – those which are equity based.
Derivatives

The prohibition on the use of derivatives: This prohibition effectively relies on the judgement of the House of Lords in the case of Hazell v The Council of the London Borough of Hammersmith and Fulham and Others in 1991. Their Lordships held that local authorities have no power to enter into interest rate swaps and similar instruments.

APPROVED COUNTRIES FOR INVESTMENT

Rating	Permitted Country of Investment
AAA	Australia Canada Denmark Germany Singapore Sweden Netherlands Norway
AA+	Finland Austria
AA	UK

LUTON BOROUGH COUNCIL TREASURY POLICY STATEMENT

This organisation defines its treasury management activities as:

- The management of the organisation's investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities: and the pursuit of optimum performance consistent with those risks

- This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

- This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principals of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. From 2019-20 all local authorities will be required to prepare an additional report, a Capital Strategy report (submitted separately) which will extend the functions of the S151 officer role as follows:

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

EXTERNAL CONTEXT – Economic Background

- 2020 has really been an exceptional year, and as it draws to a close its fair to say most will be glad it is over At the start of the year, few predicted the swathes of changes to come for most reading this, you have likely been working from home in excess of 9 months, which has no doubt been a challenge The year ahead certainly appears to be the light at the end of the tunnel.

- Coronavirus aside, there are other factors that will shake markets Once again we are at a Brexit impasse and negotiations stalling On Friday, European Commission President Ursula von der Leyen said there were still significant differences in Brexit trade talks You might think you have heard this before, and that is because you have These phrases have been used again and again recently to push back a deadline ever further However, we are now reaching the ultimate deadline On 31 st December, the UK will either leave the EU with no deal in place (which will no doubt be hailed as an Australian style deal) or will have agreed a deal The structure of any such deal we will not know until the details are released.

- In the weeks ahead, economic data will come thick and fast UK data covers everything from economic growth in Q 3 2020 (expected at 155 to public sector net borrowing (expected to grow dramatically to 263 bn from 216 bn), to exports, housing, lending and money supply Market expectations for some of these figures have not yet been released. The economic calendar in Europe is very bare, the only notable data releases include Consumer confidence (still very low at 18 3 down from 17 6 and the Market Manufacturing PMI (expected unchanged at 55 5 The US has a flurry of data releases Q 3 Annualised GDP growth (exp33 1 spending data, PMIs and labour market data Despite a rise in COVID 19 cases, the US seems to push on economically, however sentiment may be starting to decline the University of Michigan Sentiment index is expected to decline to 80 9 from 81 4.

- GDP grew (16.0%) in Quarter 3 2020, revised up from the first estimate of 15.5% and compared to the previous quarter decline of 18.8%.

- Services output bounced back by 14.7% after the record fall of 18.2% in Q2 2020. This is still 8.8% lower than the level of services output in Q3 2019.

- The 14.7% increase in production output in Q3 2020 was driven by an increase in all four production sub-industries. That being said, production output is still 6.5% lower than the same quarter a year earlier.

- Construction output grew 41.2% in Q3 2020, driven by the increase in new work as well as repair and maintenance as construction sites reopen due to easing lockdown restrictions

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APPENDIX F

ARLINGCLOSE ECONOMIC & INTEREST RATE FORECAST December 2020

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit, whatever the outcome of current negotiations, will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically-generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the deployment of vaccines or if the UK leaves the EU without a deal..

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level. Arlingclose judges that the risks are weighted to the downside.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period comes to an end.

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.35	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r:													
Upside risk	0.05	0.05	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.40	0.40	0.40	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.35	0.30	0.30	0.30	0.30	0.30	0.35	0.40	0.40	0.45	0.50	0.50	0.55
Downside risk	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
5yr gilt yield													
Upside risk	0.20	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	-0.05	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.25	0.25	0.30	0.30	0.30
Downside risk	0.50	0.50	0.50	0.50	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.25	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.60	0.60
Arlingclose Central Case	0.20	0.25	0.25	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55
Downside risk	0.40	0.45	0.45	0.50	0.50	0.55	0.50	0.50	0.50	0.50	0.50	0.50	0.50
20yr gilt yield													
Upside risk	0.25	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.60	0.60
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75
Downside risk	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
50yr gilt yield													
Upside risk	0.25	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.60	0.60
Arlingclose Central Case	0.45	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.60	0.60	0.60
Downside risk	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

APPENDIX G

GLOSSARY OF TERMS

Authorised Limit - This Prudential Indicator represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need, with some headroom for unexpected movements.

Bank Rate – the rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.

Counterparty – one of the opposing parties involved in a borrowing or investment transaction

Covered Bonds - Debt instruments secured by assets such as mortgage loans. These loans remain on the issuer's balance sheet and investors have a preferential claim in the event of the issuing institution defaulting.

Credit Rating – A qualified assessment and formal evaluation of an institution's (bank or building society) credit history and capability of repaying obligations. It measures the probability of the borrower defaulting on its financial obligations, and its ability to repay these fully and on time.

Discount – Where the prevailing interest rate is higher than the fixed rate of a long term loan, which is being repaid early, the lender can refund the borrower a discount, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.

Fixed Rate Funding - A fixed rate of interest throughout the time of the loan. The rate is fixed at the start of the loan and therefore does not affect the volatility of the portfolio, until the debt matures and requires replacing at the interest rates relevant at that time.

Gilts - The loan instruments by which the Government borrows. Interest rates will reflect the level of demand shown by investors when the Government auctions Gilts.

LIBID (London Interbank Bid Rate) – This is an average rate, calculated from the rates at which individual major banks in London are willing to borrow from other banks for a particular time period. For example, 6 month LIBID is the average rate at which banks are willing to pay to borrow for 6 months.

LIBOR (London Interbank Offer Rate) – This is an average rate, calculated from the rates which major banks in London estimate they would be charged if they borrowed from other banks for a particular time period. For example, 6 month LIBOR is the average rate which banks believe they will be charged for borrowing for 6 months.

Liquidity – The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short-term financial obligations.

LOBO (Lender Option Borrower Option) – This is a type of loan where, at various periods known as call dates, the lender has the option to alter the interest rate on the loan. Should the lender exercise this option, the borrower has a corresponding option to repay the loan in full without penalty.

Maturity Profile/Structure - an illustration of when debts are due to mature, and either has to be renewed or money found to pay off the debt. A high concentration in one year will make the Council vulnerable to current interest rates in that year.

Monetary Policy Committee – the independent body that determines Bank Rate.

Money Market Funds - Investment instruments that invest in a variety of institutions, therefore diversifying the investment risk.

Operational Boundary – This Prudential Indicator is based on the probable external debt during the course of the year. Actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the Authorised Limit is not breached.

Premium – Where the prevailing current interest rate is lower than the fixed rate of a long-term loan, which is being repaid early, the lender can charge the borrower a premium, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.

Prudential Code - The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

PWLB - Public Works Loan Board. Part of the Government's Debt Management Office, which provides loans to public bodies at rates reflecting those at which the Government is able to sell Gilts.

Specified Investments - Sterling investments of not more then one-year maturity. These are considered low risk assets, where the possibility of loss of principal or investment income is very low.
Non-specified investments - Investments not in the above, specified category exceeding one year or outside our minimum credit rating criteria.

Treasury Bills - These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low.

Treasury Management Risks – These are the risks to the Council's treasury activities.

Credit and counterparty risk - Managing risk to principal sums deposited by setting a counterparty policy in respect of organisations it may deposit funds with, including restrictions to entity/banking group limits, instruments and methods used, and term of deposits.

Liquidity risk - Ensuring sufficient (though not excessive) cash resources are available to achieve business and service objectives, including understanding the immediate and medium-term cash flow profile, being able to react to change in forecasts or the economic outlook, and putting arrangements in place to safeguard public services.

Interest rate risk - Managing exposure to interest rate volatility, including the use of instruments and methods that provide stability and cost certainty, retaining flexibility to react to change in authorities and the economic outlook, and limiting lender options to increases.

Refinancing risk - Managing the maturity profile of investment and loan portfolios, as well as keeping under consideration options to repay loans/recall investments where favourable, including time-limits for loan/investment maturity, the regular review of settlement opportunities, and avoiding overreliance on any single source of financing.

Legal and regulatory risk - Ensuring that treasury activities comply with statutory powers and regulatory requirements, including ability to demonstrate compliance, evidence of authority to transact, and where possible, seeking to minimise the impact of any future legislative or regulatory changes.

Fraud, error and corruption, and contingency management - Identification of circumstances that may expose the authority to fraud, error and corruption, including systems to detect suspicious activity, procedures to deal with occurrences, and contingent arrangement to ensure service objectives are fulfilled.

Market risk - Managing the impact of a change in the economic climate including limiting exposure to instruments that may be subject to adverse market fluctuations, revaluation of financial instruments in times of market stress, and seeking to protect the authority from the effects of economic market volatility.

Variable Rate Funding - The rate of interest either continually moves reflecting interest rates of the day, or can be tied to specific dates during the loan period. Rates may be updated on a monthly, quarterly or annual basis.

Volatility - The degree to which the debt portfolio is affected by current interest rate movements. The more debt maturing within the coming year and needing replacement, and the more debt subject to variable interest rates, the greater the volatility.

Yield Curve - A graph of the relationship of interest rates to the length of the loan. A normal yield curve will show interest rates relatively low for short-term loans compared to long-term loans. An inverted Yield Curve is the opposite of this.

Luton

Item No:
10

Report For:	**Executive**
Date of Meeting:	20 January 2021
Report Of:	**Service Director Finance & Revenues & Benefits**
Report Author:	**Darren Lambert, Finance & Business Partner**
Subject:	Proposed Scale of Charges for 2021-2022
Lead Executive Member(s):	Councillor Malcolm
Wards Affected:	All
Consultations:	Councillors ☑ Scrutiny ☑ Stakeholders ☑ Others ☐

Recommendations

1. **Executive are recommended to approve the Scales of Fees & Charges proposed for 2021/22**.

Background

2. The Council's Fees and Charges Framework guides the annual review of the Council's fees and charges. The main principles in the framework include:

   - setting charges that strive to cover the full cost of the service provided, where possible.
   - setting charges at a level that is fair to users and council tax payers, whilst ensuring inclusivity by offering concessions to the disadvantaged
   - setting charges within the guiding principles of fairness, viability and consistency.

3. Income from charges remains vital to setting a balanced budget and maintaining the future provision of services. The Covid-19 pandemic has had a significant impact on the Council's fees and charges income during 2020-21 and it is likely that this impact will still have an impact in some areas, such as parking, for some time. The Government have compensated the Council for 75% of income losses, after the Council has covered the first 5% of any losses, for some specific sales, fees and charges in 2020-21, and also announced in the recent Spending Review that this compensation scheme would be extended for the first three months of 2021-22.

The Current Position

4. The Council sets fees and charges for services or functions that are used by sections of the community, as opposed to services that provide a general benefit for the community as a whole. This is to ensure fairness, so that Council Taxpayers are not unduly subsidising the particular interests of individuals, or the work of commercial companies.

5. The continued reductions in Revenue Support Grant and the level of savings required to balance each year's budget continues to place a greater emphasis on the Council generating its own income to help meet the cost of providing services to the community. The income from chargeable services is an important component of this

and is vital for the Council's overall financial position and for the viability of providing discretionary services.

Goals and Objectives

6. To ensure that fees & charges are updated to take account of cost inflation and to ensure maximum recovery of costs is achieved where possible, whilst ensuring access to services for the whole community through appropriate targeted concessions.

Proposal

7. Managers have reviewed their current charges and income levels against their estimated costs and expected service activity for 2021/22, to determine the proposed charges to apply from 1st April 2021, or an alternative date where specified. Charges have been updated during the annual review in line with the latest departmental service plans including the expected levels of demand for each service.

8. Specific charges and income yield are influenced by many factors including:

- the core principles set out in the charging framework
- charges determined by statute or regulatory frameworks, where no discretion is available and limited increases or no increases are proposed.
- benchmarking comparisons indicating that existing charges are already at upper limits
- customer demand, customer resistance and competition
- concession policies

This naturally leads to a varied range of increases across around a thousand individual charges included in the review.

9. The proposals for 2021/22 include some new charges and some deletions reflecting where charges are no longer relevant or where regulations have changed. These are not significant in overall terms and are not expected to have any major impact on current budgeted income levels, but should help to maintain current income levels or improve overall cost recovery in the service.

10. The headline table below summarises the estimated income generated by each department from the proposed charges for 2021/22 and the estimated costs of the functions provided. The percentage increases shown in the table are high-level averages of what may be a diverse range of underlying charges. A lower level breakdown by main service within each department is included at Appendix A and the full detailed charging schedules are included at Appendices 1 to 4 of this report

Department	Current Cost of Services £'000	Total est. Income from 2020/21 proposed charges £'000	Additional est. income 2021/22 from proposed charges £'000	Average % increase in income per Department
Chief Executive	1,969.7	1,607.5	0	0%

Children, Families & Education	1,789.3	570.5	10.5	1.8%
Population Wellbeing	35,939.0	4,119.6	116.8	2.8%
Inclusive Economy	11,270.0	9,644.8	66.4	0.7%
Total LBC	**50,968.0**	**15,942.4**	**193.7**	**1.2%**

11. Estimated Additional Income (based on actuals): The proposed charges for 2021/22 indicate an additional estimated income yield of £193.7k, a 1.2% increase on the total current income level from charges. This relates mainly to:

- Adult Social Care £106.5k (see Appendix 3 for detailed changes)
- Trade and Clinical Waste £23.1k (see Appendix 4(xix))
- Cemeteries & Crematorium £17.2k (see Appendix 4(xii))
- Licensing £13.7k (reported to Administration & Regulation Committee for approval)
- Music Service £10.5k (see Appendix 2)

12. 2021/22 Budget Impact: The final impact on the Council's budget position for 2021/22 will also be affected by any difficulties reported by services in meeting the current level of budgeted income. A number of services have reported issues in this year's monitoring, including car parking, the revenues and benefits service, Lifelines and licensing, and this will absorb the majority of the additional income shown in the above table and at Appendix A. The impact for the 2021/22 Budget is therefore estimated to be considerably lower at around 5.4% of the overall increased yield total: circa £10.5k, being the income proposed by the Music Service.

Specific Proposals

13. Car Parking, On and Off Street – Parking charges were increased significantly (in excess of 10%) in April 2020. For that reason, and due to the impact of the Covid pandemic where the service has lost in excess of £1m in this financial year, it is not proposed to increase parking charges in 2021/22.

14. Business Intelligence – The service is proposing to increase charges by 8% across all charges for street naming and numbering because benchmarking has showed that Luton's charges are lower than other authorities (see Appendix 3 and the Integrated Impact Assessment at Appendix B), the aim being to move towards a cost neutral service.

15. DBS & Payroll – above inflation increases are proposed although all charges relate to organisations rather than individuals (see Appendix 4(i)). The aim is to move towards at least a cost neutral service.

16. Development Control – a new range of charges are proposed for administering the application process, to ensure that the Council will recover costs incurred (see Appendix 4(iii) and Appendix D. These charges are also aimed as a deterrent to try to ensure that applicants submit valid applications at the first time of asking and through the most efficient route. Development Control proposed charges will also be reported to Development Control Committee for approval.

17. The detailed charging schedules to be approved by the Executive are included in Appendices 1-4 of this report.

Key Risks

18. Customer resistance to proposed increases, leading to reduced take up or loss of business.

19. Not increasing the income yield from charges in line with expected cost inflation on the provision of services, leading to increased pressures on the Council's budget. Wherever possible, expected cost increases have been considered in setting the proposed charges for 2021/22.

20. Delivering discretionary services to the community that are economically viable, whilst maintaining charges that are affordable, fair and inclusive.

21. There is the potential that the impact of the Covid-19 pandemic could continue into 2021/22, which may affect the ability of services to generate income.

Consultations

22. Appropriate consultation has been undertaken where any significant changes are being proposed.

23. Integrated Impact Assessments have been completed for 1 area of charge at this review and are appended to this report:

- Street Naming and Numbering (Appendix B)

Alternative options considered and rejected (please specify)

24. The Executive can accept, reject or amend the report.

Appendices Attached

Appendix A - Summary of Income Yield and Costs 2021/22 (detailed schedules at Appendices 1-4)
Appendix B – Street Naming and Numbering Integrated Impact Assessment
Appendix C – Development Control Integrated Impact Assessment
Appendices 1-4 – Detailed Charging Schedules, by Department

List of Background Papers - Local Government Act 1972, Section 100D

25. Service Manager working papers

<u>Implications - an appropriate officer must clear all statements</u>

Required

Item	Details	Clearance Agreed By	Dated
Legal	As indicated in this report, many of the charges levied by the Council are imposed by law. This means that the Council has no discretion and	Angela Claridge	12 January 2021

Item	Details	Clearance Agreed By	Dated
	must amend its scale of charges in accordance with the fee set by law. Where a fee is not set by law the Council may only make such charge as is reasonable based on all relevant factors. Any increase may only be such as is reasonable given the purpose of the charge concerned and, where there is guidance on the level of a particular charge or increase in that charge, the Council should not depart from that guidance without showing clear reasons for doing so, supported by appropriate evidence	(Monitoring Officer)	
Finance	The proposed charges take account of price inflation and other relevant cost factors, to work toward achieving full cost recovery on individual services where possible. However, this is influenced by a number of factors that limit the charges and the income that can be raised from them.	Dev Gopal, Service Director Finance & Audit	11 January 2021
Equalities / Cohesion / Inclusion (Social Justice)	IIAs have been completed for Street Naming and Numbering and Development Control, both of which have a neutral impact	**Maureen Drummond**, Cohesion and Equalities Adviser	12 January 2021
Environment	There are no direct environmental implications to this report. Carbon reduction and climate change implications will become a key component of future charging decisions	Shaun Askins – Service Manager Strategy & Sustainability	11th January 2021
Health	There are no direct health implications to this report.	Lucy Hubber Director of Public Health	12/01/2020

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

2021/22 Scale of Charges Review - Summary of Income Yield and Costs from Proposed Charges

Appendix A

Department/Service Director	Chargeable Services	Appendix Ref: Appx No.	Appendix Ref: Page Number(s)	2020/21 Current: Cost of Services	2020/21 Current: Income from approved charges	Change from Proposed 2021/22 Charges: Average % Increase in charges	Change from Proposed 2021/22 Charges: Addnl Income Yield	Change from Proposed 2021/22 Charges: % Increase in Income Yield	Notes on Charging Groups
				£'000	£'000		£'000		
GENERAL FUND SERVICES									
Policy, Communities & Engagement	Electors & Elections, Use of Facilties & Street Naming	1		£1.4	£0.5	1.8%	£0.0	1.8%	occasional use only. Income is minimal
	Community Centres	1		£511.0	£500.0	0.0%	£0.0	0.0%	No proposed increases
Finance	Interest Charges	1		£0.0	£0.0	0.0%	£0.0	0.0%	charge is an incentive for prompt payment - rarely used
Revenues	Recovery Fees, Deputyship	1		£1,361.5	£1,038.8	0.0%	£0.0	0.0%	No proposed increases
Legal Services	Land Charges & Conveyancing	1		£95.8	£68.2	0.4%	£0.0	0.0%	No change in Local Land Charges. Reply to solicitors enquiries up from £65 to £70p hr
Total Chief Executive's Department				**£1,969.7**	**£1,607.5**		**£0.0**	**0.0%**	
Children & Family Servs	Music Service, Contact Centre	2		£1,789.3	£570.5	2.1%	£10.5	1.8%	inflationary increase only
Total Childrens Families & Education Department				**£1,789.3**	**£570.5**		**£10.5**	**1.8%**	
Housing	Private Sector Housing & Lifeline charges	3		£358.5	£476.9	1.5%	£8.1	1.7%	Charges generally increased by inflation. Any additional income will contribute towards existing targets
Director of Public Health	Business Intelligence	3		£46.0	£28.0	8.0%	£2.2	8.0%	All charges increased by 8% (see IIA). Any additional income will contribute towards existing targets
Adult Social Care	Day Care & Non-Resiential Services	3		£35,534.5	£3,614.7	2.1%	£106.5	2.9%	Increases in line with inflation. Any additional income will go towards meeting existing targets
Total Population Wellbeing Department				**£35,939.0**	**£4,119.6**		**£116.8**	**2.8%**	
Customer & Organisational Development	DBS & Payroll	4(i)		£124.1	£191.7	9.7%	£0.0	0.0%	Above inflation increases. Any additional income will contribute towards existing targets
Inclusive Growth	Adult Learning	4(ii)		£1,940.0	£160.0	0.0%	£0.0	0.0%	Charges are based on market rates. Service is also funded by £2.1m grant
Sustainable Development	Development Control & Pre- Application	4(iii)		£112.8	£98.4	4.8%	£0.0	0.0%	New charges proposed for registering applications by e-mail or as hard copies (as a deterrent). Income is expected to be minimal
Property & Infrastructure	Adoptable Highways, Developer Access & Road Closures	4(iv)		£45.0	£45.0	0.0%	£0.0	0.0%	Main charges are based on a % of work and no increase proposed
Sustainable Development/Property & Infrastructure	Building Control, Land and Property	4(v)		£488.3	£441.3	7.5%	£0.0	0.0%	Only increase is minimum disposal price per transaction to reflect newly adopted disposal policy - no IIA as only occasional use
Neighbourhood Services	Licensing	4(vi)		£713.2	£772.5	0.9%	£13.7	0.0%	Increases generally in line with inflation. Some charges above inflation (Vehicle Licence Plate System) - see IIA. Any additional income will contribute towards existing targets
Neighbourhood Services	Parking Services			£2,547.9					
	Off Street Parking	4(vii)			£820.0	0.0%	£0.0	0.0%	No proposed increases. New statutory charge for removal, storage and disposal of vehicles. Bute St added; Burr St removed
	On Street Parking	4(vii)			£826.8	0.0%	£0.0	0.0%	No proposed increases. New Tariff added - Kimpton Rd (Tariff 13)
	Penalties	4(vii)			£1,150.1	0.0%	£0.0	0.0%	statutory charge - no increase
Neighbourhood Services	Pest Control, Food, Env. Health & Env Protection	4(viii)		£918.7	£433.4	1.5%	£4.6	0.0%	Charges increased in line with inflation, to help achieve existing income targets
Neighbourhood Services	Registration Services	4(ix)		£604.3	£367.6	1.5%	£1.9	0.0%	mix of statutory & discretionary fees. General increase in line with inflation to help achieve existing income targets
Neighbourhood Services	Trading Standards, Abandoned Vehicles & Highways Licenses	4(x)		£483.6	£54.4	0.2%	£0.3	0.0%	mix of statutory & discretionary fees. Combination of inflationary increases & no change
Neighbourhood Services	Use of Town Centre spaces	4(xi)		-	-	0.0%	£0.0	0.0%	No proposed increases
Neighbourhood Services	Cemeteries and Crematorium	4(xii)		£1,023.0	£2,147.8	0.8%	£17.2	0.8%	Mix of inflationary increases or no increase, to help achieve existing income targets
Sustainable Development	Fleet Transport	4(xiii)		£205.0	£260.0	0.0%	£0.0	0.0%	main fees are regulatory - no increase proposed
Property & Infrastructure	Highway's Orders, Licences and Inspections	4(xiv)		£94.3	£285.9	1.2%	£3.4	1.2%	Mix of statutory & discretionary, main income is vehicle crossovers and NRASWA fees. Any additional income will offset cost increases
Property & Infrastructure	Highways Regional Permit Scheme	4(xv)		£244.1	£290.0	0.0%	£0.0	0.0%	regional scheme, no increase proposed
Neighbourhood Services	Parks Facilities & Events	4(xvi)		£173.0	£31.8	1.7%	£0.5	1.7%	range of inflationary increases proposed to work toward fuller cost recovery
Neighbourhood Services	Parks Sport	4(xvii)		£162.2	£36.5	1.5%	£0.5	1.5%	inflation based increases proposed, to help achieve existing income targets
Sustainable Development	Passenger Transport Unit	4(xviii)		£10.3	£25.4	0.0%	£0.0	0.0%	No proposed increases
Neighbourhood Services	Household Waste	4(xix)		£143.7	£48.8	2.1%	£1.0	2.1%	inflation based increases proposed toward fuller cost recovery. Any additional income will go towards meeting existing targets
Neighbourhood Services	Trade & Clinical Waste	4(xix)		£1,236.7	£1,157.5	2.0%	£23.1	2.0%	inflation based increases proposed toward fuller cost recovery. Any additional income will go towards meeting existing targets
Total Inclusive Economy				**£11,270.0**	**£9,644.8**		**£66.4**	**0.7%**	
Total General Fund Services				**£50,968.0**	**£15,942.4**		**£193.7**	**1.2%**	

Appendix B Integrated Impact Assessment Form (IIA) Luton

The key aim of an impact assessment is to ensure that all council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'

Why do I need to do an Integrated Impact Assessment (IIA)?

The aim of this impact assessment process is to:

- ensure adherence to the legal duties contained within the Equality Act 2010 and associated public sector duty to analyse the impact of decisions to be undertaken by council
- ensure the council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens
- minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key council priorities of Inclusion and Community Cohesion
- ensure that the council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The impact table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, eg there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the Social Justice Unit (SJU) by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the SJU for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to executive, where required, for further consideration and approval – at this stage it will be signed off as completed by the SJU.

If you need further guidance please contact the SJU. Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Appendix B Integrated Impact Assessment Form (IIA) Luton

Proposal title:	Street Naming and Numbering
Lead officer name:	Zoe Bulmer
Date of IIA:	3rd December 2020

Date updated after consultation:	
Early draft seen by: (Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)	

Finalised IIA signed and seen by SJU :	
Name:	
Date	

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: (Please note the IIA must not be carried out by one person)	Kat Barker, Data and Systems Manager
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	No impact on staffing

Proposal outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.
Street naming and numbering is a statutory service managing the local land property gazetteer. Applications are mainly made by developers, though there are a small number of applications from householders to change their house name. A review last year revealed that Luton's charged considerably less than other local authorities. Charges were increased significantly, with the intention to keep increasing these until they are similar to other local councils. However, the charge for householders to change their house name was removed. At the same time the service offered has been reviewed, with a new online form developed and a new policy, which has also sped up applications. It is proposed to increase the charges this year by 8%, with a larger review next year to consider if a further increase is required. The aim is to make the service cost neutral for the council.

Impact table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the council's social, environmental and economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected groups	Citizens/community			Staff (for HR related issues)		
	Positive	Negative	Neutral	Positive	Negative	Neutral
Race			x			
Sex			x			
Disability			x			
Sexual orientation			x			
Age			x			
Religion/belief			x			
Gender reassignment			x			
Pregnancy/maternity			x			
Marriage/civil partnership (HR issues only)						
Care responsibilities[2] (HR issues only)						
Social and health[3]						
Impact on community cohesion			x			
Impact on tackling poverty			x			
Impact on health and wellbeing			x			
Environment						
Impact on the quality of the natural and built environment			x			
Impact on the low carbon agenda			x			
Impact on the waste hierarchy			x			
Economic/business						
Impact on Luton's economy and/or businesses			x			
Impact on jobs			x			
Impact on skills			x			

[1] "Significant impact" means that the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the nine protected characteristics covered under the Equality Act 2010 and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Please answer the following questions:

1. Research and consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
There is no demographic aspect to the street naming and numbering service.
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance notes: if you have not yet undertaken any consultation you may wish to speak to the Consultation team first as a lack of sufficient consultation could place the council at risk of legal challenge. **Click here for the council Consultation Portal**
The limited numbers involved means consultation is not required. If the review next year decides to significantly increase charges then the consultation team should be requested to provide advice, however they have previously advised that the small numbers and limited nature of the service means that consultation is not required beyond the normal budget setting process.
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in action plan at end of the document.
For advice and support from Consultation team click here
As above

2. Impacts identified
2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.
Guidance notes: by positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?
The affected group do not share any characteristics
2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.
Guidance notes: by negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?
The affected group do not share any characteristics
2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.
Guidance notes: by neutral impact we mean that there will be no noticeable impact on people sharing a characteristic.
The affected group do not share any characteristics

3. Social and health impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider any possible impacts on looked after children.**
Guidance notes: please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below. **For advice and support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**
Not applicable

[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.
[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, eg due to poverty, low income and/or in areas of high deprivation
[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment impacts
4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected
Guidance notes: is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below: **Waste hierarchy**   **For advice and support from the Strategy and Sustainability team click here**
Not applicable

[7] Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?
[8] Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic impacts
5.1. If you have identified any impacts related to Luton's economy and businesses[9], creating jobs[10] or improving skill levels[11], please describe here what this may be and who or where you believe could be affected
Guidance notes: please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below. **For advice and support on Economic Development click here**
Not applicable

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the council, support new business opportunities?
[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.
[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Impact enhancement and mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible officer	Intended outcome	Date completed / ongoing

A review of the action plan will be prompted six months after the date of completion of this IIA.

Key contacts

Name	Position

Next steps

- All executive reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of executive reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the SJU, Legal Department, Public Health and Strategy and Sustainability Unit for sign off in time for executive deadline
- On the rare occasion that the SJU are unable to sign off the report, eg recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit manager or Equality and Diversity Policy manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful documents

- Corporate plan
- Equality charter
- Social Justice framework
- Joint Strategic Needs Assessment (JSNA)

Appendix C Integrated Impact Assessment Form (IIA) Luton

The key aim of an impact assessment is to ensure that all council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'

Why do I need to do an Integrated Impact Assessment (IIA)?

The aim of this impact assessment process is to:

- ensure adherence to the legal duties contained within the Equality Act 2010 and associated public sector duty to analyse the impact of decisions to be undertaken by council
- ensure the council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens
- minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key council priorities of Inclusion and Community Cohesion
- ensure that the council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The impact table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, eg there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the Social Justice Unit (SJU) by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the SJU for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to executive, where required, for further consideration and approval - at this stage it will be signed off as completed by the SJU.

If you need further guidance please contact the SJU. Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Integrated Impact Assessment Form (IIA)

Luton

Proposal title:	Scale of charges - Licensing Service fees
Lead officer name:	Aaron Wiltshire
Date of IIA:	12th November 2020

Date updated after consultation:	
Early draft seen by: (Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)	

Finalised IIA signed and seen by SJU :	
Name:	
Date	

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: (Please note the IIA must not be carried out by one person)	Statutory fees or set locally on the basis of full cost recovery.
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	No.

Integrated Impact Assessment Form (IIA)

Luton

Proposal outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.
The licensing fees are proposed in line with inflation annually which are then considered and approved by members. Licensing Service is cost neutral and the fees are set to cover the costs of maintaining, processing and issuing of the respective licences. This will include costs which are associated with any supplier costs such as taxi plates and taxi badges. Any increase of supply costs will then be reflective in the next year's charges with the respective licence fee. The charges within the scale of charges for 21/22 under vehicle licence plate system for hackney carriage licence and private hire licence respectively are shown to reflect and recoup those supplier charges for those materials to issue these licences, also including the materials from suppliers for the production of hackney carriage and private hire licences.

Integrated Impact Assessment Form (IIA)

Luton

Impact table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the council's social, environmental and economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected groups	Citizens/community			Staff (for HR related issues)		
	Positive	Negative	Neutral	Positive	Negative	Neutral
Race			x			
Sex			x			
Disability			x			
Sexual orientation			x			
Age			x			
Religion/belief			x			
Gender reassignment			x			
Pregnancy/maternity			x			
Marriage/civil partnership (HR issues only)			x			
Care responsibilities[2] (HR issues only)			x			
Social and health[3]						
Impact on community cohesion			x			
Impact on tackling poverty			x			
Impact on health and wellbeing			x			
Environment						
Impact on the quality of the natural and built environment			x			
Impact on the low carbon agenda			x			
Impact on the waste hierarchy			x			
Economic/business						
Impact on Luton's economy and/or businesses			x			
Impact on jobs			x			
Impact on skills			x			

[1] ~~"Significant impact" means that~~ the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the nine protected characteristics covered under the Equality Act 2010 and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Integrated Impact Assessment Form (IIA)

Luton

Please answer the following questions:

1. Research and consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
Bench marking of nearest neighbour authorities' fees was undertaken. Ultimately fees are set locally on cost recovery unless they are statutory set fees.
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance notes: if you have not yet undertaken any consultation you may wish to speak to the Consultation team first as a lack of sufficient consultation could place the council at risk of legal challenge. **Click here for the council Consultation Portal**
No - the fees that are open to public consultation are advertised as a public notice and if representations are received then these are remitted back to the Admin and Regulation committee for consideration
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in action plan at end of the document.
For advice and support from Consultation team click here
No - Inline with legislation requirements fees for private hire, hackney carriage vehicle and private hire operator are to be advertised in the local newspaper of the proposed fees.

Integrated Impact Assessment Form (IIA)

Luton

2. Impacts identified
2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.
Guidance notes: by positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?
N/A
2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.
Guidance notes: by negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?
N/A
2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.
Guidance notes: by neutral impact we mean that there will be no noticeable impact on people sharing a characteristic.
Fees are set to cover the cost of processing and maintaining of the respective licence application, regardless of protected characteristics or demographic and anybody has the right to apply for a licence in line with the statutory provisions.

Integrated Impact Assessment Form (IIA)

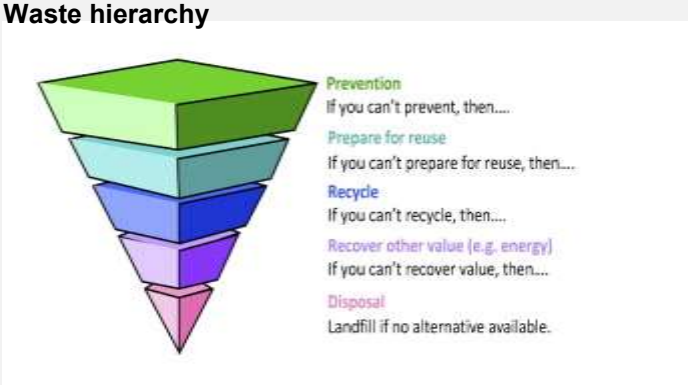
Luton

3. Social and health impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider any possible impacts on looked after children.**
Guidance notes: please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below. **For advice and support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**
N/A

[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.

[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, eg due to poverty, low income and/or in areas of high deprivation

[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment impacts
4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected
Guidance notes: is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below: **Waste hierarchy**    **For advice and support from the Strategy and Sustainability team click here**
N/A

[7] Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?

[8] Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic impacts
5.1. If you have identified any impacts related to Luton's economy and businesses[9], creating jobs[10] or improving skill levels[11], please describe here what this may be and who or where you believe could be affected
Guidance notes: please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below. **For advice and support on Economic Development click here**
N/A

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the council, support new business opportunities?

[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.

[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Integrated Impact Assessment Form (IIA)

Luton

Impact enhancement and mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible officer	Intended outcome	Date completed / ongoing

A review of the action plan will be prompted six months after the date of completion of this IIA.

Key contacts

Name	Position
Aaron Wiltshire	Licensing & Compliance Manager.

Integrated Impact Assessment Form (IIA)

Luton

Next steps

- All executive reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of executive reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the SJU, Legal Department, Public Health and Strategy and Sustainability Unit for sign off in time for executive deadline
- On the rare occasion that the SJU are unable to sign off the report, eg recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit manager or Equality and Diversity Policy manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful documents

- Corporate plan
- Equality charter
- Social Justice framework
- Joint Strategic Needs Assessment (JSNA)

Appendix D Integrated Impact Assessment Form (IIA) Luton

The key aim of an impact assessment is to ensure that all council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'

Why do I need to do an Integrated Impact Assessment (IIA)?

The aim of this impact assessment process is to:

- ensure adherence to the legal duties contained within the Equality Act 2010 and associated public sector duty to analyse the impact of decisions to be undertaken by council
- ensure the council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens
- minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key council priorities of Inclusion and Community Cohesion
- ensure that the council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The impact table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, eg there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the Social Justice Unit (SJU) by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the SJU for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to executive, where required, for further consideration and approval – at this stage it will be signed off as completed by the SJU.

If you need further guidance please contact the SJU. Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Appendix D Integrated Impact Assessment Form (IIA) Luton

Proposal title:	Non-statutory Planning Service Fee Increase
Lead officer name:	Sunny Sahadevan
Date of IIA:	10/12/2020

Date updated after consultation:	N/A
Early draft seen by: (Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)	

Finalised IIA signed and seen by SJU :	
Name:	
Date	

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: (Please note the IIA must not be carried out by one person)	Peer Review Team – Oct 2019
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	N/A

Proposal outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.

The proposed introduction of various charges are to non-statutory functions of the Development Management Service.

They include new charges for a “fast-track” service, which will provide additional choice to customers beyond current choices. This is an additional expense to the Council and the proposed charges are a means through which these additional costs can be recovered.

Other proposals such as increasing existing charges on matters such as retrieving documents, providing advice and charging for registering applications submitted directly to the Council is as a result of further analysis of actual costs incurred for providing this service. It is considered that the proposed new rates better reflect this relationship.

The final proposed change relate to a new charge to be imposed for applications that are persistently submitted to the Council in an “invalid” state. When an application is first submitted Development Management can offer a free service in identifying all the issues that need to be addressed in making the application “valid”. In some cases, after this free advice applicants fail to address the reasons for invalidity and applications are re-submitted persistently in an invalid state. This has significant costs implications for the service. The introduction of a fee after for further assistance on making the application valid, after the initial free advice, would be an appropriate way to recover some of the costs incurred by the Council and to also incentivise applicants and agents to rectify their applications first time around.

All users of the Planning Service will be impacted by this proposal. This will include members of the public, developers and business. As such, there will not be any specific groups affected more than any other group.

Impact table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the council's social, environmental and economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected groups	Citizens/community			Staff (for HR related issues)		
	Positive	Negative	Neutral	Positive	Negative	Neutral
Race			x			
Sex			x			
Disability			x			
Sexual orientation			x			
Age			x			
Religion/belief			x			
Gender reassignment			x			
Pregnancy/maternity			x			
Marriage/civil partnership (HR issues only)			x			
Care responsibilities[2] (HR issues only)			x			
Social and health[3]						
Impact on community cohesion			x			
Impact on tackling poverty			x			
Impact on health and wellbeing			x			
Environment						
Impact on the quality of the natural and built environment			x			
Impact on the low carbon agenda			x			
Impact on the waste hierarchy			x			
Economic/business						
Impact on Luton's economy and/or businesses			x			
Impact on jobs			x			
Impact on skills			x			

[1] "Significant impact" means that the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the nine protected characteristics covered under the Equality Act 2010 and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Please answer the following questions:

1. Research and consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
Yes, fee charges other Council's are charging for a similar service
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance notes: if you have not yet undertaken any consultation you may wish to speak to the Consultation team first as a lack of sufficient consultation could place the council at risk of legal challenge. **Click here for the council Consultation Portal**
No
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in action plan at end of the document.
For advice and support from Consultation team click here
No

2. Impacts identified
2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.
Guidance notes: by positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?
N/A
2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.
Guidance notes: by negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?
N/A
2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.
Guidance notes: by neutral impact we mean that there will be no noticeable impact on people sharing a characteristic.
There is no evidence currently available to suggest that the fee increases/introductions will have a noticeable impact, either positive or negative, on the groups identified above.

3. Social and health impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider any possible impacts on looked after children.**
Guidance notes: please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below. **For advice and support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**

[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.
[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, eg due to poverty, low income and/or in areas of high deprivation
[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment impacts
4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected
Guidance notes: is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below: **Waste hierarchy**   **For advice and support from the Strategy and Sustainability team click here**

[7] Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?
[8] Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic impacts
5.1. If you have identified any impacts related to Luton's economy and businesses[9], creating jobs[10] or improving skill levels[11], please describe here what this may be and who or where you believe could be affected
Guidance notes: please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below. **For advice and support on Economic Development click here**
No positive or negative aspects have been specifically identified for economic impacts.

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the council, support new business opportunities?
[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.
[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Impact enhancement and mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible officer	Intended outcome	Date completed / ongoing
Ongoing monitoring of the take-up of charges and the generation of additional income to cover Council costs to ensure that it is cost neutral.	On- going	Head of Planning	To ensure that the changes are cost neutral and the Council's costs are being covered.	Authority Monitoring Report (AMR)

A review of the action plan will be prompted six months after the date of completion of this IIA.

Key contacts

Name	Position
Sunny Sahadevan	Head of Planning

Next steps

- All executive reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of executive reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the SJU, Legal Department, Public Health and Strategy and Sustainability Unit for sign off in time for executive deadline
- On the rare occasion that the SJU are unable to sign off the report, eg recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit manager or Equality and Diversity Policy manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful documents

- Corporate plan
- Equality charter
- Social Justice framework
- Joint Strategic Needs Assessment (JSNA)

SCALE OF CHARGES WORKING PAPER-PROPOSED CHARGES TO APPLY FROM APRIL 2021
CHIEF EXECUTIVE - POLICY, COMMUNITIES & ENGAGEMENT

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
DEMOCRACY					
SALE OF REGISTER OF ELECTORS					
Register and Notices of Alteration - Printed format		10.00 *	10.00 *	0.0	
+ additional charge for each 1,000 entries or part thereof		5.00 *	5.00 *	0.0	
Register and Notices of Alteration - Data format		20.00 *	20.00 *	0.0	
+ additional charge for each 1,000 entries or part thereof		1.50 *	1.50 *	0.0	
List of Overseas Electors - Printed format		10.00 *	10.00 *	0.0	
+ additional charge per 100 entries or part thereof		5.00 *	5.00 *	0.0	S
List of Overseas Electors - Data format		20.00 *	20.00 *	0.0	
+ additional charge per 100 entries or part thereof		1.50 *	1.50 *	0.0	
Marked copies of the Electoral Register - Printed format		10.00 *	10.00 *	0.0	
+ additional charge per 1000 entries or part thereof		2.00 *	2.00 *	0.0	
Marked copies of the Electoral Register - Data format		10.00 *	10.00 *	0.0	
+ additional charge per 1000 entries or part thereof		1.00 *	1.00 *	0.0	
COPIES OF CANDIDATES ELECTION EXPENSES					
The fee for inspecting a return or declaration of election expenses per The Rep. of the People (England and Wales) Regs 2001					
Statutory fee for each side each for A4 size page		0.20 +*	0.20 +*	0.0	S
HIRE OF TOWN HALL COMMITTEE ROOMS					
First 3 hours hire of room (excluding staffing cost)		68.00	70.00	2.9	
Each additional hour or part thereof (excluding staffing cost)		25.00	26.00	4.0	D
Daily Rate for up to 12 hours (incl.staff out of hours)		292.00	298.00	2.1	
HIRE OF EQUIPMENT					
Hire of Ballot Boxes	per box for 7 days	13.00	15.00	15.4	D
Hire of Polling Booth	per booth for 7 days	42.00	45.00	7.1	
Running of Elections for Other Organisations			On application		
LBC PROPERTY & LOCATIONS					
Filming on Council Property (internal and external)					
Applications received more than 5 working days before date of filming.					
Hourly rate		180.00 +	184.00 +	2.2	
4 to 6 hours (Half day)		411.00 +	419.00 +	1.9	D
7 Hours or more		720.00	734.00 +	1.9	
Filming on Council Property (internal and external) Large Scale Production (Crew 25+)					

SCALE OF CHARGES WORKING PAPER-PROPOSED CHARGES TO APPLY FROM APRIL 2021
CHIEF EXECUTIVE - POLICY, COMMUNITIES & ENGAGEMENT

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Applications received more than 5 working days before date of filming.				
4 to 6 hours (Half day)	1234.00 +	1,258.00 +	1.9	}
7 Hours or more	2056.00	2,095.00 +	1.9	}
				}
Applications received up to 5 days before date of filming	10% surcharge on fees.			}
				}
Discounts				}
Student filming as part of a recognised academic course : 100% discount on receipt of evidence and application form.				}
Charities: 100% discount				}
Amateur filming: 80% discount on receipt of evidence and application form.				}
Low budget films (under £10K) : 50% discount on receipt of evidence and application form.				}
				}
				}
Hourly rate for advice - M graded officers per hour / part thereof	80.00 ++	82.00 ++	2.5	}

Fees may be reduced or waived at the discretion of Sponsorship and Advertising Manager and the Portfolio Holder

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
FARLEY COMMUNITY CENTRE								
Main Hall Per Hour	23.50	11.85	35.25	23.50	11.85	35.25	0.0	
Small Hall (Room 4) per hour	18.85	9.30	28.30	18.85	9.30	28.30	0.0	
Single Room per hour	11.75	6.10	17.60	11.75	6.10	17.60	0.0	
Rooms 2 & 3 per hour	23.50	11.85	35.25	23.50	11.85	35.25	0.0	
Premium Rate	62.40		62.40	62.40		62.40	0.0	
Kitchen Standard Charge	30.40		£6.00 per hour on top of standard charge	30.40		£6.00 per hour on top of standard charge	0.0	
50+ Activities per person	2.60			2.60			0.0	
Tables per day (excluding transport)	5.15			5.15			0.0	
Chairs per day (excluding transport)	1.00			1.00			0.0	
Teas and coffees per person per day	1.65			1.65			0.0	
Teas and coffees and biscuits per person per day	2.70			2.70			0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

		2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Table Tennis (per table per hour)	Junior	3.60			3.60			0.0	
(Peak & off peak)	Adult	6.20			6.20			0.0	
Badminton (per court per hour)	Junior	3.60			3.60			0.0	
(Peak & off peak)	Adult	6.20			6.20			0.0	
									D
LEWSEY COMMUNITY CENTRE									
Main Hall per hour		32.50	20.90	48.70	32.50	20.90	48.70	0.0	
Part of Main Hall per hour		27.10	13.90	40.50	27.10	13.90	40.50	0.0	
Small Hall (Rooms 18 and 19):		21.00	10.50	31.50	21.00	10.50	31.50	0.0	
Single Room per hour		10.50	5.25	15.75	10.50	5.25	15.75	0.0	
Flat per hour		14.60	7.30	21.90	14.60	7.30	21.90	0.0	
Coffee Bar (standard charge for functions)		50.15	25.30		50.15	25.30		0.0	
Coffee Bar hourly charge		14.60	11.20		14.60	11.20		0.0	
Rifle Range		22.25	16.30		22.25	16.30		0.0	
Premium Rate		62.30		62.30	62.30		62.30	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Kitchen Standard Charge	75.30		£6.00 per hour on top of standard charge	75.30		£6.00 per hour on top of standard charge	0.0	
Stage Units	3.60			3.60			0.0	
50+ Activities per person	2.60			2.60			0.0	
Tables per day (excluding transport)	5.15			5.15			0.0	
Chairs per day (excluding transport)	1.00			1.00			0.0	
Teas and coffees per person per day	1.65			1.65			0.0	
Teas and coffees and biscuits per person per day	2.70			2.70			0.0	
HOCKWELL RING COMMUNITY CENTRE								
Community Hall 1 per hour	23.50	11.85	35.25	23.50	11.85	35.25	0.0	
Part of Community Hall per hour	15.80	7.80	23.70	15.80	7.80	23.70	0.0	
Cafe area (standard charge)	50.15	25.40	75.20	50.15	25.40	75.20	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Community Hall 3 per hour	19.90	10.00	29.85	19.90	10.00	29.85	0.0	
Garden Room per hour	10.60	5.40	15.90	10.60	5.40	15.90	0.0	
Meeting Room 1,2 or 3 per hour	9.50	4.75	14.25	9.50	4.75	14.25	0.0	
Meeting Room 2 and 3 combined per hour	18.85	9.60	28.30	18.85	9.60	28.30	0.0	
Premium Rate	62.30		62.30	62.30		62.30	0.0	
Kitchen Standard Charge	30.40		£6.00 per hour on top of standard charge	30.40		£6.00 per hour on top of standard charge	0.0	
Community Kitchen Standard Charge	13.40			13.40			0.0	
50+ Activities per person	2.60			2.60			0.0	
Tables per day (excluding transport)	5.15			5.15			0.0	
Chairs per day (excluding transport)	1.00			1.00			0.0	
Teas and coffees per person per day	1.65			1.65			0.0	
Teas and coffees and biscuits per person per day	2.70			2.70			0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

		2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Table Tennis (per table per hour)	Junior	3.60			3.60			0.0	
(Peak & off peak)	Adult	6.20			6.20			0.0	
Badminton (per court per hour)	Junior	3.60			3.60			0.0	
(Peak & off peak)	Adult	6.20			6.20			0.0	
BURY PARK COMMUNITY CENTRE									
Main Hall per hour (Maple, Ash & Elm)		23.50	11.85	35.25	23.50	11.85	35.25	0.0	
Small Hall (Maple) per hour		18.85	9.30	28.30	18.85	9.30	28.30	0.0	
Room 1 (Ash Room) per hour		6.60	3.60	9.90	6.60	3.60	9.90	0.0	
Room 2 (Elm Room) per hour		6.60	3.60	9.90	6.60	3.60	9.90	0.0	
Room 1 & 2 per hour		10.80	5.55	16.20	10.80	5.55	16.20	0.0	
Beech Room per hour		6.60	3.60	9.90	6.60	3.60	9.90	0.0	
Oak Room, per hour		23.50	11.80	35.25	23.50	11.80	35.25	0.0	
Classroom 1		18.30	10.40	27.45	18.30	10.40	27.45	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Classroom 2	18.30	10.40	27.45	18.30	10.40	27.45	0.0	
Classroom 3	18.30	10.40	27.45	18.30	10.40	27.45	0.0	
Hazel Room per hour	18.30	10.40	27.45	18.30	10.40	27.45	0.0	
Pre-school room	20.20	11.45	30.30	20.20	11.45	30.30	0.0	
Ivy Room per hour	11.70	6.10	17.55	11.70	6.10	17.55	0.0	
Reception area upstairs	6.60	3.70	9.90	6.60	3.70	9.90	0.0	
Premium Rate	62.30		62.30	62.30		62.30	0.0	
Library	11.85	6.10	17.80	11.85	6.10	17.80	0.0	
Cafeteria	23.20	11.60	34.80	23.20	11.60	34.80	0.0	
Kitchen Standard Charge	30.40		£6.00 per hour on top of standard charge	30.40		£6.00 per hour on top of standard charge	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak	2020-21 Current Charge Off Peak	2020-21 Current Charge Social & Commercial	2021-22 Proposed Charge Peak	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial	% Increase	Statutory or Discretionary Charge (S or D)
	£	£	£	£		£		
Servery Standard Charge	30.40		£6.00 per hour on top of standard charge	30.40		£6.00 per hour on top of standard charge	0.0	
50+ Activities per person	2.60			2.60			0.0	
Chairs per day (excluding transport)	1.00			1.00			0.0	
Teas and coffees and biscuits per person per day	2.70			2.70			0.0	
CHAUL END CENTRE								
Meeting Room 1 per hour	10.55	10.55	15.90	10.55	10.55	15.90	0.0	
Meeting Room 2 per hour	23.35	17.25	34.90	23.35	17.25	34.90	0.0	
Meeting Room 3 per hour	23.35	17.25	34.90	23.35	17.25	34.90	0.0	
Meeting Rooms 2 & 3 per hour	41.80	27.60	62.70	41.80	27.60	62.70	0.0	
Main Hall (Halls 1-3) per hour	55.70		83.75	55.70		83.75	0.0	
Community Hall 1 per hour	34.70	24.95	52.05	34.70	24.95	52.05	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak	2020-21 Current Charge Off Peak	2020-21 Current Charge Social & Commercial	2021-22 Proposed Charge Peak	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial	% Increase	Statutory or Discretionary Charge (S or D)
	£	£	£	£		£		
Community Hall 2 per hour	23.25	17.25	34.90	23.25	17.25	34.90	0.0	
Community Hall 3 per hour	23.25	17.25	34.90	23.25	17.25	34.90	0.0	
IT Suite	21.00	13.80	31.50	21.00	13.80	31.50	0.0	
Health Suite Reception	23.25	17.25	34.90	23.25	17.25	34.90	0.0	
Children's Centre	23.25	17.25	34.90	23.25	17.25	34.90	0.0	
Premium Rate Main Hall	58.30			58.30			0.0	
Premium Rate Kitchen Standard charge	57.25			57.25			0.0	
Cafeteria	60.60			60.60			0.0	
Kitchen Standard Charge	28.30		£6.00 per hour on top of standard charge	28.30		£6.00 per hour on top of standard charge	0.0	
Servery Standard Charge	32.70		£6.00 per hour on top of standard charge	32.70		£6.00 per hour on top of standard charge	0.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

		2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
Tables per day (excluding transport)		6.20			6.20			0.0	
Chairs per day (excluding transport)		1.20			1.20			0.0	
50+ Activities per person		3.10			3.10			0.0	
Bath Use		13.30			13.30			0.0	
Shower Use		6.70			6.70			0.0	
Teas and coffees		1.95			1.95			0.0	
Teas and coffees and biscuits		3.25			3.25			0.0	
MUGA		16.90			16.90			0.0	
Table Tennis (per table per hour)	Junior	4.35			4.35			0.0	
(Peak & off peak)	Adult	7.40			7.40			0.0	
Badminton (per court per hour)	Junior	4.35			4.35			0.0	
(Peak & off peak)	Adult	9.60			9.60			0.0	

COMMUNITY CENTRES NOTES

VAT is not applicable at any centre for room hire except Chaul End where Vat is included.
+ VAT is included where appropriate

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)

1. Peak

Monday to Friday after 6.00 pm and weekends

2. Off Peak

Monday to Friday 9.00am - 6.00 pm

3. Premium Rate

apply.

4. Discretionary Rates

includes where a community group that is starting and has no funding or income can be granted a

This discounts are as follows:

Months 0 - 3 - Free Usage

Months 3 - 12 - 25% of charge

Months 13 - 18 - 50% of charge

Months 19 - 24 - 75 % of charge

Month 25 onwards - full charges apply

policy.

5. Notes

5.1 Pre-schools / playgroups will be charged at off peak room rate of the room they hire.

where a booking of less time may be taken) + Deposit of £50.00 per area of hire or a minimum of £100

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - COMMUNITY CENTRES

	2020-21 Current Charge Peak £	2020-21 Current Charge Off Peak £	2020-21 Current Charge Social & Commercial £	2021-22 Proposed Charge Peak £	2021-22 Proposed Charge Off Peak	2021-22 Proposed Charge Social & Commercial £	% Increase	Statutory or Discretionary Charge (S or D)
150% of the appropriate rate, or the premium rate, whichever is the lowest price.								
rate. There will be no 150% surcharge, and the deposit will be £20 per area of hire. Parties held on								
of peak rate.								
the room rate.								
commercial bookings which will be charged £6.00 per hour for any additional hours or part thereof								
liability insurance, except physical activities i.e. Boxing, aerobics etc who must provide their own								
larger events.								
will apply.								
appropriate committees and any costs incurred borne by the hirer								
Luton Borough Council policy.								
5.13 Tables per day (excluding transport and VAT where applicable)	£5.15							
5.14 Chairs per day (excluding transport)	£1.00							
charged at £2.70 per person plus VAT where applicable).								

Summary

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - LEGAL, FINANCE, REVENUES & BENEFITS

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
LEGAL SERVICES				
LOCAL LAND CHARGES				
Registration of a charge in Part II of the register	68.00	68.00	0.0	S
Filing of a definitive certificate of the Lands Tribunal under Rule 10(3)	2.50	2.50	0.0	S
Filing of a judgement or order, or written request for the variation or cancellation of any entry in Part II of the Register	7.00	7.00	0.0	S
Inspection of documents filed in the Register relating to an entry in Part II of the Register in respect of each parcel of land	2.50	2.50	0.0	S
Official search (inc. issue of official certificate of search) in				
a) Any one part of the Register	2.00	2.00	0.0	S
b) The whole of the Register (residential & commercial) LLC1	22.00	22.00	0.0	S
And in addition, but subject to a maximum additional fee of £13.00 in respect of each parcel of land above one, where several parcels of land are included in the same requisition whether the requisitions are for search in the whole or any part of the Register	1.00	1.00	0.0	S
Office copy of any entry in the Register (not including a copy or extract of any plan or document filed in the Register)	1.50	1.50	0.0	S
Office copy of any plan or other document filed in the Register, such reasonable fee as may be fixed by the local register according to the time and labour				
Enquiries				
Part I enquiries - for 1 parcel of land - Residential Enquiries CON 29R enquiries only	78.00	78.00	0.0	D
- Commercial Enquiries CON 29C enquiries only	210.00	210.00	0.0	D
- for each additional parcel of land (residential) for adjoining propery either side	30.00	30.00	0.0	D
Individual CON290 Enquiries - Q4, Q5	15.00	15.00	0.0	D
Individual CON290 Enquiries - Q6, Q9, Q10, Q,19, Q20	12.00	12.00	0.0	D
Individual CON290 Enquiries - Q7, Q8, Q11-Q18, Q21	10.00	10.00	0.0	D
Individual CON290 Enquiries - Q22	20.00	20.00	0.0	D
CON290 Enquiry Q22	20.00	20.00	0.0	D
Part III enquiries -	35.00	35.00	0.0	D
Property Searches Regulations 2008 - Personal Searches				
Part I Q1 F/G/H, 3.1, 3.2, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.11	10.00	10.00	0.0	D
Part 2 Enquiries (except Q 22)	10.00	10.00	0.0	D
Part III enquiries - Q22 only	20.00	20.00	0.0	D
If the processing of searches extends beyond 10 working days, the following refund of charges will apply:				
Processing Period : 11 - 20 working days - 25%				
Processing Period : Exceeding 20 working days - 100%				
Reply to Solicitors Enquiries - Charge per hour	65.00	70.00	7.7	D
Access to information under Freedom of Information Act - Administration fee charged at cost where the cost exceeds £450				
Residential Conveyancing	price on application			D
Commercial Conveyancing and Planning	price on application			D
GENERAL				
Copying Charges				
A standard charge of £8.20 will be made for the first copy, then each subsequent copy will be charged at the following rate per sheet :	10.00	8.20	-18.0	
A4 size	0.90	0.00	-100.0	
A3 size	2.20	0.00	-100.0	
A2 size	8.80	0.00	-100.0	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

CHIEF EXECUTIVE - LEGAL, FINANCE, REVENUES & BENEFITS

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
A1 size	9.40	0.00	-100.0 }	
A0 size	11.60	0.00	-100.0 }	

The Monitoring Officer has authority to revise the above charges
specifically or generally) after taking into account market conditions and the potential income to the Council.

FINANCE

Accounts Receivable

Interest charged on late payment of business invoices	8% above base rate			D

REVENUES

Council Tax Summons Fee	77.00	77.00	0.0	D
Business Rates Summons Fee	77.00	77.00	0.0	D

Charges for Corporate Deputyship (Court of Protection Rules 2015)

Where Client's net assets are above £16,000				
Work undertaken up to the date of the court order for Deputyship	745.00	745.00	0.0 }	
Annual Management Fee - at anniversary of court order			}	
Year 1	775.00	775.00	0.0 }	
Second & Subsequent Years	650.00	650.00	0.0 }	S
			}	
Where Client's net assets are below £16,000			}	
Maximum 3.5% of net assets, for each period Max.	0.04	0.04	0.0 }	
			}	
Annual Property Management Fee	300.00	300.00	0.0 }	
Preparation and Lodgement of Annual Account to the Public Guardian	216.00	216.00	0.0 }	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
CHILDREN FAMILIES & EDUCATION

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
SCHOOL & WELFARE CATERING		**From 08/04/20**			
charges no longer published		remove - no service from 2021/22			
MUSIC SERVICE		**From Sept 2020**	**From Sept 2021**		
Tuition in a group of 5+ for 30 mins	per pupil, per term	67.90	69.20	1.9	
Tuition in a group of 3-4 for 30 mins	per pupil, per term	83.70	85.30	1.9	
Tuition - 1:1 for 20 mins	per pupil, per term	125.55	127.95	1.9	
Tuition - Paired for 20 mins *	per pupil, per term	104.65	106.65	1.9	
Guitar Hire	per pupil, per term	15.00	15.00	0.0	
Instrument Hire (all ages)	per pupil, per term	35.00	35.00	0.0	
Out of School Provision :-					
Luton Residents					
Copper Package - 1 Session	per pupil, per term	36.65	37.35	1.9	
Bronze Package - 2 Sessions	per pupil, per term	43.95	44.80	1.9	
Silver Package - 3 Sessions	per pupil, per term	60.70	61.85	1.9	
Gold Package - 4 Sessions	per pupil, per term	78.50	80.00	1.9	D
Platinum Packager - 5+ Sessions	per pupil, per term	94.15	95.95	1.9	
Non Luton Residents					
Copper Package - 1 Session	per pupil, per term	52.35	53.35	1.9	
Bronze Package - 2 Sessions	per pupil, per term	64.90	66.15	1.9	
Silver Package - 3 Sessions	per pupil, per term	92.05	93.80	1.9	
Gold Package - 4 Sessions	per pupil, per term	114.00	116.20	1.9	
Platinum Packager - 5+ Sessions	per pupil, per term	130.80	133.30	1.9	
CHILDREN AND FAMILY SERVICES					
Inter County Adoptions					
Placement Fees are in accordance with Local Authorities agreement					?
Manor Centre (Contact Centre)					
Room Only Hire for Un-Supervised Contacts	per hour	15.88	16.18	1.9	D
Room Hire & Employee Rate for Supervised Contacts	per hour	36.00 ++	36.68 ++	1.9	
Employee Only Rate and Report Writing	per hour	20.11 ++	20.49 ++	1.9	
Adminstrative Fees	per cancellation	38.00	38.72	1.9	

Appendix 3

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

POPULATION WELLBEING - HOUSING AND BUSINESS INTELLIGENCE

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
HOUSING					
PRIVATE SECTOR SERVICES					
Decent Home Application Assistance Fee		100.00 ++	100.00 ++	0.0	D
Home Improvement Agency - % of the Cost of Works	Minimum fee £200	0.12 ++	0.15 ++		
Supervision Only - % of the Cost of Works		0.10 ++	0.13 ++		D
Empty Homes Grant - Administration Fee		635.00 +	635.00 +	0.0	D
Houses in Multiple Occupation					
Licence fee					
Applicaton processing fee (due whenapplication is submitted)		120.00	122.00	1.67	D
- plus base fee per bedroom (or self-contained flat) Due when licence is issued		120.00	122.00	1.67	D
Revocation of license (i.e landlord requests)		No Charge	No Charge		
~~**Variation of license**~~		~~**120.00**~~		**-100.00**	**DELETE**
~~**- plus base fee per bedroom (or self-contained flat)**~~		~~**120.00**~~		**-100.00**	**DELETE**
Fee for production of floor plan by LBC		225.00	228.00	1.33	
Discount for Accredited Landlords		120.00	122.00	1.67	D
Online Applications		No additional charge	No additional charge		
Paper Applications		42.00	43.00	2.38	D
Fee for copy of HMO register		42.00	43.00	2.38	D
Renewal fee		As Licence fee	As Licence fee		
Incomplete applications (if application is still incomplete after 3 months; prosecution will be considered)		120 per month	122 per month	1.67	D
Late renewal (i.e after current licence expires)		Licence fee +120	Licence fee +122		D
Civil Penalties - Housing Health and Safety Rating System (HHRS)		Determined by the HHSRS Scoring Matrix	Determined by the HHSRS Scoring Matrix		
Work - In Default (Administrative Charges)					
Up to £200		58.00	59.00	1.72	D
Between £200 - £800		129.00	131.00	1.55	D
Over £800 - Cost of Works		Cost of Works plus 34%	Cost of Works plus 34%		D
Service of Notices - Housing Act 2004		360.00	365.00	1.39	D
Immigration Inspections		127.50	129.50	1.57	
LANDLORD SERVICES (charges to be effective from 31st March 2021)					
Connections to Warden Alarm System					
One-off Lifeline installation charge for new service-users		19.99	20.24 ++	1.2	
Housing Associations		3.28	3.32 ++	1.2	
Lifeline Units (Adult Social Care)		3.28	3.32 ++	1.2	
Aborted Call Out Charge	Monday to Saturday	42.23	42.77 ++	1.3	D
	Sunday & Bank Holiday	63.35	64.17 ++	1.3	
Leasehold sales packs		190.00	193.00 ++	1.9	
Leasehold sales pack (priority service **3** working days)		290.00	295.00 ++	1.9	
Leasehold sales pack additional enquiries		25.00	25.00 ++	1.9	D
Leasehold remortgage pack		120.00	122.00 ++	1.9	
Copy of lease* levied by Legal Services		25.00	25.00 ++	0.0	
Copy of invoice/certificate for previous year		25.00	25.00 ++	1.9	
STREET NAMING & NUMBERING SERVICES					
STREET					
Naming or Renaming a street		150.00	162.00	8.0	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

POPULATION WELLBEING - HOUSING AND BUSINESS INTELLIGENCE

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Additional charge for each premise on the street	50.00	54.00	8.0	
BUILDING				
Naming or Renaming a Building	150.00	162.00	8.0	S
PROPERTY				
Naming and Numbering New Premises (single plot inc conversions, new build, division of building)	150.00	162.00	8.0	
Additional charge for each adjoining premise	50.00	54.00	8.0	
Renumbering existing Premise (single plot, new build,division of building)	150.00	162.00	8.0	
Additional charge for each adjoining premise	50.00	54.00	8.0	
Charging or renaming your home	50.00	54.00	8.0	

POPULATION WELLBEING - ADULT SOCIAL CARE

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Standard Charges for Day Care (Charge to Other Local Authorities)					
Standard Daily Charge					
Day Centres for Adults with Learning Disabilities	- with transport	£81.00	£83.00	2.47% }	
	- without transport	£72.00	£73.00	1.39% }	
Day Centres for Adults with Physical Disabilities	- with transport	£89.00	£91.00	2.25% }	D
	- without transport	£62.00	£63.00	1.61% }	
Day Care for Older People	- with transport	£71.00	£72.00	1.41% }	
	- without transport	£46.00	£47.00	2.17% }	
Fairer Charging for Non-Residential Services*					
Respite Care and short stays in residential and nursing homes per day/night		£20.00	£21.00	5.00% }	
Home Care & Supported Living (first carer)- per hour		£16.48	£16.85	2.25% }	
Home Care & Supported Living (additional carer) - per hour		£16.48	£16.85	2.25% }	
Day Care/Social/Leisure Activities 3 hours or more - per day		£30.00	£31.00	3.33% }	D
Day Care/Social/Leisure Activities less than 3 hours - per day		£30.00	£31.00	3.33% }	
Transport - per trip (single journey)		£4.00	£4.00	0.00% }	
1 to 1 Support for Social Activities - Direct Payment Personal Assistant per hour		£11.15	£11.37	1.97% }	
2 to 1 Support for Social Activities - Direct Payment Personal Assistant per hour		£22.30	£22.74	1.97% }	
1 to 1 Support for Social Activities - Home Care Agency (including Direct Payment) per hour		£16.08	£16.30	1.37% }	
2 to 1 Support for Social Activities - Home Care Agency (Including Direct Payment) per hour		£32.16	£32.60	1.37% }	

* The amount a person pays will depend on how much available income they have following a financial assessment - some people will pay nothing, some people will pay something and some people have to pay the full chargeable amount. Anyone who has assets over £23,250 (not including a 1st property) will be charged the full chargeable amount. This includes respite and shortstay, where the cost will be the cost of the residential or nursing home placement.

Meals provided at Day care Centres (standalone charge - not assessed)	5.50	£5.50	0.00%	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
WASTE MANAGEMENT					
Bulky free standing household waste - up to 3 items	minimum charge	28.25	28.80	1.9	
Additional charge where application exceeds 3 items	per item	5.65	5.75	1.8	
(maximum of 10 overall)					
Service is free to residents where the head of the household is on a 'means tested' benefit.					
Household Refuse collection for which a charge may be made					
Replacement of Lost Wheeled Bins (If more than 1 lost per year)		36.00	36.50	1.4	D
Household Refuse Sacks					
4 cu. ft. sacks, incl. collection and disposal -					
collected from Depot	each	1.65 +	1.70 +	3.0	
Delivery Charge	per delivery	11.20 ++	11.40 ++	1.8	
Labels (cardboard and other bulky non-commercial waste)					
Pre-paid labels (collected from Depot)	each	1.65 +	1.70 +	3.0	
Delivery charge	per delivery	11.20 ++	11.40 ++	1.8	
Trade Refuse collection charges					
Regular weekly collections					
(per collection)					
1,100 litre Eurobin	per Container p.w.	15.20	15.50	2.0	
660 litre Eurobin	per Container p.w.	11.40	11.60	1.8	
360 litre Eurobin	per Container p.w.	8.50	8.65	1.8	
240 litre Eurobin	per Container p.w.	6.80	7.00	2.9	
Recycling					
Alternative weekly collections, per Container					
(One Collection every 2 weeks)					
Bins sizes					
1,100 litre Eurobin		8.65	8.80	1.7	
660 litre Eurobin		5.40	5.50	1.9	
360 litre Eurobin	*Charge reinstated for 2021-22*	N/A	3.30	#VALUE!	
240 litre Eurobin		2.45	2.50	2.0	
Contracts for Eurobin Collections are for a 12 month period to be paid in 4 weeks in advance					
Prices quoted will be based on a maximum weight allowance of 60kg/m3 .					S/D
The Council shall reserve the right to recover the cost of weights					
Annual administration charge for trade waste contract		34.84	35.36	1.5	
Bin hire charge	per Bin p.w	1.20	1.25	4.2	
Bulky Trade Refuse					
Special collections		price on application ++	n application ++		
Trade Refuse Sacks					
4 cu.yd. grey sacks (incl.collection &					
disposal - collection from Depot)	each	3.50	3.55	1.4	
Trade Labels (for cardboard & other Bulky Trade)					
Collection from Depot		2.85	2.90	1.8	
Delivery charge (Trade sacks/labels)	per delivery	11.75	12.00	2.1	
Clinical Waste Collection Charges for Commercial Premises					
Clinical Sack	per collection	11.75 ++	12.00 ++	2.1	
Sharps Box 2.5 Litre	per collection	18.80 ++	19.15 ++	1.9	
Sharps Box 5 Litre	per collection	37.50 ++	38.20 ++	1.9	S/D
Sharps Box 11 Litre	per collection	51.00 ++	52.00 ++	2.0	
The cost per collection includes disposal and cost of boxes/sacks					
Removal and disposal of Sheets of Asbestos from Domestic Premises					
Sheets need to be wrapped and sealed					
First 5 sheets		194.00 ++	199.00 ++	2.6	
6 to 10 sheets (additional cost to above)		260.00 ++	265.00 ++	1.9	?
all other by quote only					
Public Toilets:-					
Radar Keys - Access for the disabled		FREE	FREE		
- Replacement		10.00	10.20	2.0	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - HUMAN RESOURCES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
HUMAN RESOURCES				
Disclosure and Barring Charges				D
Voluntary & Non-Voluntary Organisations				
Compulsory Administration Fee	26.00	29.00	11.5	
One off set up fee for new service users (umbrella organisations only)	38.00	40.00	5.3	
HUMAN RESOURCES Services to External Organisations				
Human Resources Services to Outside Bodies	Price on Application			D
PAYROLL				
Provision of information to Solicitors on claims not involving Council	273.00	278.00	1.8	
Advertisement on payslips (per document)	0.10	0.12	20.0	D
Deduction of Contributions at Source for Unison - 1% of total subscription fee	1% Fee			

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - ADULT LEARNING

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
LUTON ADULT LEARNING					
Community and Leisure Learning Provision					
Community Programme: courses contributing to Sustainable Community and related Strategies		Free	Free		D
Leisure Learning (CL)	Per Hour	Market Rate	Market Rate		D
Commercial Courses targeted at individual learners A market rate will be charged for commercial courses.	Per Hour	Market Rate	Market Rate		D
Adults Skills & Apprentices Provision					
16-18 Apprenticeships		Free	Free		D
Adult Skills (ASB) Courses 19 plus	Fees 50% of individually listed courses on the ESFA database Each course is individually priced				D
Commercial courses A market rate will be charged for commercial courses.		Market Rate	Market Rate		D
Childcare Fees					
Family Learning		Free to Learner	Free to Learner		D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

		2020-21 Current Charge £		2021-22 Proposed Charge £		% Increase		Type of Charge Statutory (S) Discretionary (D) (S) or (D)
DEVELOPMENT CONTROL APPLICATION FEES								
Statutory Scale as set out in Town and Country Planning (Fees for Applications and Deemed Applications) Regulations 1994								
PLANNING CHARGES								
Reply to Professional Enquiries :								
Hourly rate		97.00	+	97.00	+	0.0%	}	
Minimum Charge		49.00	+	49.00	+	0.0%	}	
REQUESTS FOR DEVELOPMENT CONTROL DOCUMENTS								
Planning Decision notices, Appeal decisions, TPO's (per document)		36.00	+	36.00	+	0.0%	}	
Confirmation that a property is subject of a TPO and a copy of the Order		49.00	+	49.00	+	0.0%	}	
Section 106 Agreements/Unilaterial Undertakings (per document)		36.00	+	36.00	+	0.0%	}	
REPLY TO GENERAL DEVELOPMENT CONTROL ENQUIRIES:							}	
Confirmation regarding Tree Preservation Orders, Listed Buildings and Conserv Areas		32.00	+	32.00	+	0.0%	}	
(Confirmation of TPO and copy of Order - see below)		97.00	+	97.00	+	0.0%	}	
Standard response minimum charge							}	
More complex enquiries - hourly rate							}	D
COPYING CHARGES (All documents unless listed separately)							}	
Note: Consent of copyright holder must be obtained first, if applicable		10.00	+	10.00	+	0.0%	}	
A standard charge of £7.80 will be made for the first copy, then each subsequent copy will be charged at the following rate per sheet :							}	
A4 size		0.90	+	0.90	+	0.0%	}	
A3 size		2.20	+	2.20	+	0.0%	}	
A2 size		8.80	+	8.80	+	0.0%	}	
A1 size		9.40	+	9.40	+	0.0%	}	
A0 size		11.60	+	11.60	+	0.0%	}	
Administrative Costs for Registering Applications received by email or as hardcopies		100.00		100.00		0.0%	}	
Archive document request (within 10 working days), per document	A request for historic/archive documents (such as a decision notice or set of plans)	36.00	+	60.00		66.7%		
Archive document request fasttrack (within 24 hours)	A request for historic/archive documents (such as a decision notice or set of plans)	0.00	+	100.00		NEW		
Postal application charge	Required when submitting a postal application which require additional scanning and administration reso	100.00	+	120.00		20.0%		
Prior approval Householder application fast-track, per application	A guaranteed decision within 5 working days of the conclusion of the 21 consultation period	0.00	+	75.00		NEW		
Householder application fast-track, per application	A guaranteed decision within 5 working days of the conclusion of the 21 consultation period	0.00	+	100.00		NEW		
Lawful development certificate proposed fast-track, per application	A guaranteed decision within 10 working days of receipt of a valid application	0.00	+	200.00		NEW		
Administration charge major applications	Applicable for invalid applications - this will be required for validation	0.00	+	75.00		NEW		
Administration charge non-major commercial/new residential unit applicati	Applicable for invalid applications - this will be required for validation	0.00	+	200.00		NEW		
Administration charge all other applications	Applicable for invalid applications - this will be required for validation	0.00	+	120.00		NEW		
Technical Advice	Chargeable for technical advice permitted development restriction confirmation	0.00	+	75.00		NEW		
Technical Advice	Confirmation of conditions	116.00	+	116.00		0.0%		
Technical Advice	Compliance of conditions	116.00	+	116.00		0.0%		

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

DEVELOPMENT CONTROL PRE-APPLICATION ADVICE SERVICE FEES - Fixed charge excluding VAT

		2020-21 Charges				2021-22 Charges				%	Type of Charge Statutory (S) Discretionary (D)
Category	Type of dev	Written advice £	Follow-up £	Initial meeting £	Follow –up meeting £	Written £	Follow-up £	Initial meeting £	Follow –up meeting £	Increase	(S) or (D)
AA	***Strategic Major Development***										
	200+ res units										
	Other uses 10,000+ sq metres or 3+ hectares (ha)	£POA	£POA	£POA	£POA	£POA	£POA	£POA	£POA		
	Mixed use developments on sites of 3+ ha										
	Student accommodation 150+ units/rooms										
A	***Largescale Major Development***										
	100 - 199 res.units	3,000.00	720.00	1,500.00	720.00	3,000.00	720.00	1,500.00	720.00	0.00%	
	Other uses (incl COU) - 5000 – 9,999 sq.metres or sites on land of 2 – 2.9 ha	3,000.00	720.00	1,500.00	720.00	3,000.00	720.00	1,500.00	720.00	0.00%	
	Mixed use developments on sites of 2 – 2.9 ha	3,000.00	720.00	1,500.00	720.00	3,000.00	720.00	1,500.00	720.00	0.00%	
	Student accommodation 50 - 149 student rooms	3,000.00	720.00	1,500.00	720.00	3,000.00	720.00	1,500.00	720.00	0.00%	
B	***Major Development***										
	25-99 res.units	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	0.00%	
	Other uses (incl COU) between 2000 - 4900 sq.metres or sites on land of 1 -1.99 hectares or more	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	0.00%	
	Mixed use developments on sites on land of 1 -1.99 hectares or more	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	0.00%	
	Student accommodation 25 -49 student rooms	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	1,800.00	600.00	0.00%	
C	***Smallscale Major Development***										
	10-24 res.units	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	0.00%	
	Other uses between 1000 and 1999 sq.metres or sites on land between 0.5ha and 0.99 ha	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	0.00%	
	Mixed use developments on sites on land between 0.5ha and 0.99 ha	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	0.00%	D
	Student accommodation 10-24 student rooms	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	0.00%	
	Change of use of buildings on land between 1000 - 1,999 sq.metres	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	1,200.00	480.00	0.00%	
D	***Minor Development***										
	1 res. unit	192.00	96.00	144.00	96.00	192.00	96.00	144.00	96.00	0.00%	
	2-9 res. units	384.00	192.00	384.00	192.00	384.00	192.00	384.00	192.00	0.00%	
	Student accommodation 1-9 student rooms	384.00	192.00	384.00	192.00	384.00	192.00	384.00	192.00	0.00%	
	Other uses up to 0.49ha	192.00	96.00	144.00	96.00	192.00	96.00	144.00	96.00	0.00%	
	Other uses between 500 and 999 sq. metres	384.00	192.00	384.00	192.00	384.00	192.00	384.00	192.00	0.00%	
	Change of use buildings with floorspace up to 1000 sq.metres	192.00	96.00	144.00	96.00	192.00	96.00	144.00	96.00	0.00%	
E	***Householder Developments***										

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

DEVELOPMENT CONTROL PRE-APPLICATION ADVICE SERVICE FEES - Fixed charge excluding VAT

		2020-21 Charges				2021-22 Charges				%	Type of Charge Statutory (S) Discretionary (D)
Category	Type of dev	Written advice £	Follow-up £	Initial meeting £	Follow –up meeting £	Written £	Follow-up £	Initial meeting £	Follow –up meeting £	Increase	(S) or (D)
	Domestic extensions, outbuildings, other alterations to residential properties	60.00	30.00	60.00	30.00	60.00	30.00	60.00	30.00	0.00%	}
F	***Permitted development enquiries*** Requests as to whether a proposal requires an application for planning permission or is permitted development										}
G	***Other developments*** Development falling outside Category A,B,C,D,E,F, including advice on Listed Buildings and buildings in Conservation Areas, advertisements and telecommunications (individual proposals for equipment and masts)	132.00	66.00	132.00	66.00	132.00	66.00	132.00	66.00	0.00%	}

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
HIGHWAYS DEVELOPMENT				
Provision of written information re enquiries	81.00	81.00	0.0%	
minimum half hour charge	41.00	41.00	0.0%	
				D
Landowner Declarations			#DIV/0!	
Section 37, 38 and 278 of the Highways Act Agreements				
Fees for checking design and drawings of adoptable highway	4.0% of estimated cost of works	4.0% of estimated cost of works		
works payable upon initial request	(minimum fee of £255)	(minimum fee of £255)		
Fees for site supervision of adoptable highway works payable	5.0% of estimated cost of works	works		
on signing of Agreement	(minimum fee of £255)	(minimum fee of £255)		
If works have commenced on site prior to technical design	11% of the estimated cost of works	11% of the estimated cost of		
approval by us, the agreement fee will be increased	(miniumum fee of £500)	works (miniumum fee of £500)		
Section 184 of Highways Act Licence to enable developer to carry out access works	9%	0		
	£170	170		
Road Closures arising from developments				
Authorised Stopping Up or Diversion of Highway	Cost incurred by LBC	Cost incurred by LBC		
Stopping Up of Footways or Bridleways arising from developments	Cost incurred by LBC	Cost incurred by LBC		
Both of the above are subject to a £3,000 deposit and then either a refund or additional charge depending on the final cost				
Modelling	Cost to be agreed depending on the development	Cost to be agreed depending on the development		

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Registrar's Fee				
Marriages & Civil Partnerships - Superintendent Registrar's Notice Fee	35.00 *	35.00 *	0.00	S
Marriages & Civil Partnerships - Superintendent Registrar's Notice Fee for a Designated Notice	47.00 *	47.00 *	0.00	S
Basic Marriage/Civil Partnership Service - Register Office Fee	46.00 *	46.00	0.00	S
Enhanced Marriage/Civil Partnership Service - The Georgian Room:				
Weekdays Mon - Thurs	125.00	130.00	4.00	D
Friday	175.00	180.00	2.86	D
Saturdays	250.00	255.00	2.00	D
Sundays and Bank Holidays.	300.00	305.00	1.67	D
Reschedule of Marriage with more than 7 days notice	20.00	20.50	2.50	D
Provisional Marriage Booking letter for Visa Application	20.00	20.50	2.50	D
Consideration of a divorce or Civil partnership dissolution obtained outside British Isles	50.00	50.00	0.00	S
Consideration of a divorce or Civil partnership dissolution obtained outside British Isles - Approved by General Register Office	75.00	75.00	0.00	S
Copies of Birth, Death, Marriage & Civil Partnership Certificates	11.00 +	11.00 +	0.00	S
Postage charges				
Europe	2.00 +	2.00 +	0.00	D
Rest of the World	3.00 +	3.00 +	0.00	D
Baby Naming Ceremony, Reaffirmation of Vows & Commitment Ceremony				
Weekdays	200.00	205.00	2.50	D
Saturdays	250.00	255.00	2.00	D
Sunday and Bank Holidays	300.00	305.00	1.67	D
Each additional child at a Baby Naming Ceremony	50.00	51.00	2.00	D
Citizenship Ceremony (reimbursed by HO)				
Statutory fee	80.00	80.00	0.00	S
Basic Private Ceremony				
Weekdays - Individual	100.00	102.00	2.00	D
Saturdays - Individual	150.00	155.00	3.33	D
Sundays and Bank Holidays - Individual	200.00	205.00	2.50	D
Premises to be approved as a venue for the solemnisation of Civil Marriages and Civil Partnership				
Application Fee	1,700.00	1,740.00	2.35	D
Review Fee	350.00	360.00	2.86	D
Superintendent Registrar's Fee - Non LBC premises				
Weekdays	400.00	410.00	2.50	D
Saturdays	450.00	460.00	2.22	D
Sundays and Bank Holidays.	500.00	510.00	2.00	D
Superintendent Registrar's Fee - Luton Town Hall				
Saturdays	250.00	255.00	2.00	D
Sundays	300.00	305.00	1.67	D
Priority Certificates				
Certificate issued within 24 hours	35.00 *	35.00 *	0.00	S
Authorised Persons Training - per session	50.00 *	50.00 *	0.00	D
Fees for Changes to Initial Registrations				
Consideration by Registrar of a correction	75.00 *	75.00	0	S
Consideration by General Register Office of a Correction	90.00 *	90.00	0	S
Consideration of a reduction of 28 day notice period	60.00 *	60.00	0	S
Forename added within 12 months of birth registration	40.00 *	40.00	0	S
Private Citizenship for up to 10 guests - changed from 20 guests				
Weekdays - Georgian Room - Monday toThursday	125.00	130.00	4.00	D
Weekdays - Georgian Room - Friday	175.00	180.00	2.86	D
Saturdays - Georgian Room	250.00	255.00	2.00	D
Sundays and Bank Holidays.	300.00	305.00	1.67	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT/PROPERTY & INFRASTRUCTURE

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
BUILDING REGULATION CHARGES				
Levied in Accordance with the Building (Local Authority Charges) Regulations 2010				S
BUILDING CONTROL MISCELLANEOUS CHARGES	price on application			D
BUILDING CONTROL ACCESS ADVICE SERVICE	price on application			D
SAFETY AT SPORTS GROUND APPLICATION		450.00		
PROPERTY & CONSTRUCTION				
DISPOSALS OF LAND				
Disposals of Plots of Land for incorporation within the boundary of a residential dwelling				
Minimum disposal price per transaction (excluding fees)	3,800.00 ++	7,500.00 ++	97.4 }	D
Minimum abortive fees per transaction	1,250.00	1,250.00	0.0 }	D
Sale of Land - 2.5% of land value or min charge of £1000	1,150.00	1,150.00	0.0 }	D
			}	
DISPOSAL OF PROPERTIES			}	
Sale of Property - 2.5% of sale value or min charge of £2800	2,800.00 +	2,800.00 +	0.0 }	D
COMMERCIAL SURVEYORS FEES - indicative fees only				
Grant of Lease - minimum	900.00	900.00	0.0 }	D
Licence/Deed of Variation - minimum	550.00	550.00	0.0 }	D
Licence to Assign	700.00 ++	700.00 ++	0.0 }	D
Licence to Underlet	700.00	700.00	0.0 }	D
Licence for Works.Alterations	700.00	700.00	0.0 }	D
Licence to use land	700.00	700.00	0.0 }	D
Deed of Wayleaves - minimum	700.00	700.00	0.0 }	D
Deed of Easement - minimum	900.00	900.00	0.0 }	D
Deed of Surrender	800.00	800.00	0.0 }	D

The Service Director of Property & Infrastructure in consultation with the Portfolio Holder to have authority to revise Property & Construction charges

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
HACKNEY CARRIAGE LICENCES				
Vehicle Licence application fee per annum (not including inspection costs)	225.00	229.50	2.00	D
Certificate of Compliance (annual or 6 monthly test -as per Transport SoC)	up to max fee determined by Dept of Transp.	up to max fee determined by Dept of Transp.		S
Vehicle Licence Plate system				
Front plate and rear plate (no bracket)	32.00	33.60	5.00	D
Bracket only	31.00	32.50	4.84	D
Front plate only	15.00	15.75	5.00	D
Rear plate only	17.00	17.85	5.00	D
Rear plate and bracket	48.00	50.40	5.00	D
Front Plate Pouch/ windscreen holder/permit holder	4.00	4.20	5.00	D
No Smoking (vehicle) Signs x2	4.00	4.10	2.50	D
Additional fee for a transfer	165.00	168.50	2.12	D
Additional fee for a change of ownership within licence period	92.00	94.00	2.17	D
Plate Deposit	37.00	37.75	2.03	D
Fee for authorisation of internal advertising on HC Vehicles - per annum	110.00	112.00	1.82	D
Fee for assessment of advertising on or in HC Vehicle (incl Electronic Screens) -per occasion	55.00	56.00	1.82	D
Driver's Licence application fees				
New licence # (two years)	229.00	233.50	1.97	D
New licence - applicant aged 70 # (two years)	190.00	193.50	1.84	D
New licence - 1 year #	190.00	193.50	1.84	D
New Licence - 3 years #	332.00	338.50	1.96	D
Renewal of one year licence - applicant aged 70 #	136.50	139.00	1.83	D
Renewal of two year licence #	206.00	210.00	1.94	D
Renewal of Three year licence #	245.00	249.00	1.63	D
DVLA Licence validity check	16.00	16.30	1.88	D
DBS Document Checking	12.00	12.20	1.67	D
Additional fee if, at time of appln or renewal, driver wishes to drive a Private Hire vehicle	97.00	98.50	1.55	D
Fee for driver wishing to drive a Private Hire vehicle (where an application is submitted during period of Hackney Carriage Driver's Licence) - per unexpired month or part thereof	19.00	19.30	1.58	D
Fee for additional attempts at knowledge test - local area	84.00	85.50	1.79	D
Fee for airport knowledge test where Airport permit applied for	84.00	85.50	1.79	D
Disclosure and Barring Service Fee	70.00	70.00	0.00	S&D
Refund where HC Driver applicant fails written knowledge test and does not continue with application	no refund	No Refund		
Refund where HC Driver applicant withdraws application before consideration by Licensing Panel or interview by Licensing Manager	No Refund	No Refund		
Refund where applicant withdraws application for a H C vehicle licence before determination by Licensing Manager or Panel	No Refund	No Refund		
No refund where HC Vehicle Licence application is rejected or refused at any time during the application procedure or withdrawn after determination by Licensing Manager or Panel				
No refund where a vehicle licence is returned or discontinued once issued				
Admin Charge for misc amendments to existing HC licence	57.00	58.00	1.75	D
Production of paper licence (only) for PH/HC Licence	12.00	12.20	1.67	D
Production of paper licence and badge	28.00	29.00	3.57	D
Production of badge only	16.00	16.75	4.69	D
Lanyard	3.10	3.20	3.23	D
Badge Holder	3.10	3.20	3.23	D
Production of licence - per request / licence change of particulars (address, vehicle details etc, plus any other associated fee)	37.00	37.75	2.03	D
Unmet Demand Fee - annual driver licence	Not applicable for 2020/21	Not applicable for	#VALUE!	
PRIVATE HIRE LICENCES				
Operator's Licence application fee #	580.00	590.00	1.72	D
Operator's Licence - change of Business address/ details	140.00	142.50	1.79	D
Operator's Licence - Change of licence holders address	12.00	12.20	1.67	D
Operator Licence - 5 year licence fee (if Deregulation Act applied)	2,800.00	2,845.00	1.61	D
Vehicle Licence application fee per annum (not including inspection costs)	225.00	229.50	2.00	D
Certificate of Compliance (annual or 6 monthly test -as per Transport SoC)				
Vehicle Licence Plate system				
Front plate and rear plate (no bracket)	32.00	33.60	5.00	D
Bracket only	31.00	32.50	4.84	D
Front plate only	15.00	15.75	5.00	D
Rear plate only	17.00	17.85	5.00	D
Rear plate and bracket	48.00	50.40	5.00	D
Front Plate Pouch/ windscreen holder/permit holder	4.00	4.20	5.00	D
No Smoking (vehicle) Signs x2	4.00	4.10	2.50	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
Additional fee for a change of ownership	92.00	94.00	2.17	D
Plate Deposit	37.00	37.75	2.03	D
Fee for inspection/ authorisation of advertising on PH Vehicles - per occasion	110.00	112.00	1.82	D
Fee for authorisation of internal advertising on PH Vehicle - per annum	55.00	56.00	1.82	D
Driver's Licence Application Fees				
New licence - # (Two years)	229.00	233.50	1.97	D
New licence - applicant aged 70 or over # (two years)	190.00	193.50	1.84	D
New licence - 1 year #	190.00	193.50	1.84	D
New Licence - 3 years #	332.00	338.50	1.96	D
Renewal of one year licence - applicant aged 70 or over #	136.50	139.00	1.83	D
Renewal of two year licence #	206.00	210.00	1.94	D
Renewal of Three year licence #	245.00	249.00	1.63	D
DVLA Licence validity check	16.00	16.30	1.88	D
DBS Document Checking	12.00	12.20	1.67	D
Additional fee if, at time of application,driver who has passed a Hackney Carriage Road Knowledge test wishes to drive a Hackney Carriage vehicle	97.00	98.50	1.55	D
Fee for driver wishing to drive a Hackney Carriage Vehicle (where an application is submitted during the period of a Private Hire Driver's Licence) per unexpired month or part thereof	19.00	19.30	1.58	D
Fee for knowledge test - local area/national	84.00	85.50	1.79	D
Disclosure and Barring Service Fee	70.00	70.00	0.00	S&D
Refund where PH Driver applicant fails written knowledge test and does not continue with application	No Refund	No Refund		
Refund where PH Driver applicant withdraws application before consideration by Licensing Panel or interview by Licensing Manager	No Refund	No Refund		
Refund where applicant withdraws application for a PH vehicle licence or operators licence before determination by Licensing Manager or Panel	No Refund	No Refund		
No refund where PH Vehicle Licence or operators licence application is rejected or refused at any time during the application procedure or withdrawn after determination by Licensing Manager or Panel				
# plus D&BS Fee & DLVA check fee				
No refund where PH Vehicle Licence application is rejected or refused at any time during the application				
Admin Charge for misc amendments to existing PH licence	57.00	58.00	1.75	D
Production of paper licence (only) for PH/HC Licence	12.00	12.20	1.67	D
Production of paper licence and badge	28.00	29.00	3.57	D
Production of badge only	16.00	16.75	4.69	D
Lanyard	3.10	3.20	3.23	D
Badge Holder	3.10	3.20	3.23	D
Data Protection Act request from other licensing authorities	28.00	29.50	5.36	D
Safeguarding training - Per Attendee	56.00	57.00	1.79	D
Request to check CCTV recorded footage	16.00	16.50	3.13	D
Production of licence - per request / licence change of particulars (address, vehicle details etc, plus any other associated fee)	37.00	37.75	2.03	D

LICENSING Levied in accordance with the Statutory Scale as set out in the Gambling Act 2005 and Licensing Act 2003

Gambling Act 2005

Licence Application provisional statement holders fee	=/or up to current maximum				
Regional Casino		8,000.00 *	8,000.00 *	0.00	S
Large Casino		5,000.00 *	5,000.00 *	0.00	S
Small Casino		3,000.00 *	3,000.00 *	0.00	S
Bingo Premises		1,200.00 *	1,200.00 *	0.00	S
Adult Gaming Centre		1,200.00 *	1,200.00 *	0.00	S
Betting Premises (Track)		950.00 *	950.00 *	0.00	S
Family Entertainment Centre		950.00 *	950.00 *	0.00	S
Betting Premises (Other)		1,200.00 *	1,200.00 *	0.00	S
Licence Application Fee	=/or up to current maximum				
Regional Casino		15,000.00 *	15,000.00 *	0.00	S
Large Casino		10,000.00 *	10,000.00 *	0.00	S
Small Casino		8,000.00 *	8,000.00 *	0.00	S
Bingo Premises		3,500.00 *	3,500.00 *	0.00	S
Adult Gaming Centre		2,000.00 *	2,000.00 *	0.00	S
Betting Premises (Track)		2,500.00 *	2,500.00 *	0.00	S
Family Entertainment Centre		2,000.00 *	2,000.00 *	0.00	S
Betting Premises (Other)		3,000.00 *	3,000.00 *	0.00	S
Annual Fee	=/or up to current maximum				
Regional Casino		15,000.00 *	15,000.00 *	0.00	S
Large Casino		10,000.00 *	10,000.00 *	0.00	S
Small Casino		5,000.00 *	5,000.00 *	0.00	S
Converted Casino		3,000.00 *	3,000.00 *	0.00	S
Bingo Premises		1,000.00 *	1,000.00 *	0.00	S
Adult Gaming Centre		1,000.00 *	1,000.00 *	0.00	S
Betting Premises (Track)		1,000.00 *	1,000.00 *	0.00	S
Family Entertainment Centre		750.00 *	750.00 *	0.00	S
Betting Premises (Other)		600.00 *	600.00 *	0.00	S

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
Fee for Variation	=/or up to current maximum				
Regional Casino		7,500.00 *	7,500.00 *	0.00 }	S
Large Casino		5,000.00 *	5,000.00 *	0.00 }	S
Small Casino		4,000.00 *	4,000.00 *	0.00 }	S
Converted Casino		2,000.00 *	2,000.00 *	0.00 }	S
Bingo Premises		1,750.00 *	1,750.00 *	0.00 }	S
Adult Gaming Centre		1,000.00 *	1,000.00 *	0.00 }	S
Betting Premises (Track)		1,250.00 *	1,250.00 *	0.00 }	S
Family Entertainment Centre		1,000.00 *	1,000.00 *	0.00 }	S
Betting Premises (Other)		1,500.00 *	1,500.00 *	0.00 }	S
				}	
Fee to Transfer Licence	=/or up to current maximum			}	
Regional Casino		6,500.00 *	6,500.00 *	0.00 }	S
Large Casino		2,150.00 *	2,150.00 *	0.00 }	S
Small Casino		1,800.00 *	1,800.00 *	0.00 }	S
Converted Casino		1,350.00 *	1,350.00 *	0.00 }	S
Bingo Premises		1,200.00 *	1,200.00 *	0.00 }	S
Adult Gaming Centre		1,200.00 *	1,200.00 *	0.00 }	S
Betting Premises (Track)		950.00 *	950.00 *	0.00 }	S
Family Entertainment Centre		950.00 *	950.00 *	0.00 }	S
Betting Premises (Other)		1,200.00 *	1,200.00 *	0.00 }	S
				}	
Fee for Reinstatement of Licence	=/or up to current maximum			}	
Regional Casino		6,500.00 *	6,500.00 *	0.00 }	S
Large Casino		2,150.00 *	2,150.00 *	0.00 }	S
Small Casino		1,800.00 *	1,800.00 *	0.00 }	S
Converted Casino		1,350.00 *	1,350.00 *	0.00 }	S
Bingo Premises		1,200.00 *	1,200.00 *	0.00 }	S
Adult Gaming Centre		1,200.00 *	1,200.00 *	0.00 }	S
Betting Premises (Track)		950.00 *	950.00 *	0.00 }	S
Family Entertainment Centre		950.00 *	950.00 *	0.00 }	S
Betting Premises (Other)		1,200.00 *	1,200.00 *	0.00 }	S
				}	
Fee for Provisional Statement	=/or up to current maximum			}	
Regional Casino		15,000.00 *	15,000.00 *	0.00 }	S
Large Casino		10,000.00 *	10,000.00 *	0.00 }	S
Small Casino		8,000.00 *	8,000.00 *	0.00 }	S
Converted Casino		3,500.00 *	3,500.00 *	0.00 }	S
Bingo Premises		2,000.00 *	2,000.00 *	0.00 }	S
Adult Gaming Centre		2,500.00 *	2,500.00 *	0.00 }	S
Betting Premises (Track)		2,000.00 *	2,000.00 *	0.00 }	S
Family Entertainment Centre		3,000.00 *	3,000.00 *	0.00 }	S
Betting Premises (Other)				}	
				}	
Copy Licence Fee	=/or up to current maximum			}	
Regional Casino		25.00 *	25.00 *	0.00 }	S
Large Casino		25.00 *	25.00 *	0.00 }	S
Small Casino		25.00 *	25.00 *	0.00 }	S
Converted Casino		25.00 *	25.00 *	0.00 }	S
Bingo Premises		25.00 *	25.00 *	0.00 }	S
Adult Gaming Centre		25.00 *	25.00 *	0.00 }	S
Betting Premises (Track)		25.00 *	25.00 *	0.00 }	S
Family Entertainment Centre		25.00 *	25.00 *	0.00 }	S
Betting Premises (Other)		25.00 *	25.00 *	0.00 }	S
				}	
Notification of Change Fee	=/or up to current maximum			}	
Regional Casino		50.00 *	50.00 *	0.00 }	S
Large Casino		50.00 *	50.00 *	0.00 }	S
Small Casino		50.00 *	50.00 *	0.00 }	S
Converted Casino		50.00 *	50.00 *	0.00 }	S
Bingo Premises		50.00 *	50.00 *	0.00 }	S
Adult Gaming Centre		50.00 *	50.00 *	0.00 }	S
Betting Premises (Track)		50.00 *	50.00 *	0.00 }	S
Family Entertainment Centre		50.00 *	50.00 *	0.00 }	S
Betting Premises (Other)		50.00 *	50.00 *	0.00 }	S
				}	
Permits				}	
Application Fee				}	
Family Entertainment Centre Gaming Machine		300.00 *	300.00 *	0.00 }	S
				}	
Prize Gaming		300.00 *	300.00 *	0.00 }	S
Alcohol Licensed Premises - Notification of <2 machines		50.00 *	50.00 *	0.00 }	S
Alcohol Licensed Premises Gaming Machine Permit - More than 2 machines		150.00 *	150.00 *	0.00 }	S
Club Gaming Permit		200.00 *	200.00 *	0.00 }	S
Club Fast Track for Gaming Permit or Gaming Machine Permit		200.00 *	200.00 *	0.00 }	S
				}	
Annual Fee				}	
Alcohol Licensed Premises Gaming Machine Permit - More than 2 machines		50.00 *	50.00 *	0.00 }	S
Club Gaming Permit		50.00 *	50.00 *	0.00 }	S
Club Fast Track for Gaming Permit or Gaming Machine Permit		50.00 *	50.00 *	0.00 }	S
				}	
Renewal Fee				}	
Family Entertainment Centre Gaming Machine		300.00 *	300.00 *	0.00 }	S
Prize Gaming		300.00 *	300.00 *	0.00 }	S
Club Gaming Permit		200.00 *	200.00 *	0.00 }	S
Club Fast Track for Gaming Permit or Gaming Machine Permit		200.00 *	200.00 *	0.00 }	S
				}	
Transitional Application Fee				}	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
Family Entertainment Centre Gaming Machine		100.00 *	100.00 *	0.00	S
Prize Gaming		100.00 *	100.00 *	0.00	S
Alcohol Licensed Premises Gaming Machine Permit - More than 2 machines		100.00 *	100.00 *	0.00	S
Club Gaming Permit		100.00 *	100.00 *	0.00	S
Club Fast Track for Gaming Permit or Gaming Machine Permit		100.00 *	100.00 *	0.00	S
Small Society Lottery Registration		40.00 *	40.00 *	0.00	S
Small Society Lottery Annual Fee		20.00 *	20.00 *	0.00	S
Permit - Miscellaneous Fees					
Permit - Change of Name (not applicable to Club Premises)		25.00 *	25.00 *	0.00	S
Copy of Permit		15.00 *	15.00 *	0.00	S
Variation of Permit (Alcohol Licensed Premises, Club Gaming & Club Gaming Machine)		100.00 *	100.00 *	0.00	S
Transfer (Alcohol Licensed Premises Gaming Machine Permit only)		25.00 *	25.00 *	0.00	S
Alcohol Licensing Act 2003					
Personal Licence Fee (10 year licence)		37.00 *	37.00 *	0.00	S
Premises licence					
Main application fee	Rateable value band				
	£0 - £4,300 A	100.00 *	100.00 *	0.00	S
	£4,301 - £33,000 B	190.00 *	190.00 *	0.00	S
	£33,001 - £87,000 C	315.00 *	315.00 *	0.00	S
	£87,001 - £125,000 D	450.00 *	450.00 *	0.00	S
	£125,001 and abov E	635.00 *	635.00 *	0.00	S
Main annual charge	Rateable value band				
	£0 - £4,300 A	70.00 *	70.00 *	0.00	S
	£4,301 - £33,000 B	180.00 *	180.00 *	0.00	S
	£33,001 - £87,000 C	295.00 *	295.00 *	0.00	S
	£87,001 - £125,000 D	320.00 *	320.00 *	0.00	S
	£125,001 and abov E	350.00 *	350.00 *	0.00	S
Additional Fee - Accumulator	Rateable value band				
	D x 2	900.00 *	900.00 *	0.00	S
	E x 3	1,905.00 *	1,905.00 *	0.00	S
Additional Annual Fee - Accumulator	Rateable value band				
	D x 2	640.00 *	640.00 *	0.00	S
	E x 3	1,050.00 *	1,050.00 *	0.00	S
Additional fee relating to number of people allowed on premises at any one time					
Fee at time of application	5,000 - 9,999	1,000.00 *	1,000.00 *	0.00	S
	10,000 - 14,999	2,000.00 *	2,000.00 *	0.00	S
	15,000 - 19,999	4,000.00 *	4,000.00 *	0.00	S
	20,000 - 29,999	8,000.00 *	8,000.00 *	0.00	S
	30,000 - 39,999	16,000.00 *	16,000.00 *	0.00	S
	40,000 - 49,999	24,000.00 *	24,000.00 *	0.00	S
	50,000 - 59,999	32,000.00 *	32,000.00 *	0.00	S
	60,000 - 69,999	40,000.00 *	40,000.00 *	0.00	S
	70,000 - 79,999	48,000.00 *	48,000.00 *	0.00	S
	80,000 - 89,999	56,000.00 *	56,000.00 *	0.00	S
	90,000 and over	64,000.00 *	64,000.00 *	0.00	S
					S
Additional annual fee	5,000 - 9,999	500.00 *	500.00 *	0.00	S
	10,000 - 14,999	1,000.00 *	1,000.00 *	0.00	S
	15,000 - 19,999	2,000.00 *	2,000.00 *	0.00	S
	20,000 - 29,999	4,000.00 *	4,000.00 *	0.00	S
	30,000 - 39,999	8,000.00 *	8,000.00 *	0.00	S
	40,000 - 49,999	12,000.00 *	12,000.00 *	0.00	S
	50,000 - 59,999	16,000.00 *	16,000.00 *	0.00	S
	60,000 - 69,999	20,000.00 *	20,000.00 *	0.00	S
	70,000 - 79,999	24,000.00 *	24,000.00 *	0.00	S
	80,000 - 89,999	28,000.00 *	28,000.00 *	0.00	S
	90,000 and over	32,000.00 *	32,000.00 *	0.00	S
Permitted temporary activities, personal licenses and miscellaneous fees					
Theft, loss etc. of premises licence or summary	Section 25	10.50 *	10.50 *	0.00	S
Application for a provisional statement where premises being built etc.	Section 29	315.00 *	315.00 *	0.00	S
Notification of change of name or address	Section 33	10.50 *	10.50 *	0.00	S
Application to vary licence to specify individual as premises supervisor	Section 37	23.00 *	23.00 *	0.00	S
Application to remove provision of DPS for Community Premises		23.00 *	23.00 *	0.00	S
Application for transfer of premises licence	Section 42	23.00 *	23.00 *	0.00	S
Interim authority notice following death etc. of licence holder	Section 47	23.00 *	23.00 *	0.00	S
Theft, loss etc. of certificate or summary	Section 79	10.50 *	10.50 *	0.00	S
Notification of change of name or alteration of rules of club	Section 82	10.50 *	10.50 *	0.00	S
Change of relevant registered address of club	Section 83 (1) or (2)	10.50 *	10.50 *	0.00	S
Temporary event notice	Section 100	21.00 *	21.00 *	0.00	S
Theft, loss etc. of temporary event notice	Section 110	10.50 *	10.50 *	0.00	S
Application for a grant or renewal of personal licence	Section 117	37.00 *	37.00 *	0.00	S
Theft, loss etc.of personal licence	Section 126	10.50 *	10.50 *	0.00	S
Duty to notify change of name or address	Section 127	10.50 *	10.50 *	0.00	S
Right of freeholder etc. to be notified of licensing matters	Section 178	21.00 *	21.00 *	0.00	S
Application for Minor Variation of Premises Licence/ Club Premises Certificate		89.00 *	89.00 *	0.00	S
Scrap Metal Dealers Act 2013					
Site Licence					

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Type of Charge Statutory (S) Discretionary (D) (S) or (D)
Granting of site licence		630.00	640.00	1.59	D
Renewal of site licence		630.00	640.00	1.59	D
Variation - site to collectors licence		88.00	90.00	2.27	D
Variation - change of licensee details		41.00	42.00	2.44	D
Variation - changed of licensed sites		88.00	90.00	2.27	D
Variation - change of site managers		88.00	90.00	2.27	D
Collectors Licence					D
Granting of collectors licence		410.00	417.00	1.71	D
Renewal of collectors licence		410.00	417.00	1.71	D
Variation - collectors to site licence		88.00	90.00	2.27	D
Variation - change of licensee details		41.00	42.00	2.44	D
Dangerous Wild Animals Act (fee plus all vet inspect fees)	Per licence plus assoc vet fees	400.00	408.00	2.00	D
Zoo Licence (fee plus all vet inspection fees)	Per licence plus assoc vet fees	400.00	408.00	2.00	D
Display of Public Hypnotism	Per licence	65.00	66.00	1.54	D
Animal Welfare Regulation Fees 2018					
Application Fee		200.00	203.50	1.75	S&D
One Year Licence*	Per grant of licence plus assoc vet fees	240.00	244.00	1.67	D
*50% discount on one year licence fee for home boarding		120.00	122.00	1.67	D
Two Year Licence	Per grant of licence plus assoc vet fees	300.00	305.00	1.67	D
Three Year Licence	Per grant of licence plus assoc vet fees	360.00	366.00	1.67	D
Re-inspection Fee		220.00	224.00	1.82	D
Transfer Fee - due to death of a licensee	Admin Fee plus associated fees for inspection	55.00	56.00	1.82	D
Variation to Licence (to reduce the licensable activities or number of animals)	and vet fees where applicable	55.00	56.00	1.82	D
Skin piercing, tattooists, acupuncture,electrolysis registration	Premises fee	268.00	273.00	1.87	
Skin piercing, tattooists, acupuncture,electrolysis registration	Per practitioner in premises (incl new additions).	31.00	31.50	1.61	D
Skin piercing, tattooists, acupuncture,electrolysis registration	Practitioner-no prems (mobile)	139.00	141.50	1.80	D
Copy of registration or amendments to existing registration	Per copy of entry	12.00	12.25	2.08	D
Notification of cooling towers and evaporative condensers	no notification fee chargeable				D
Copy of Entry in Register of Cooling towers/evaporative condensers	Per copy of entry	12.00	12.25	2.08	
Sex Establishment					
New Licence		5,900.00	5,900.00	0.00	D
Renewal		2,550.00	2,550.00	0.00	D
Transfer	Refundable if no hearing required	2,550.00	2,550.00	0.00	D
Licensing Panel Hearing costs		1,900.00	1,900.00	0.00	D
Grant Fee, only payable upon grant of SEV licence	As defined in new Case Law to cover enforcement costs	320.00	320.00	0.00	S
DIGITAL MEDIA					
Copy of Photograph (per Photograph)		27.00	27.50	1.85	
Copy of Photograph (additional Copies)		3.00	3.05	1.67	
Copy of Photograph (per disk)		20.00	20.50	2.50	D
Copy of Audio Tape		33.50	34.00	1.49	
Copy of Video Tape		81.50	83.00	1.84	
Copy of Digital media on DVD		81.50	83.00	1.84	
Copy of CD/ DVD		20.00	20.50	2.5	

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge		2021-22 Proposed Charge		%	Statutory or Discretionary Charge (S or D)
OFF STREET CAR PARKS						
					}	D
Crawley Road					}	
Up to 1 hour (Mon - Fri 8am to 6pm only)	1.20	+	1.20	+	0.00 }	D
Up to 2 hours (Mon - Fri 8am to 6pm only)	1.90	+	1.90	+	0.00 }	D
Up to 3 hours (Mon - Fri 8am to 6pm only)	2.40	+	2.40	+	0.00 }	D
Up to 4 hours (Mon - Fri 8am to 6pm only)	3.00	+	3.00	+	0.00 }	D
Up to 5 hours (Mon - Fri 8am to 6pm only)	4.00	+	4.00	+	0.00 }	D
All day (Mon - Fri 8am to 6pm only)	8.00	+	8.00	+	0.00 }	D
Saturdays - all day	3.00	+	3.00	+	0.00 }	D
Sundays & Bank Holidays - all day (8am to 6pm)	1.20	+	1.20	+	0.00 }	D
Evenings - (6pm to 8am)	FREE		FREE		}	D
Weekly - unreserved (Mon-Sat only)	33.00	+	33.00	+	0.00 }	D
Monthly - (Mon-Sat)	108.00	+	108.00	+	0.00 }	D
Quarterly - unreserved (Mon-Sat only)	285.00	+	285.00	+	0.00 }	D
Annual - unreserved (Mon - Sat only)	1,025.00	+	1,025.00	+	0.00 }	D
Annual reserved	1,080.00	+	1,080.00	+	0.00 }	D
Vicarage Street						
Up to 1 hour (Mon - Fri 8am to 6pm only)	1.20	+	1.20	+	0.00 }	D
Up to 2 hours (Mon - Fri 8am to 6pm only)	1.90	+	1.90	+	0.00 }	D
Up to 3 hours (Mon - Fri 8am to 6pm only)	2.40	+	2.40	+	0.00 }	D
Up to 4 hours (Mon - Fri 8am to 6pm only)	3.00	+	3.00	+	0.00 }	D
Up to 5 hours (Mon - Fri 8am to 6pm only)	4.00	+	4.00	+	0.00 }	D
All day (Mon - Fri 8am to 6pm only)	8.00	+	8.00	+	0.00 }	D
Saturday - all day (8am to 6pm)	3.00	+	3.00	+	0.00 }	D
Sundays & Bank Holidays all day (8am to 6pm)	1.20	+	1.20	+	0.00 }	D
Evenings - (6pm to 8am)	FREE		FREE		}	D
Weekly - unreserved (Mon-Sat only)	33.00	+	33.00	+	0.00 }	D
Monthly - (Mon-Sat)	108.00	+	108.00	+	0.00 }	D
Quarterly - unreserved (Mon-Sat only)	285.00	+	285.00	+	0.00 }	D
Annual unreserved (Mon - Sat only)	1,025.00	+	1,025.00	+	0.00 }	D
Annual reserved	1,080.00	+	1,080.00	+	0.00 }	D
Unreserved permit- Autumn Term (11 weeks) NUS /Beds University	230.00	+	230.00	+	0.00 }	D
Unreserved permit- Winter term (11 weeks) NUS /Beds University s	230.00	+	230.00	+	0.00 }	D
Unreserved permit- Summer term (8 weeks) NUS /Beds University	170.00	+	170.00	+	0.00 }	D
Unreserved Academic year permit 39 weeks	730.00	+	730.00	+	0.00 }	D
Chapel Viaduct						
Saturday (Up to 1 hour)	1.50	+	1.50	+	0.00 }	D
Saturday (Up to 2 hours)	1.80	+	1.80	+	0.00 }	D
Saturday (Up to 3 hours)	3.00	+	3.00	+	0.00 }	D
Saturday (Up to 4 hours)	3.60	+	3.60	+	0.00 }	D
Saturday (Up to 5 hours)	4.20	+	4.20	+	0.00 }	D
Sundays & Bank Holidays all day	2.00	+	2.00	+	0.00 }	D
Quarterly - reserved (Mon-Fri only)	305.00	+	305.00	+	0.00 }	D
Annual reserved (Mon - Fri)	990.00	+	990.00	+	0.00 }	D
Bute Street shoppers car par	**car park returned to Council**					
Up to 1 hour (Monday - Friday only 8am to 6pm)	**0.90**		**0.90**		**0.00**	
Up to 2 hour (Monday - Friday only 8am to 6pm)	**1.30**		**1.30**		**0.00**	**D**
Up to 3 hour (Monday - Friday only 8am to 6pm)	**1.80**		**1.80**		**0.00**	**D**
Up to 4 hour (Monday - Friday only 8am to 6pm)	**2.70**		**2.70**		**0.00**	**D**
Up to 5 hour (Monday - Friday only 8am to 6pm)	**3.80**		**3.80**		**0.00**	**D**
Saturday (All day 8am to 6pm only)	**2.40**		**2.40**		**0.00**	**D**
Sundays and Bank Holidays (All day 8am to 6pm only)	**1.20**		**1.20**		**0.00**	**D**
Evenings (6pm to 8am only)	**FREE**		**FREE**		**0.00**	**D**

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge		2021-22 Proposed Charge		%	Statutory or Discretionary Charge (S or D)
South Road						
Up to 1 hour (Mon - Fri 8am to 6pm only)	1.20	+	1.20	+	0.00 }	D
Up to 2 hours (Mon - Fri 8am to 6pm only)	2.50	+	2.50	+	0.00 }	D
Up to 3 hours (Mon - Fri 8am to 6pm only)	2.90	+	2.90	+	0.00 }	D
Up to 4 hours (Mon - Fri 8am to 6pm only)	3.00	+	3.00	+	0.00 }	D
Up to 5 hours (Mon - Fri 8am to 6pm only)	4.30	+	4.30	+	0.00 }	D
All day (Mon - Fri 8am to 6pm only)	7.60	+	7.60	+	0.00 }	D
Saturday - all day (8am to 6pm only)	2.00	+	2.00	+	0.00 }	D
Sundays & Bank Holidays all day (8am to 6pm)	1.50	+	1.50	+	0.00 }	D
Evenings - (6pm to 8am)	FREE	+	FREE	+	}	D
Weekly - unreserved (Mon - Sat)	35.00	+	35.00	+	0.00 }	D
Monthly - (Mon - Sat)	115.00	+	115.00	+	0.00 }	D
Quarterly - unreserved (Mon - Sat)	270.00	+	270.00	+	0.00 }	D
Annual - unreserved (Mon-Sat)	840.00	+	840.00	+	0.00 }	D
Annual reserved	900.00	+	900.00	+	0.00 }	D
Hitchin Road						
Up to 2 hours (Mon - Fri 8am to 6pm only)	1.50	+	1.50	+	0.00 }	D
Up to 4 hours (Mon - Fri 8am to 6pm only)	2.00	+	2.00	+	0.00 }	D
Mon-Fri - all day	5.50	+	5.50	+	0.00 }	D
Saturday - all day	1.50	+	1.50	+	0.00 }	D
Sundays & Bank Holidays - all day (8am to 6pm)	1.00	+	1.00	+	0.00 }	D
Evenings - (6pm to 8am)	FREE		FREE		}	D
Weekly Unreserved - (Mon-Sat)	25.00	+	25.00	+	0.00 }	D
Monthly - (Mon-Sat)	75.00	+	75.00	+	0.00 }	D
Quarterly - Unreserved (Mon-Sat)	175.00	+	175.00	+	0.00 }	D
Annual - Unreserved (Mon-Sat)	585.00	+	585.00	+	0.00 }	D
Annual reserved	630.00	+	630.00	+	0.00 }	D
Wenlock Street HIGH TOWN CAR PARKS- Wenlock, Brunswick						
Up to 1 hour (Mon - Fri 8.am to 6pm)	1.00	+	1.00	+	0.00 }	D
Up to 2 hours (Mon - Fri 8am to 6pm only)	1.50	+	1.50	+	0.00 }	D
Up to 4 hours (Mon - Fri 8am to 6pm only)	2.00	+	2.00	+	0.00 }	D
Saturdays 8.00am to 6.00pm (up to 2 hours)	0.90	+	0.90	+	0.00 }	D
Saturdays - all day (8am to 6pm only)	2.20	+	2.20	+	0.00 }	D
Sundays & Bank Holidays - All day	1.20	+	1.20	+	0.00 }	D
Evenings - (6pm to 8am)	FREE		FREE		}	D
Weekly Unreserved - (Mon-Sat)	25.00	+	25.00	+	0.00 }	D
Monthly - (Mon-Sat)	85.00	+	85.00	+	0.00 }	D
Quarterly - Unreserved (Mon-Sat)	198.00	+	198.00	+	0.00 }	D
Annual - Unreserved (Mon-Sat)	605.00	+	605.00	+	0.00 }	D
Burr Street - remove car park is now closed						
~~All Day Stay- Mon- Fri 8am-6pm only~~	~~5.50~~	~~+~~	~~0.00~~	~~+~~	~~-100.00~~ }	DELETE
~~Up to 2 hours (Mon- Fri 8am - 6pm only)~~	~~1.00~~	~~+~~	~~0.00~~	~~+~~	~~-100.00~~ }	D
~~Saturday- all day 8am-6pm~~	~~2.00~~	~~+~~	~~0.00~~	~~+~~	~~-100.00~~ }	D
~~Sunday & Bank Holidays All day~~	~~1.20~~	~~+~~	~~0.00~~	~~+~~	~~-100.00~~ }	D
~~Evenings - (6pm to 8am)~~	~~FREE~~		~~0.00~~		}	D
Beech Hill & Birch Link Car Parks						
Mon-Sun 8.00am-6.00pm (up to 30 mins)	1.00	+	1.00	+	0.00 }	D
Mon-Sun 8.00am-6.00pm (up to 1 hour)	1.50	+	1.50	+	0.00 }	D
Mon-Sun 8.00am-6.00pm (up to 2 hours)	3.30	+	3.30	+	0.00 }	D
Evenings - (6pm to 8am)	FREE		FREE		}	D
Mostyn Road						
Mon-Sat 8.00am-6.00pm (up to 1 hours)	0.70	+	0.70	+	0.00 }	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge	2021-22 Proposed Charge	%	Statutory or Discretionary Charge (S or D)
Mon-Sat 8.00am-6.00pm (up to 2 hours)	1.00 +	1.00 +	0.00 }	D
Mon-Sat 8.00am-6.00pm (up to 4 hours)	1.80 +	1.80 +	0.00 }	D
Sunday & Bank Holidays (8am to 6pm)	0.70 +	0.70 +	0.00 }	D
Annual Unreserved (Residents Zone S Only)	52.00 +	52.00 +	0.00 }	D
Annual Unreserved (8am - 10am Mon - Sat)	115.00 +	115.00 +	0.00 }	D
Round Green				
Mon-Sat 8.00am-6.00pm (up to 1 hours)	0.80 +	0.80 +	0.00 }	D
Mon-Sat 8.00am-6.00pm (up to 2 hours)	1.10 +	1.10 +	0.00 }	D
Mon-Sat 8.00am-6.00pm (up to 4 hours)	1.30 +	1.30 +	0.00 }	D
Sunday & Bank Holidays - (8am to 6pm)	1.00 +	1.00 +	0.00 }	D
Evenings - (6pm to 8am)	FREE	FREE	}	D
Annual Unreserved (Residents Zone RGCP Only)	50.00 +	50.00 +	0.00 }	D
Park Town Car Parks				
Mon-Sat 8am to 6pm (Resident parking places)				
Kingsland Road car park 1 (Resident Permit Zone PT)	60.00	60.00	0.00 }	D
Kingsland Road car park 2 (Resident Permit Zone PT)	60.00	60.00	0.00 }	D
Strathmore Walk car park (Resident Permit Zone PT)	60.00	60.00	0.00 }	D
Bailey Street car park (Resident Permit Zone PT))	60.00	60.00	0.00 }	D
Bulk purchase (10+) of 'off street' permits- price to be determined by BCS HoS				
PARKING PERMITS				
Residents' Parking Permit (per annum)	60.00	60.00	0.00 }	D
Business Parking Permit	520.00	520.00	0.00 }	D
Visitors Permits (multiples of 10 tickets)	25.00	25.00	0.00 }	D
Doctors' Parking Permit (per annum)	60.00	60.00	0.00 }	D
Builders Exemption Certificate (1-3 days)	35.00	35.00	0.00 }	D
Builders Exemption Certificate (4-7 days)	40.00	40.00	0.00 }	
Carers' Permit	50.00	50.00	0.00 }	
Carers' Permit (Residential Zone)	60.00	60.00	0.00 }	
PENALTY CHARGE NOTICE				
Levied in accordance with the Statutory Scale as set out in a charging scheme made under the Traffic Management Act.			}	S
REMOVAL, STORAGE & DISPOSAL OF VEHICLES	NEW CHARGE			
Removal, storage and disposal of vehicles for Parking Contraventions are set at a National Level and applied accordingly				S
ON STREET PARKING - Tariff 1 (Town Centre)				
Monday to Saturday 8am - 6pm				
Up to 15 minutes	0.90	0.90	0.00 }	D
Up to 30 minutes	1.30	1.30	0.00 }	D
Up to 1 hour	2.80	2.80	0.00 }	D
Up to 2 hours (maximum stay)	5.40	5.40	0.00 }	D
Evenings - 6pm to 8am	FREE	FREE	}	D
Sundays - all day	FREE	FREE	}	D
ON STREET PARKING - Tariff 2 (Hospital Scheme)			}	
Monday to Friday 8am - 6pm			}	
Up to 1 hour	1.00	1.00	0.00 }	D
Up to 2 hours	1.80	1.80	0.00 }	D
Up to 3 hours (maximum stay)	2.30	2.30	0.00 }	D
Evenings - 6pm to 8am	FREE	FREE	}	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge	2021-22 Proposed Charge	%	Statutory or Discretionary Charge (S or D)
Saturdays & Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 3 Outside L&D				
Monday to Friday 8am - 6pm				
Up to 30 minutes (maximum stay)	1.00	1.00	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
Saturday & Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 4 (Dunstable Road)				
Monday to Saturday 8am - 6pm				
Up to 30 minutes	0.80	0.80	0.00	D
Up to 1 hours (maximum stay)	1.20	1.20	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 6 (Hightown Road)				
Monday to Saturday 8am - 6pm				
Up to 30 minutes (maximum stay)	0.80	0.80	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 7 (Marsh Road & Mostyn Road)				
Monday to Saturday 8am - 6pm				
Up to 15 minutes	0.70	0.70	0.00	D
Up to 30 minutes	1.00	1.00	0.00	D
Up to 1 hour (maximum stay)	2.00	2.00	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 8 (Toddington Road)				
Monday to Friday 8am - 6pm (up to 10 hrs)	5.00	5.00	0.00	D
Monday to Friday 10am - 6pm (up to 8 hrs)	3.20	3.20	0.00	D
Saturday and Sunday 8am - 6pm	1.50	1.50	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
ON STREET PARKING - Tariff 9 (Dunstable Road - side roads)				
Monday to Saturday 8am - 6pm				
Up to 30 minutes	0.70	0.70	0.00	D
Up to 1 hours	1.10	1.10	0.00	D
Up to 2 hours (maximum stay)	2.10	2.10	0.00	D
Evenings - 6pm to 8am	FREE	FREE		D
Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 10 (Hightown scheme)				
Monday to Friday 9am - 5pm				
Up to 30 minutes	0.80	0.80	0.00	D
Up to 1 hours	1.10	1.10	0.00	D
Up to 2 hours (maximum stay)	2.00	2.00	0.00	D
Evenings - 5pm to 9am	FREE	FREE		D
Saturdays and Sundays - all day	FREE	FREE		D
ON STREET PARKING - Tariff 11 (Kelvin Close)				

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge	2021-22 Proposed Charge	%	Statutory or Discretionary Charge (S or D)
Monday to Saturday 9am - 5pm			}	
Up to 30 minutes	0.60	0.60	0.00 }	D
Up to 1 hours	1.00	1.00	0.00 }	D
Up to 2 hours (maximum stay)	2.00	2.00	0.00 }	D
Evenings - 5pm to 9am	FREE	FREE	}	D
Sundays - all day	FREE	FREE	}	D
ON STREET PARKING - Tariff 12 CASHLESS PARKING ONLY				
Power Court (Mon-Sat 8am to 6pm)				
Up to 10 hours (all day)	2.30	2.30	0.00 }	D
ON STREET PARKING - Tariff 13 - Kimpton Road	NEW CHARGE TO BE ADDED			
Up to 1 hour (8am to 6pm - Monday to Saturday) (802314)	0.00	Free	0.00 }	D
Up to 2 hour (8am to 6pm - Monday to Saturday) (802314)	0.00	1.00	0.00 }	D
Up to 30 minutes (8am to 6pm - Monday to Saturday) (802315)	0.00	0.50	0.00 }	D
Up to 1 hour (8am to 6pm - Monday to Saturday) (802315)	0.00	0.90	0.00 }	D
Up to 2 hour (8am to 6pm - Monday to Saturday) (802315)	0.00	2.00	0.00 }	D
Sundays all day and Evenings (6pm to 8am)	0.00	Free	0.00 }	D
PLACEMENT OF CONES FOR WEDDINGS AND FUNERALS				
Flat Fee	63.00	63.00	0.00 }	D
Fee per lost cone	16.00	16.00	0.00 }	D
			}	D
SUSPENSIONS OF BAYS			}	
Charge levied per space per day + admin fee	30.00	30.00	0.00 }	D
Admin fee	50.00	50.00	0.00 }	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021
INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £		% Increase	Statutory or Discretionary Charge (S or D)
PEST CONTROL						
PUBLIC HEALTH PESTS (RATS, MICE, COCKROACHES, PHARAOH'S ANTS)						
Owner/occupied dwellings where all appointments are kept		No Charge	No Charge			D
Owner/occupied dwellings - each time an owner/occupier fails to keep a scheduled appointment, the subsequent visit will be charged at £77.00. Additional visits in the treatment programme will revert to non chargeable if no further appointments are missed	per visit *	81.00 ++	83.00	++	2.47	D
Short and Long Term contracts for tenanted residential and business premises - (excluding food premises)	per visit *	109.00 ++	111.00	++	1.83	D
Annual Service Contract . Charge may be reduced by half at PC Manager or Senior Officer for premises with internal floor space of less than 280 square meters.	per visit *	109.00 ++	111.00	++	1.83	D
*Visit charge relates to treatments of properties up to 3 bedrooms. An additional £25 will be charged per visit for each additional bedroom requiring treatment.						
BED BUGS						
All dewellings - treatment of all bedrooms and beds based on site survey of property	per visit	price on application	price on application			D
WASPS NESTS						S&D
Wasp nest treatment	per nest	45.00	45.00	+	0	D
Additional nest treated at same property at same time	per nest	22.50	22.50	+	0	D
For all wasps charges - half the charge paid will be retained by LBC, if officer is unable to provide treatment due it not being a wasps nest.						
OTHER VERTEBRATE PESTS OF NO PUBLIC HEALTH SIGNIFICANCE (NUISANCE PESTS)						
SQUIRRELS, BIRD CONTROL ADVICE						
Owner/occupied dwellings	per visit	108.50	110.50	+	1.84	
Tenanted residential dwellings (payable by tenant)	per visit	108.50	110.50	+	1.84	
Business premises (including LBC premises)	per visit	108.50	110.50	++	1.84	
OTHER INSECT PESTS OF NO PUBLIC HEALTH SIGNIFICANCE (NUISANCE PESTS)						
INDOOR Nuisance Pests - Ants, Silverfish, Larder Beetles (other than those specified below)						
Owner/occupied dwellings	per treatment *	78.00	79.50	+	1.92	
Tenanted residential dwellings (payable by tenant)	per treatment *	78.00	79.50	+	1.92	
Business premises (including LBC premises)	per treatment *	78.00	79.50	++	1.92	
Carpet Moth treatment	per treatment *	101.00	103.00		1.98	
Cluster Flies	per treatment	101.00	103.00		1.98	
Fleas	per treatment *	73.00	74.50		2.05	
*Treatment charge relates to treatments of domestic properties up to 3 bedrooms. An additional £25 will be charged per visit for each additional bedroom requiring treatment.						
Charge for timed appointment-pre 8.30am visit		10.00	10.00		0.00	D
Charge for supply and/or fitting of pest proofing measures		price on application ation	POA			D
Commercial multi-site contracts		price on application ation	POA			D
Commercial premises with floor space exceeding 560 square meters		price on application ation	POA			D
Commercial contracts for bird proofing of premises		price on application ation	POA			D
Sale of Pest Control Related Items (Dependant upon demand).						
Birds, including pigeons, gulls control and proofing		price on application	POA			D
DOG WARDENS						
Return of stray dogs		25.00	25.00	*	0.00	S
Administration fee for stray dogs collected before being sent to kennels		20.75	21.00	+	1.20	D
Additional Admin fee on seized dogs with no chip, tattoo or ID on Collar when seized		21.50	22.00	+	2.33	S&D
Overnight Kennelling Fees - LBC Kennels	per dog	22.00	22.50	+	2.27	
Dog Microchipping (at LBC Depot)	per chip	11.00	11.00	+	0.00	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £		% Increase	Statutory or Discretionary Charge (S or D)
Return a stray dog to owners home in Luton	Price on application to Service Director Public protection		POA	+		
Recovery of vetinary fees incurred in relation to dogs seized as strays	price on application		POA			
Training packages relating to dog awareness/dog handling etc.	price on application		POA			

FOOD

Voluntary Certificate Food Condemation	per hour or part thereof	85.00 ++	86.50	++	1.76	D
1 Food Export Certificate	per hour or part thereof	85.00 ++	86.50	++	1.76	D
Up to 2 Food Export Certificates issued at inspection	per hour or part thereof	125.00 ++	127.00	++	1.60	D
Each additional Food Export Certificate issued at inspection	per hour or part thereof	65.00 ++	66.00	++	1.54	D
Food Export Certificates (cost per certificate where site visit is not required)	per hour or part thereof	65.00 ++	66.00	++	1.54	D
Organic Produce Import Certificate		125.00 ++	127.00	++	1.60	
Seizure and Condemnation - fee plus analysts fee, plus court fee, plus disposal cost		500.00	510.00		2.00	D
Voluntary Surrender (in leiu of seizure and condemnation) £250 plus analysts fee (if any) plus disposal		250.00	255.00		2.00	D
Disinfection of aircraft in default of the Commander Office hours (0900-1700hrs Monday-Friday. No service at other times.)	per hour or part thereof	100.00	102.00	++	2.00	D

PRIMARY AUTHORITY AGREEMENTS

Sum as agreed through partnership - Annual (or similar) by arrangement	Price on Application		POA			D
Street trading - Food Consent						
7-12 months		3,200.00	3,250.00		1.56	
4-6 months		1,650.00	1,675.00		1.52	
0-3 months		1,000.00	1,015.00		1.50	D
Street trading - Non-food consent						
7-12 months		2,550.00	2,600.00		1.96	
4-6 months		1,350.00	1,375.00		1.85	
0-3 months		1,000.00	1,015.00		1.50	
Occasional Theme Markets (per stall per day)		35.00	36.00		2.86	

ENVIRONMENTAL HEALTH TRAINING & BUSINESS SUPPORT COURSES

Bespoke Course fees and businesssupport charges available on application	Price on Application		POA			
Factual Statements (minimum charge)		195.00	200.00	++	2.56	D
PLUS £80.00 per hour (or part thereof) in addition to minimum charge						
PLUS per photo		12.50	12.75	++	2.00	D
PLUS per handling charge		28.00	28.50	++	1.79	D

PRIVATE WATER SUPPLIES

Risk assessment, sampling and investigation visits. Includes time for travel and equipment preparation up to maximums of:	per hour or part thereof	82.00	82.00	++	0.00	S

* risk assessments - £500 each
* grant of authorisation - £100 each

Analysis of samples - full cost to be passed to the customer up to the following maximums:

*Regulation 10 analysis (£25/sample)
*Sample taken during check monitoring (£100/sample)
*Sample taken during audit monitoring (£500/sample)

: Time for travelling associated work to be levied at the same hourly rate.
Visits carried out partly or entirely outside normal office hours will incur a surcharge of 50% of the standard hourly rate.

ENVIRONMENTAL PROTECTION

Air Pollution Control and Subsistence Fees Levied in accordance with the Statutory Scale as set out in a charging scheme made under the Pollution Prevention and Control Act 2000						S
Requests for Information on Potential Land Contamination Specific Questions answered, per hour (min charge 1 hour)		82.00 ++	83.00	++	1.22	S

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Smoke Free Enforcement					
Smoking fixed penalty notice (discounted to £30 if paid within 15 days of issue)	per notice	50.00 *	50.00 *	0.00	S
Failure to display no smoking signs fixed penalty notice (discounted to £150 if paid within 15 days of issue)	per notice	200.00 *	200.00 *	0.00	S
Seizure of noise generating equipment					
Charge to cover costs for seizure, removal and storage of noise making equipment	Per seizure	660.00	668.00	1.21	D
~~**The Unauthorised Deposit of Waste (Fixed Penalties) Regulation 2016**~~	**OTHER FPN CHARGES ARE NOT ON SoC**				
~~**Fixed penalty notice if paid within 14 days of issue (discounted to £250 if paid within 10 days of issue)**~~	~~**Per notice**~~	~~**400.00**~~		**-100.00**	**DELETE**
~~**Deregulation Act 2015 - Houshold Waste**~~					
~~**Fixed penalty notice if paid within 28 days of issue (discounted to £60 if paid within 14 days of issue)**~~	~~**Per notice**~~	~~**100.00**~~		**-100.00**	**DELETE**
MISCELLANEOUS ENVIRONMENTAL HEALTH					
Hourly rate for miscellaneous non-statutory, chargeable duties (EHOs/Senior Technical Officers - M graded) #	per hour / part thereof	80.00 ++	82.00 ++	2.50	D
Hourly rate for miscellaneous non-statutory, chargeable duties (Technical Officers - L graded)) #	per hour / part thereof	62.00 ++	63.00 ++	1.61	D

Time for travelling associated work to be levied at the same hourly rate. Visits carried out partly or entirely outside normal office hours will incur a surcharge of 50% of the standard hourly rate.

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 202'

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
TRADING STANDARDS					
A. Weights and Measures					
Trading Standards Officer/Weights and Measures Inspector. Charge to be levied per hour or part thereof. Time for travelling and equipment preparation to be levied at the same hourly rate.		82.00 ++	82.00 ++	0.00	
Technical Officer/Enforcement Officer. Charge to be levied per hour or part thereof. Time for travelling and equipment preparation to be levied at the same hourly rate		64.00 ++	63.00 ++	-1.56	
					S
Visits carried out partly or entirely outside normal office hours will incur a surcharge of 50% of the standard fee or of the standard hourly rate per Officer per hour.					
All charges are subject to the addition of VAT					
~~**Buy With Confidence Scheme**~~					**DELETE**
~~**1st year membership**~~		~~**free**~~			**DELETE**
~~**2nd and subsequent year membership (per annum)**~~		~~**120.00**~~			**DELETE**
B. Licence Fees Levied in accordance with the Statutory Scale as set out in a charging scheme made under Health and Safety Fees Regulations					
Explosives:					
Licence to sell outside prescribed periods - Fireworks Regulations 2004		500.00 *	500.00 *	0.00	S
Licence to store explosives where a minimum seperation distance of greater than 9 meters is prescribed	1 Year	185.00 *	185.00 *	0.00	S
	2 Years	243.00 *	243.00 *	0.00	S
	3 Years	304.00 *	304.00 *	0.00	S
	4 Years	374.00 *	374.00 *	0.00	S
	5 Years	423.00 *	423.00 *	0.00	S
Renewal of Licence to store Explosives where a minimum seperation distance of greater than 9 metres is prescribed	1 Year	86.00 *	86.00 *	0.00	S
	2 Years	147.00 *	147.00 *	0.00	S
	3 Years	206.00 *	206.00 *	0.00	S
	4 Years	266.00 *	266.00 *	0.00	S
	5 Years	326.00 *	326.00 *	0.00	S
Licence to store explosives where no minimum seperation distance or a 0 metres minimum seperation distance is prescribed	1 Year	109.00 *	109.00 *	0.00	S
	2 Years	141.00 *	141.00 *	0.00	S
	3 Years	173.00 *	173.00 *	0.00	S
	4 Years	206.00 *	206.00 *	0.00	S
	5 Years	238.00 *	238.00 *	0.00	S
Renewal of a licence to store explosives where no minimum separation distance or a 0 metres separation distance is prescribed	1 Year	54.00 *	54.00 *	0.00	S
	2 Years	86.00 *	86.00 *	0.00	S
	3 Years	120.00 *	120.00 *	0.00	S
	4 Years	152.00 *	152.00 *	0.00	S
	5 Years	185.00 *	185.00 *	0.00	S
Note: Time-limited fees shown are for whole years. Fees for part of a year will be charged on a pro-rata basis					
Variation of name of licensee of address of site		36.00 *	36.00 *	0.00	
Transfer of licence or registration		36.00 *	36.00 *	0.00	
Replacement licence document		36.00 *	36.00 *	0.00	
Petroleum: Fees will be set in accordance with the statutory fees set by Regulation.					
Not exceeding 2,500 litres	1 Year	44.00 *	44.00 *	0.00	S
exceeding 2,500 but less than 50,000 litres	1 Year	60.00 *	60.00 *	0.00	S
exceeding 50,000 litres	1 Year	125.00 *	125.00 *	0.00	S
transfer of licence	1 Year	8.00 *	8.00 *	0.00	S
Duplicate Petroleum licence/certificate		11.00	11.00	0.00	S
3 Yearly available (3 x annual fee) where deemed appropriate in line with legislative requirements.					
GENERAL					
Paper prints		12.00 +	12.00 +	0.00	D
Advice service - up to 60 min slot		82.00	82.00	0.00	D
HIGHWAYS					
Permission under s115E H'ways Act 1980 (tables/chairs on h'way)	per table / picnic bench	210.00 +	214.00 +	1.90	D
Projection over the highway	Awning/ canopy, annual fee	210.00	214.00	1.90	D
Display of goods for sale / A Boards, on areas of Highway	annual fee	250.00	255.00	2.00	D
Fee for additional Display of goods for sale / A Boards, on areas of Highway on an existing permit		80.00	81.50	1.88	D

VEHICLE EXCISE & REGISTRATION ACT 1994

Vehicle Removal - UNLICENSED

Removal and storage of unlicenced vehicle

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 202'

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
upto 24 hrs	100.00 *	100.00 *	0.00	S & D
upto 48 hrs	200.00 *	200.00 *	0.00	S & D
Additional Day	21.00 *	21.00 *	0.00	S & D
Surety fee				
This is payable if the keeper does not produce a valid tax disc at the time of the release of the vehicle and can be refunded on production of a valid tax disc within 14 days of the payment being made.	160.00	160.00		S
REMOVAL, STORAGE & DISPOSAL OF VEHICLES REGULATIONS 2008				
Regulation 4 - Removal, Storage and Disposal of Vehicles **TITLE TO BE AMENDED**				
Vehicle on road, upright and not substantially damaged or any two wheeled vehicles whatever its condition or position on the road				
Vehicle equal to or less than 3.5 tonnes MAM	150.00 *	150.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	200.00 *	200.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM	350.00 *	350.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM	350.00 *	350.00 *	0.00	S
Vehicle, exclusing a two wheeled vehicle, on road but either not upright or substantially damaged or both				
Vehicle equal to or less than 3.5 tonnes MAM	250.00 *	250.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	650.00 *	650.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM -Unladen	2,000.00 *	2,000.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM - laden	3,000.00 *	3,000.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - unladen	3,000.00 *	3,000.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - laden	4,500.00 *	4,500.00 *	0.00	S
Vehicle, exluding a two wheeled vehicle, off road, upright and not substantially damaged				
Vehicle equal to or less than 3.5 tonnes MAM	200.00 *	200.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	400.00 *	400.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM -Unladen	1,000.00 *	1,000.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM - laden	1,500.00 *	1,500.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - unladen	3,000.00 *	3,000.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - laden	4,500.00 *	4,500.00 *	0.00	S
Vehicle, excluding a two wheeled vehicle, off road but either not upright or substantially damaged or both				
Vehicle equal to or less than 3.5 tonnes MAM	300.00 *	300.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	850.00 *	850.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM -Unladen	3,000.00 *	3,000.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM - laden	4,500.00 *	4,500.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - unladen	4,500.00 *	4,500.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM - laden	6,000.00 *	6,000.00 *	0.00	S
Charges in relation to the storage of vehicles				
Two wheeled vehicle	10.00 *	10.00 *	0.00	S
Vehicle equal to or less than 3.5 tonnes MAM	20.00 *	20.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	25.00 *	25.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM	30.00 *	30.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM	35.00 *	35.00 *	0.00	S
Charges in relation to the disposal of vehicles				
Two wheeled vehicle	50.00 *	50.00 *	0.00	S
Vehicle equal to or less than 3.5 tonnes MAM	75.00 *	75.00 *	0.00	S
Vehicle exceeding 3.5 tonnes MAM but equal to or less than 7.5 tonnes	100.00 *	100.00 *	0.00	S
Vehicle exceeding 7.5 tonnes MAM but equal to or less than 18 MAM	125.00 *	125.00 *	0.00	S
Vehicle exceeding 18 tonnes MAM	150.00 *	150.00 *	0.00	S
Any additional fees associated with the removal, storage or disposal will be charged in accordance with hourly officer rate (L grade) at £60.00 per hour				D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020/21 Charges								
Use of Town Centre Spaces	**Booking Fee (St Georges Square, Market Hill, Town Centre Square)**	**St Georges Square**	**Market Hill**	**Town Hall Square**	**George Street**	**Manchester Street**	**Park Square**	**Bute Street**	**LBC Car Parks**
Commercial	£30.00	£460 + £55 (per additional day)	£360 + £55 (per additional day)	Not Available	Street Trading and Occasional Street Trading consents apply			t.b.c - subject to developmen t	Price on application based on number of bays that will require suspending
Cultural / Community	£30.00	FOC	FOC	Not Available					
Charity	£30.00	FOC	FOC	Not Available					
Voluntary Group	£30.00	FOC	FOC	Not Available					
Schools	£30.00	FOC	FOC	Not Available					
Political	£30.00	FOC	FOC	Not Available					
Marches/ Assemblies	£30.00	FOC	FOC	Not Available					
LBC organised	N/A	FOC	FOC	FOC					
Buskers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Street Collections (Cash)	N/A	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	N/A
Street Collections (Direct Debit)	N/A	N/A	Contact PFRA	Contact PFRA	Contact PFRA	N/A	N/A	N/A	N/A
Facilities and Services									
Electrics (not commercial)	**£30/ day**	**£30/ day**	**£30/ day**	N/A	N/A	N/A	N/A	N/A	N/A
Key deposit/call out (not commercial)	**£30/ day**	**£30/ day**	**£30/ day**	N/A	N/A	N/A	N/A	N/A	N/A
Cleaning Charges		Costing Estimate by Street Services where appropriate							
Maintenance / Structural Calculations		Costing Estimate by Street Services where appropriate							
Grass Repair		Costing estimate required by Parks where appropriate							

	2021/22 Charges								
Use of Town Centre Spaces	**Booking Fee (St Georges Square, Market Hill, Town Centre Square)**	**St Georges Square**	**Market Hill**	**Town Hall Square**	**George Street**	**Manchester Street**	**Park Square**	**Bute Street**	**LBC Car Parks**
Commercial	£30.00	£460 + £55 (per additional day)	£360 + £55 (per additional day)	Not Available	Street Trading and Occasional Street Trading consents apply			t.b.c - subject to development	Price on application based on number of bays that will require suspending
Cultural / Community	£30.00	FOC	FOC	Not Available					
Charity	£30.00	FOC	FOC	Not Available					
Voluntary Group	£30.00	FOC	FOC	Not Available					
Schools	£30.00	FOC	FOC	Not Available					
Political	£30.00	FOC	FOC	Not Available					
Marches/ Assemblies	£30.00	FOC	FOC	Not Available					
LBC organised	N/A	FOC	FOC	FOC					
Buskers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Street Collections (Cash)	N/A	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	Permit Required No Charge	N/A
Street Collections (Direct Debit)	N/A	N/A	Contact PFRA	Contact PFRA	Contact PFRA	N/A	N/A	N/A	N/A
Facilities and Services									
Electrics (not commerc	**£30/ day**	**£30/ day**	**£30/ day**	N/A	N/A	N/A	N/A	N/A	N/A
Key deposit/call out (not commercial)	**£30/ day**	**£30/ day**	**£30/ day**	N/A	N/A	N/A	N/A	N/A	N/A
Cleaning Charges		Costing Estimate by Street Services where appropriate							
Maintenance / Structural Calculations		Costing Estimate by Street Services where appropriate							
Grass Repair		Costing estimate required by Parks where appropriate							

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
CEMETERIES				
Burial Fee:				
Child not exceeding 5 years	Free #	Free #		
Child 5 years and under 18 years	Free #	Free #		
Adult	775.00 #	780.00 #	0.6	
Additional 50% of burial fee to be charged for excavating a brick grave				
Additional fee charged for casket or large coffin	175.00	180.00	2.9	
Weekend and bank holiday burials (Additional to Burial and Exclusive Rights)	300.00	300.00	0.0	
Use of floodlights for evening burial (per occasion)	price on application	price on application		
Cremated Remains:				
In an existing plot NON witnessed	180.00	185.00	2.8	
In an existing plot WITNESSED	200.00 *	200.00 *	0.0	D
Purchase of an Exclusive Rights Grave Space				
Adult for 1 (Single Depth)	650.00 #	655.00 #	0.8	
Adult for 2 (Double Depth)	750.00 #	755.00 #	0.7	
Adult for 3 (Triple Depth)	805.00 #	815.00 #	1.2	
Child for 1 (Single Depth)	free	Free		
Constructed Grave Chamber-Adult Single Depth	750.00 +	765.00 +	2.0	
CEMETERY MEMORIAL FEES				
Standard memorial	200.00 +	205.00 +	2.5	
Large memorial with small kerbs	260.00 +	265.00 +	1.9	
Memorials on cremation plots	120.00 +	120.00 +	0.0	
Infant graves 18 by 18 max	115.00	115.00	0.0	
Additional inscription after first	70.00 +	70.00 +	0.0	
Facilities and Services at Vale Cemetery Chapel	100.00 +	100.00 +	0.0	
Full kerb sett (charged at the t ime of internment	575.00	585.00	1.7	
Cremation plot (up to two people)	630.00 *	640.00 *	1.6	
Cremation plot second internment	200.00 *	205.00 *	2.5	
Removal of trees from graves at family request	75.00	75.00	0.0	

Subject to an increase of 100% for non residents of Luton except for a spouse or civil partner in an existing grave
* Subject to an increase of £50 for out of hour services

CREMATORIUM				
Cremation Fee (Including Certificate of cremation , Scattering of Ashes within garden of remembrance, use of Chapel and organist / recorded music) Included ashes box				
Non Viable Foetus (no service)	free	free		
Child not exceeding 5 years	free	free		
Child over 5 years and under 16 years	free	free		
Adult	775.00	785.00	1.3	D
Adult - no service, includes box for return of cremated remains	640.00	645.00	0.8	
Weekend and bank holiday cremations	970.00	980.00	1.0	
Visual Tribute Service				
Single Photo	15.00	15.00	0.0	
Simple Slideshow (upto 25 photos)	40.00	40.00	0.0	
Professional photo tribute (as above but set to music)	70.00	70.00	0.0	
Family Supplied Tribute (checking, uploading and preparing)	20.00	20.00	0.0	
Physical Copy of Photo Tribute (DVD/Blu-Ray/USB)	25.00	25.00	0.0	
Downloadable copy of professional photo tribute	15.00	15.00	0.0	
Webcast Services				
Live - a high quality live webcast of a service	35.00	35.00	0.0	
Live - 28 days watch again and downloadable	45.00	45.00	0.0	
Physical copy of webcast (DVD/Blu-Ray/USB)	55.00	55.00	0.0	
Additional Copies	30.00	30.00	0.0	
Additional upto 25 photos	30.00	30.00	0.0	
Extra Work (adding video to photo tribute, etc)	30.00	30.00	0.0	
Disposal of Ashes:				
Internment of Ashes in Existing Cremation Plot NOT Witnessed	180.00	180.00	0.0	
Internment of Ashes in Existing Cremation Plot WITNESSED	200.00	200.00	0.0	
Scattering of Cremated Remains in Garden of Remembrance out of hours	50.00	50.00	0.0	
Scattering of Cremated Remains in Garden of Remembrance - weekdays	75.00	75.00	0.0	
Scattering of Cremated Remains in Garden of Remembrance - out of hours	125.00	125.00	0.0	
(when the cremation has taken place elsewhere & cremated remains brought to Luton for dispersal)				

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
Direct cremation before 9.30 by appointment	425.00	435.00	2.4	}
Replacement cremation certificate out of country certificate	10.00	10.00	0.0	}
Extended time for service (up to extra 1hr)	200.00	200.00	0.0	}
				}
Book of Remembrance				}
Inscription (Two lines)	100.00	100.00	0.0	}
Decorative emblem (Five lines)	230.00	235.00	2.2	}
Full coat of arms (Eight lines)	280.00	285.00	1.8	}
Each additional line of entry	30.00	30.00	0.0	}
				}
Memorial Plaques				}
Blue Leather Plaque (inscribed with gold lettering - maximum 60 letters)	320.00	325.00	1.6	}
Cast Bronze Plaque (with raised lettering - maximum 60 letters)	320.00	325.00	1.6	}
Mock Stone Memorial 6" X 4" (cream or teal - maximum 60 letters)	305.00	310.00	1.6	}
				}
Memorial Sundial Garden				}
Black Granite Plaque set in grey polished granite block (maximum 60 letters)	510.00	520.00	2.0	}
Planter 12" x 3" plaque (maximum 60 letters)	525.00	535.00	1.9	}
				}
Each additional letters to Memorial Plaques	3.00	3.00	0.0	}
				}
Rose Garden				}
York Stone/Black Granite Paving Tablet 2" x 2" x 2" (maximum 60 letters)	600.00	610.00	1.7	}
				}
Each additional letters to Stones/Tablets	3.00	3.00	0.0	}
				}
Memorial renewal fees				}
1 Year	35.00	35.00	0.0	}
5 Years	110.00	110.00	0.0	}
10 Years	200.00	205.00	2.5	}
				}
MEMORIAL GARDEN				}
Sanctum for 2 ashes - 10 years	885.00 +	900.00 +	1.7	}
Sanctum for 2 ashes - 15 years	1125.00 +	1,140.00 +	1.3	}
Niche wall for 2 ashes - 10 years	685.00 +	695.00 +	1.5	}
Niche wall for 2 ashes - 15 years	865.00 +	875.00 +	1.2	}
For lettering and engraving	Price on application	Price on application		}

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
FLEET TRANSPORT DIVISION				
MOT Inspection Fees (Private)	up to max fee determined by Dept. for Trans.	(No Change) Up to max fee determined by Dept for Transport		D
Licenced Vehicle Inspections for Luton Borough Council	Up to max fee determined by Dept. for Trans.	(No Change) Up to max fee determined by Dept for Transport		D
Licenced Vehicle Inspections for other Local Authorities	Up to max fee determined by Dept. for Trans.	(No Change) Up to max fee determined by Dept for Transport		D
Vehicle retest fee	Up to max fee determined by Dept. for Trans.	(No Change) Up to max fee determined by Dept for Transport		D
Duplicate of Certificate of Compliance	13.50 +	13.50 +	0.0%	
Vehicle Wash Cars/ Light Vans up to 3.5 tonnes Minibus up to & incl. 17 seats Coaches - Single & Double deck Lorries over 3.5 tonnes and Arctic Units	Up to fair commercial rate subject to programmes	Up to fair commercial rate subject to programmes		D
Car purchase inspections for Luton Borough Council Employees	127.50	127.50	0.0%	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - PROPERTY & INFRASTRUCTURE

		2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase	Statutory or Discretionary Charge (S or D)
HIGHWAYS					
Traffic Regulation Order (permanent)		1,045.00 #	1,060.00 #	1.4	D
Temporary notices up to 21 days duration		1,045.00	1,060.00	1.4	D
Temporary Traffic Regulation Orders					
Emergency Order up to 14 days duration		750.00 #	760.00 #	1.3	D
Temporary Traffic Regulation Order up to 18 months duration		1,045.00 #	1,060.00 #	1.4	D
Additional cost for possible extension of 18 months order		1,045.00 #	1,060.00 #	1.4	D
Road Traffic Regulation Orders for Special Events		1,045.00 #	1,060.00 #	1.4	D
# all of above are subject to the cost of the advert(s) in the local newspaper being added					
Provision of H bar road markings		100.00	100.00	0.0	D
Survey & quotation for construction of crossover (deducted if work is undertaken)		112.20	115.00	2.5	
Administrative cost to manage vehicle crossover process		168.30	172.00	2.2	D
Supervision & inspection fees for vehicle crossing		168.30	172.00	2.2	
Charges for Damaged Highway Plant are based upon the recovery of contractor costs and officer costs incurred in repairing the damaged plant					
Licences					
Crane over sail/platform licence		178.00	182.00	2.2	
Section 171 Licenses					
Permission to erect portacabins / huts, scaffolding, hoarding, fencing or temporary crossovers on the highway	per calendar month or part thereof	178.00	182.00	2.2	D
Permission to place Builders materials on the highway (for businesses).	per calendar month or part thereof	178.00	182.00	2.2	D
Permission for the Storage of Utility related materials and equipment on the highway.	per calendar month or part thereof	178.00	182.00	2.2	D
Permission to carry out small excavations, investigatory trial holes in the highway.	per calendar month or part thereof	178.00	182.00	2.2	D
Bond/Deposit for portacabins / huts on highway	each event	500.00	500.00	0.0	D
Bond/Deposit for scaffolding on or over the highway	each event	500.00	500.00	0.0	D
Bond/Deposit for hoarding / fences on the highway	each event	500.00	500.00	0.0	D
Bond/Deposit for materials and/or equipment on the highway	each event	500.00	500.00	0.0	D
Bond/Deposit for temporary crossovers	each event	500.00	500.00	0.0	D
Bond/Deposit for excavation (trail holes and investigations)	each event	500.00	500.00	0.0	D
Consent to deposit materials on the highway (for individual household), per calendar month or part thereof		63.00	64.00	1.6	D
Building beneath the street, cellar openings and lights		445.90	455.00	2.0	D
Officer attendance to work in normal hours	per hour	70.00	72.00	2.9	D
Officer attendance to work out of hours	per hour	102.00	105.00	2.9	D
Permission to place skips on the highway : per calendar month or part thereof		63.00	64.00	1.6	D
NRASWA Statutory Charges					
Sample inspections		50.00 *	52.00 *	4.0	S
Defect inspections		47.50 *	49.00 *	3.2	S
Cores	Charged at cost	50.00 *	50.00 *	0.0	S
Fixed Penalty Notices paid after 29 working days of issue		120.00 *	120.00 *	0.0	S
Fixed Penalty Notices paid within 29 working days of issue		80.00 *	80.00 *	0.0	S
Works Occupying the carriageway		Amount (each of first three days)			
S.74 T/S or protected street type 0, 1 roads	Stat .Max per day	5000.00 *	10,000.00 *	10,000.00 * 0.0	S
S.74 Other street type 0, 1 roads	Stat .Max per day	2500.00 *	2,500.00 *	2,500.00 * 0.0	S
S.74 T/S or protected street type 2 roads	Stat .Max per day	3000.00 *	8,000.00 *	8,000.00 * 0.0	S
S.74 Other street type 2 roads	Stat .Max per day	2000.00 *	2,000.00 *	2,000.00 * 0.0	S
S.74 T/S or protected street type 3 & 4 roads	Stat .Max per day	750.00 *	750.00 *	750.00 * 0.0	S
S.74 Other street type 3 & 4 roads	Stat .Max per day	250.00 *	250.00 *	250.00 * 0.0	S
Works Outside the carriageway					
S.74 type 0 & 1 roads		2,500.00 *	2,500.00 *	0.0	S
S.74 type 2 roads		2,000.00 *	2,000.00 *	0.0	S
S.74 type 3 & 4 roads		250.00 *	250.00 *	0.0	S

All above statutory maximum's subject to min. charge of £100 per day

NRASWA - Licensing Charges

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - PROPERTY & INFRASTRUCTURE

	2020-21 Current Charge £	2021-22 Proposed Charge £	% Increase		Statutory or Discretionary Charge (S or D)
NRASWA licence (S.50) - permission to place (including execut	455.00	465.00	2.2	}	S
NRASWA licence (S50) - Bond/Deposit up to 5m2 excavation	320.00	325.00	1.6	}	S
NRASWA licence (S50) - Bond/Deposit, per m2 extra above 5m2	75.00	78.00	4.0	}	S
Section 50 (section 3 2b) annual licence for retaining private apparatus in highway	162.00	165.00	1.9	}	S

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - PROPERTY & INFRASTRUCTURE

Statutory or Discretionary Charge (S or D)

East of England Highways Regional Permit Scheme

2020/21 Charges

Reinstatement category of street	0, 1 and 2	3 and 4		3 and 4
Street designated as traffic sensitive or not	All streets	Traffic sensitive at some times/locations		Non traffic sensitive at any time or location
Time and location of activity	Any time and location	Any part within traffic sensitive times at traffic sensitive locations	Wholly within non traffic sensitive times/locations	Any time and location
Provisional Advance Authorisation	£105	£105	£75	£75
Major Activity	£240	£240	£150	£150
Standard Activity	£130	£130	£75	£75
Minor Activity	£65	£65	£45	£45
Immediate Activity	£60	£60	£40	£40

2021/22 Charges

Reinstatement category of street	0, 1 and 2	3 and 4		3 and 4	
Street designated as traffic sensitive or not	All streets	Traffic sensitive at some times/locations		Non traffic sensitive at any time or location	
Time and location of activity	Any time and location	Any part within traffic sensitive times at traffic sensitive locations	Wholly within non traffic sensitive times/locations	Any time and location	
Provisional Advance Authorisation	£105	£105	£75	£75	0.0
Major Activity	£240	£240	£150	£150	0.0
Standard Activity	£130	£130	£75	£75	0.0
Minor Activity	£65	£65	£45	£45	0.0
Immediate Activity	£60	£60	£40	£40	0.0

Permit Variation Fees

For permit variations, the Permit Authority will charge:-

£45 for all activities on category 0, 1 and 2 streets, and category 3 and 4 streets that are traffic sensitive.

£35 for all activities on category 3 and 4 non traffic sensitive streets

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge £	2021-22 Proposed Charge £		% Increase	Statutory or Discretionary Charge (S or D)
PARKS EVENTS, FAIRS AND CIRCUSES						
Fair Visits:						
Wardown Park per performing day		490.00	500.00	+	2.0	
Other venues per performing day		450.00	455.00	+	1.1	
Fee for all sites per non-performing day		17.50	18.00		2.9	
Circus Visits:						
Standard Charge per performing day: over 900 seats		720.00	730.00	+	1.4	
501-900 seats		600.00	610.00	+	1.7	
500 seats or under		445.00	450.00		1.1	
Fee per non-performing day		31.00	32.00		3.2	
Note £1,000 of total fee payable 3 months in advance, non-refundable if event cancelled by circus						
Exhibition site Stockwood Park/other park areas for private, commercial & private	Per Hour	62.00	63.00	+	1.6	
school events (excluding cost of any ground preparation and making good)	Per Day (8 hours max)	490.00	495.00	+	1.0	
Charges will be made pro-rata for smaller sites						
Deposits:						
Ground Deposit - small events (less than 500 people)	Per occasion	370.00	375.00		1.4	D
Ground Deposit - large events (500+ people)	Per occasion	735.00	745.00		1.4	
Key Deposit	Per occasion	11.25	11.50		2.2	
Dog Shows:						
Standard Charge - per ring per occasion	Per ring	67.00	68.00	+	1.5	
plus appropriate no of hours x unskilled labour rate						
Equipment						
Access to electric/water supplies	Per day or part day	31.00	31.50		1.6	
Provide Employees						
Unskilled employee rate	Per hour - Mon to Sat	25.50	26.00		2.0	
	Per hour - Sun/Bank Hol	34.00	35.00			
Skilled employee rate	Per hour - Mon to Sat	31.00	32.00		3.2	
	Per hour - Sun/Bank Hol	41.00	42.00		2.4	

Additional Football Pitches

(a) Measure, mark out, put out goals, dismantle goals, return to store

Mini football pitch 5v5 or 7v7 (4 hour skilled for first pitch, 3.5 hour for subsequent pitches at same location)
plus pitch hire charge

Junior football pitch 11v11 or 9v9 (6 hour skilled for first pitch, 5.5 hour for subsequent pitches at same location)
plus hire charge

Adult football pitch (8 hour skilled for first pitch, 7.5 hour for subsequent pitches at same location)
plus pitch hire charge

(b) Measure, mark out, goals already in situ or not required

Mini football pitch 5v5 or 7v7 (2 hour skilled for first pitch, 1.5 hour for subsequent pitches at same location)
plus pitch hire charge

Junior football pitch 11v11 or 9v9 (3 hour skilled for first pitch, 2.5 hour for subsequent pitches at same location)
plus pitch hire charge

Adult football pitch (4 hour skilled for first pitch, 3.5 hour for subsequent pitches at same location)
plus pitch hire charge

(c) Overmark only existing pitch

Mini football pitch 5v5 or 7v7 (0.5 hour skilled per pitch)
plus pitch hire charge

Junior football pitch (0.75 hour skilled per pitch)
plus hire charge

Adult football pitch (1 hour skilled per pitch)
plus pitch hire charge

(d) Erect OR dismantle football goalposts

(4 hours skilled for each pair)

Additional Cricket Pitches

Cricket pitch x 1: measure, mark out boundary; prepare &
mark out wicket (3 hour skilled for first pitch, 2.5 hour for subsequent pitches at same location)

Cricket pitch x 1: overmark existing boundary, prepare &
mark out wicket (1.5 hour skilled for first pitch, 1 hour for subsequent pitches at same location)

Additional Pitches will be charged at the hourly rate multiplied by the number of hours work required.

Notes

Variations to be calculated depending upon event requirements

PARKS DIVISION - ALLOTMENTS						
1st Class	per pole, per annum	3.21	**3.21**		0.0	
2nd Class	per pole, per annum	1.63	**1.63**		0.0	S

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM APRIL 2021

INCLUSIVE ECONOMY - NEIGHBOURHOOD SERVICES

		2020-21 Current Charge Junior £	2020-21 Current Charge Adult £	2021-22 Proposed Charge Junior £	2021-22 Proposed Charge Adult £	% Increase	Statutory or Discretionary Charge (S or D)
PARKS DIVISION							
PARKS SPORTS							
Football / Rugby / Gaelic etc							
Association, Rugby and Gaelic Football							
First Class Grounds (includes changing facilities)	Per Game	13.80	52.50 ++	14.00	53.00 ++	1.1	D
Training Session without changing facility (2 hours)	2hr Session	8.75	15.50 ++	9.00	15.75 ++	2.1	
Mini Soccer (5 or 7-a-Side) without changing facility	Per game	9.00		9.20		2.2	
Cricket:							
Day - pavilion with changing and kitchen (max 6 hr game)	Per Game	12.65	49.50 ++	12.85	50.00 ++	1.1	D
Tournament Price	Per Pitch		75.00				
NOTE: 10% reduction on prices for 20 over games; or if indoor facilities unavailable for any reason							
Evening only --pavilion with changing and kitchen	Max 3 hr gam	6.30	25.25 ++	6.40	25.50 ++	1.1	
Any games with attendants provided exceeding maximum hrs stated	Per 1/2 hr	7.55	11.00 ++	7.65	11.20 ++	1.6	
NOTE: 10% reduction if showers not available; 20% if other facilities unavailable and/or no attendant							
Tennis							
Free Casual Use of Courts							
Fitness sessions							
For use of a park area for commercial fitness/training sessions/other commercial uses not specifically negotiated	Per session	15.75	21.00	16.00	21.25	1.4	D

SCALE OF CHARGES WORKING PAPER - PROPOSED CHARGES TO APPLY FROM

INCLUSIVE ECONOMY - SUSTAINABLE DEVELOPMENT

		2020-21 Current Charge £	2021-22 Proposed Charge £			Statutory or Discretionary Charge (S or D)
PASSENGER TRANSPORT UNIT						
CONCESSIONARY FARES SCHEME						
Replacement Permit		13.50	13.50		0.0	D
MINIBUS HIRE						
Available to Local Community Groups, Charities, Local Organisations and Schools (Drivers must be in possession of a current, valid LBC Green Drivers Permit)						
16 seater minibus (without driver)	per day	72.50	72.50	++	0.0	D
Tail Lift minibus (without driver)	per day	104.50	104.50	++	0.0	
DRIVER PERMIT ASSESSMENTS						
An LBC Green Driver Permit must be obtained prior to hiring or driving any Council vehicle						
Permit Assessment Fee	per assessment	45.00	45.00		0.0	D

I APRIL 2021

Luton

Report For:	Executive	**Item No:** **11**
Date:	20 January 2021	
Report Of:	Interim Service Director of Housing	
Report Author:	Claire Astbury & Sabia Begum	

Subject:	Housing Revenue Account (HRA) Estimates and Rents and Service Charges 2021/22	
Lead Executive Member(s):	Cllr Tom Shaw	
Wards Affected:	All	
Consultations:	Councillors	☐
	Scrutiny	☒
	Stakeholders	☒
	Others	☐

Recommendations

1. The Executive is recommended to consider and submit to full Council approval:

(i) the Housing Revenue Account (HRA) estimates for 2021/22.

(ii) an increase in HRA social rents by CPI + 1% (1.5%) meaning an average rent of £87.96 per week, an increase of £1.65. (paragraphs 8 – 11).

(iii) a freeze in Affordable rents in 2021/22 meaning an average rent of £150.83, an increase of £0.32, following letting of 6 new properties (see paragraphs 12-13).

(iv) an average increase in rents for non-HRA council dwellings (used by Parks surveillance staff), Stopsley mobile home park, travellers sites and other shared ownership properties in line current policy These rents will be increased by 1.5% (see paragraphs 14 – 16).

(v) an increase in HRA garage rents by £0.50 per week to facilitate repairs and refurbishment (see paragraph 17).

(vi) that tenant service charges should be set at an average £3.80 per week similar to 2020/21. This is based on the principle of recovering the actual cost of these services provided to the council tenants (see paragraphs 18 – 19 and Appendix A).

(vii) an increase in the Leaseholder Management Fee from £305.26 to £319.81 an annual increase of £14.55 (see paragraph 20-21).

(viii) the revised rents and service charges recommended above be effective from 5th April 2021 and the appropriate notice be served to tenants.

(ix) the capital programme 2021/22 to 2025/26 (paragraph 29).

Background

2. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, leaseholder service charges and other income. The council has a statutory responsibility to set a balanced HRA budget (i.e. all budgeted expenditure must be matched by the income).

3. The council currently owns and manages approximately 7,780 homes. These include a mixture of houses and flats, both general needs and more specialist properties such as sheltered accommodation. The council also provides some shared-ownership properties.

4. In August 2017 the Executive approved the HRA Business Plan for 2017 – 2047. This was based on the projections for income and expenditure on the council stock based on the following priorities:

   - The investment in the stock to maintain the value of the asset and maintain good quality homes for tenants and leaseholders.
   - To ensure that the legal requirement to maintain a balanced HRA is met.
   - To maximise the building of new homes.
   - To deliver cost effective and efficient housing services.

5. The budget for 2021/22 set out in this report is based on the spending assumptions agreed in the 30 year business plan but updated for the following:

   - The Secretary of State's direction of the Rent Standard 2019.
   - Changes to the investment strategy for the council stock required for fire safety in tower blocks following the Grenfell Tower disaster.
   - The pay rise for staff for 2021/22.
   - The removal of the HRA borrowing cap.

Direction on the Rent Standard 2019

6. In February 2019 following the publication of the Housing Green papers the Government implemented its new regulatory regime for social housing rents. With effect from the 1st April 2020 all Councils will be subject to the Rent Standard 2019 as directed and regulated by the Regulator of Social Housing. This is because the previous arrangements for limiting the welfare costs associated with local authority rents (the Rent Rebate Subsidy Limitation scheme) will not operate alongside Universal Credit.

7. Councils should consider the local market context when deciding whether to implement a rent increase and the level of that increase, as well as the levels of Housing Benefit or Universal Credit those are available to claimant households who might occupy their properties.

Current Rent Policy from April 2020 onwards

Calculation of the 2020 limit for Social Rents

8. The new standard permits current 2020/21 social rents to be increased by up CPI plus 1% for 5 years. The CPI is based on the index announced in September prior to the start of the financial year to which the increase relates. The CPI for September 2020 was 0.5% which makes the overall increase in rents 1.5%.

9. If the uplift to the 2020/21 current rent exceeds the increased formula rent then the increase is limited to formula rent. The standard also sets caps to the formula rent, but due to the relatively low level of social rent in Luton these caps and limits will not apply.

10. The new rent standard also contains flexibility for registered providers to set rents at up to 5% above formula rent (10% for supported housing). In applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability. If they wish to use this flexibility Councils need to take account of local factors and concerns, in consultation with tenants. So far Luton has not used this flexibility.

11. All Luton tenants pay rent based on a 50 week rent year. The rent free periods must be disregarded when applying the increase to the 2020/21 average rents. It is anticipated that as a result of this increase the HRA rental income budget will increase by £800,000.

Calculation of the 2021 limit Affordable Rents

12. Similar to social rents the new standard permits the current affordable rents to be increased by up CPI plus 1% (1.5%) for the next 5 years but the decision has been made to freeze rent increases for 2021/22. It is anticipated that as a result of this the loss of rental income to the HRA will be about £7,000. If affordable rents had risen in line with the rent standard, rather than freezing, this would have generated an additional £80,000 income into the HRA.

13. Affordable rent (including service charges) must not exceed 80% of gross market rent. If the uplifted 2020/21 current affordable rent exceeds the 80% market rent then the rents are capped at 80% market rent. If the LHA plus service charge is lower than 80% market rent then LHA plus eligible service charge is charged.

Other Rents

14. The council owns and manages a number of residential properties that are not part of the HRA and are occupied by the surveillance staff working in the Parks etc. Traditionally, the council has increased the rents of these properties in line with any increase approved for HRA properties. The council determined in January 2003 that the rent increase in respect of these dwellings should be at the same average rate as the HRA dwellings. Therefore these rents will be increased by 1.5% in line with current policy.

15. The council administers Stopsley Mobile Home Park and the current rent is £43.80 per week. in line with other increases the weekly rents of these mobile homes will be increased by 1.5% to £44.46 per week an increase of £0.66.

16. Similarly the council administers gypsy traveller sites and the current rent is £116.82 per week. These rents will be increased by 1.5% to £118.58 per week an increase of £1.75.

17. HRA garage rents are currently £10.00 per week (plus VAT to non-tenants) .The budget for 2021/22 assumes a £0.50 per week increase to £10.50. It is anticipated that as a result of this increase the HRA rental income budget will increase by £33,540. Due to the reburbishments of garages the relet rate has increased which has given a overall increase of £150,000.

Service Charges

Tenants

18. In addition to their rents, tenants may also pay service charges. Rents include all charges associated with the occupation of the dwelling such as maintenance. Service charges are usually for additional services which may not be provided to every tenant or which may be for communal facilities. As a responsible landlord it is council policy to recovery the full cost of providing the services from the tenants.

19. The proposed service charges for 2021/22 are set out in Appendix A and this shows the weekly amount required for recovery of all the costs of the services. It can be seen that as a result of inflation and re-configured services the average service charge is £3.80 per week which is similar to 2020/21.

Leaseholders

20. Similarly, with leaseholders, it is the responsibility of the council to recover all the costs from leaseholder's including repair costs and major works. All leaseholders are provided with an estimate of the service charges at the beginning of the financial year. Once the actual costs are known the leaseholder is provided with an amended invoice showing actual costs.

21. Current legislation permits the landlord's to recover the cost of administering leasehold services from its leaseholders. As a consequence of inflation and increased demand it is recommended that the annual management fee be increased from £305.26 to £319.81 an annual increase of £14.55 (4.55%).

District Heating Charges

22. The council has communal boilers system for the blocks where there are no individual boilers, mainly sheltered housing blocks. From 2021/22 tenants and leaseholders will be charged actual costs, comprising energy, repairs and maintenance. The estimated bills will be based on the past consumption and will be adjusted at the end of the financial year when actual costs are known.

Housing Revenue Account Budget 2020/21

(i) 2020-21 Q2 forecast indicates an underspend of £0.990m for the service which will increase the net surplus of approved Budget for 2020-21 from -£1.788 to -£2.778

Housing Revenue Account Estimates 2021/22

23. The draft Housing Revenue Account Estimates 2021/22 are set out in Table 1:

Table 1: Housing Revenue Account Estimates

Narrative	2020/21 £,000	2021/22 £,000
INCOME		
Rents (Dwelling and Non-Dwelling)	(35,271)	(35,584)
Charges for Services and Facilities	(4,318)	(4,382)
Interest Receivable	(250)	(250)
Total Income	(39,839)	(40,216)
EXPENDITURE		
Repairs and Maintenance	12,391	12,286
Supervision and Management	10,033	10,347
Rent, Rates, Taxes and Other Charges	121	86
Depreciation and Impairment	10,608	10,537
Item 8 Debit Interest Payable	4,899	4,899
Total Expenditure	38,051	38,154
NET SURPLUS	(1,788)	(2,062)
TRANSFERRED TO RESERVE	1,788	2,062
NET HRA	0	0

24. The draft revenue estimates for the HRA (Table 1 above) has been prepared after consultation with the Portfolio Holder for Housing, Leader of the council and Tenants consultation. The 2021/22 estimates will be implemented from April 2021 in line with the Executive decision. 2020/21 comparative figures are also shown.

25. The following assumptions have been made in the preparation of 2021/22 HRA Revenue Estimates:

    a Tenants on social rents will be charged current rents plus CPI +1% (1.5%).

    b Properties that are re-let during the year will be let at the formula rent.

    c Tenants on affordable rents, currently 165 properties, will have rent increases frozen in 2021/22. Even though there is a rent freeze, the cap is in place so will not exceed 80% of market rent. 101 of the 165 properties have had their rents reduced, to balance the rise in service charges.

d On 9 November, Executive approved the transfer of HRA shopping parades to the General Fund and this change has been reflected in the HRA Business Plan. The removal of the shop assets will lead to a loss of income of around £223K.

e On 9 November, Executive approved the transfer of 26 residential properties from the General Fund to the HRA. The addition of these properties has been reflected in the HRA Business Plan from 2021. These properties will bring additional income of £286,610 into the HRA. Although this will be offset by asset charges, SSC and repair costs.

f In previous years the council used the Major Repairs Allowance (MRA) to calculate depreciation. However, from 2017/18 onwards the MRA can no longer be used to calculate the annual depreciation charge and instead the Existing Use Value for Social Housing (EUVSH) spread over the life of the HRA stock will be used.

g Service charges are set on the basis the full cost of providing the service is recovered for both leaseholders and tenants.

h The revised service charges have been agreed following consultation with tenants and leaseholders. The 2021/22 service charges for parks and grounds maintenance are based on the full cost recovery of the uplifted service level agreements (SLA's).

i The estimates for rental income assume 40 council house sales under the right to buy (RTB) in 2021/22. The actual number of RTB in 2019/20 was 44 and there were 20 sales in the first six months of 2020/21.

j No provision has been made for the repayment of long-term debt in the estimates or in the HRA 30 year business plan. However, the HRA is charged depreciation which is assumed to be the proxy for the repayment of debt. Any PWLB or market loan which matures during 2021/22 will not be repaid but refinanced. The decision to take this approach was made at the time of self-financing and felt to offer better value for money to the council and in the HRA.

k Since the introduction of Universal Credit (UC) the Housing team has pro-actively managed all the tenants who were affected by working closely with colleagues across the council and the voluntary sector. UC was rolled in Luton in October 2018. The introduction of UC has had an adverse impact on rent collection – at the end of March 2020, £2,141,794 has transferred from directly-paid Housing Benefit into Universal Credit. This trend has accelerated in 2020/21 as coronavirus has disrupted the economy. It is estimated that rent arrears will increase by £457,500 in 2021/22. This will result in an increase in the bad debt provision of £435,000. Best practice in other social landlords demonstrates that dedicated specialist income teams are more effective at responding to the challenges of UC rollout. We are currently putting in place a specialist income team and the resources for this have been modelled in the HRA Business Plan and shown to be affordable. However, the changes have not yet been implemented

Housing Revenue Account Reserves 2020/21 and 2021/22

26. Set out in table 2 is an estimate of the HRA reserves at the end of 2020/21 and 2021/22:

Table 2 Summary of HRA Capital and Revenue Reserves

Reserve	2019-20	2020-21	2021-22
	£,000	£,000	£,000
Net Housing Revenue Account	9,144	10,799	10,694
Major Repairs Reserve Account	0	0	0
Capital Receipts Reserve	980	1,057	1,134
HRA Capital Reserve (Other RTB) Receipts)	9,415	7,286	1,872
HRA Capital Reserves 1-4-1 Receipts	5,174	6,517	6,198
Total	24,713	25,659	22,490

27. It can be seen from table 2 that the total level of reserves is decreasing each year. This reflects the usage of those reserves to fund the capital programme. These reserves will be carried forward to fund other projects as set out in the HRA 30 year business plan. It is essential that the level of reserves is kept under review to ensure that the HRA is sustainable and the capital programme is affordable.

28. In order to safeguard the HRA from any unforeseen contingencies the council has decided that a minimum of £3m is maintained at the end of any year. This will be achieved in 2020/21 and 2021/22.

Housing Revenue Account Capital Programme 2021/21 to 2025/26

29. Set out in table 3 is the draft capital programme for 2021/22 to 2025/26:

Table 3 HRA Capital Programme 2021/22 to 2025/26

Name of Scheme	Budget 2021/22 £,000	Budget 2022/23 £,000	Budget 2023/24 £,000	Budget 2024/25 £,000	Budget 2025/26 £,000	Total £,000
Main Capital Schemes						
Major Works (BTS Capital)	6,909.7	3,259.7	3,259.7	928.0	1,223.7	15,580.1
Reroofing	500.0	500.0	500.0	500.0	500.0	2,500.0
Replacement Boilers	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	7,500.0
Communal Heating Renewals	500.0	500.0	500.0	500.0	500.0	2,500.0
Communal Lighting	690.0	690.0	690.0	690.0	690.0	3,450.0
High Rise Cladding/Insulation	4,300.0	7,950.0	7,950.0	0	0	20,200.0
Replacement Windows	855.0	855.0	855.0	855.0	855.0	4,275.0
Climate Change/Carbon Reduction	200.0	200.0	200.0	200.0	200.0	1,000.0
Smart Energy Technology	50.0	50.0	50.0	50.0	50.0	250.0
Extensions	400.0	400.0	-	-	-	800.0

New Affordable Homes Programme						
Fitzwarin	-	-	120.0	2,330.0	-	2,450.0
Butely Road	-	1,050.0	2,050.0	550.0	-	3,650.0
Buckle Close	2,470.0	6,380.0	-	-	-	8,850.0
Freemans Green	100.0	1,750.0	5,250.0	-	-	7,100.0
Littlefield	-	1,500.0	1,500.0	-	-	3,000.0
Denham Close	900.0	-	-	-	-	900.0
Morris Close	750.0	-	-	-	-	750.0
Wauluds Bank	-	-	-	2,000.0	5,000.0	7,000.0
Emerging Sites/SME	1,500.0	1,500.0	1,000.0	1,000.0	1,000.0	6,000.0
NSAP Womens Project	810.0	-	-	-	-	810.0
NSAP Complex Needs	1,200.0	-	-	-	-	1,200.0
Land Purchases & Delivery Options	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	5,000.0
						-
Total	24,634.7	29,084.7	26,424.7	12,103.0	12,718.7	104,765.8

30. Set out in table 4 is how the HRA capital programme is financed:

Table 4 How the Capital Programme is financed

Source of Finance	Budget 2021/22 £,000	Budget 2022/23 £,000	Budget 2023/24 £,000	Budget 2024/25 £,000	Budget 2025/26 £,000	Total £,000
HRA General Balances	4,664.7	13,649.7	4,164.7	-	-	22,479.1
Capital Reserve (Other RTB receipts)	6,511.0	400.0	3,000.0	-	-	9,911.0
Major Repairs Reserve	10,840.0	11,081.0	11,340.0	10,039.0	10,618.7	53,918.7
Capital Reserve (1-4-1 Receipts)	2,619.0	3,954.0	3,276.0	2,064.0	2,100.0	14,013.0
Borrowing			4,644.0			4,644.0
	24,634.7	29,084.7	26,424.7	12,103.0	12,718.7	104,965.8

31. Delivery of the capital programme will depend on affordability and it is essential that these schemes are built into the HRA 30 Year business plan in order to ensure that they are viable.

32. The capital programme includes a range of new development sites as well as including capacity for the acquisition of land and properties to add to the HRA stock. To achieve our ambitions to add much needed affordable homes as set out in the HRA 30 year business plan, the HRA will need to add to borrowing – which is tested within the business plan. Alternative options to delivery include partnerships with local developers and social housing providers, and all options will be subject to scheme appraisal and a robust business case to demonstrate an adequate return on capital for the HRA and value for money.

33. Also included in the Major Works (BTS) provision is new budget to fund carbon reduction initiatives on the housing stock, either directly or to enable grant and partnership working. This additional budget is targeted at solar PV, battery storage and triple glazing installations. Covid impacted on the delivery of the first year of works but this will be recovered in future years

34. In April 2012 the Government made changes to the rules relating to the use of the right to buy receipts. Local authorities are now able to retain part of the receipts for the replacement of housing stock sold under right to buy. There are strict rules covering the use of these receipts and the have to be used within three years. Set out in table 5 is a summary.

Table 5 The Receipt and Usage of Right to Buy Receipts

Year	Income from 1-4-1 Receipts £000s	30% Allocated to 1-4-1 Receipt £000s	Balance left to spend £000s	Spend by
2012-13	774			
2013-14	1,132	511		
2014-15	2,336	155		
2015-16	2,315	641		
2016-17	4,956	2,314		
2017-18	4,350	2,843		
2018-19	3,535	9,910	1359	30/03/2022
2019-20	3,459	1,449	3,459	30/03/2023
2020-21 Q2	1,398	216	1,398	30/03/2024
Income/Spend to Date	**24,255**	**18,039**	**6,216**	

Key Risks

35. An important risk at the moment is the economic impact of covid in Luton, leading to greater financial challenges for tenants and rising arrears. Rental income has been affected during 2020/21 in three main ways – firstly, with household incomes going down; secondly as changes of circumstances affect benefit claims, pushing more households from Housing Benefit (which can be paid directly to the landlord) to Universal Credit where a tenant receives the rent element and must pay it to the landlord; and thirdly through the closure or limited operation of the court system which means that legal action is limited.

36. Emerging guidance following the Grenfell Fire in relation to building safety will introduce a range of new responsibilities on the council, especially in relation to high risk buildings. The additional costs of this are not clear and we will keep the requirements under review.

37. The government has published a Social Housing White Paper which aims to strengthen the voice of social housing tenants. This sets out seven expectations which landlords should meet. The pace of legislative change which will implement the ambitions of the white paper is not yet clear. However, we will aim to incorporate any changes within existing budgets, and model additional resources required in future business planning.

38. There is also a risk that with the lack of usable right to buy receipts the delivery of the affordable housing programme may be delayed, unless additional subsidy can be secured from Homes England. Initial conversation with Homes England is positive, and we are exploring which schemes would be appropriate fo this funding option.

39. The Public Works Loan Board (PWLB) recently announced a 1% decrease in base interest rates. In 2012 as part of the transition from the subsidy regime to self financing the council took on two loans totalling £89.4 million. The first loan of £44.7 million will have to be refinanced in October 2021 and the second loan of £44.7 million will have to be refinanced in February 2023. The interest rate on the original loans was fixed at 3.5% and hopefully they can be re-financed at the same rate. Should the re-financing rate be increased by just 1% to 4.5% the cost to the HRA will be £447,000 in 2021/22 and £894,000 in 2022/23.

Consultation

44. The recommendations have been consulted on with the Tenants Partnership Board in December 2020. Tenants queried the rent increases being above inflation. Council rents in Luton are particularly low in relation to neighbouring areas, and were reduced for four years in a row before rising last year. All rents fall well within housing benefit/local housing allowance levels, meaning that low income households in receipt of Universal Credit or Housing Benefit can cover rent from benefits if necessary.

Tenants also asked about major investment programmes such as the high rise cladding projects. The capital programme table has been amended to identify energy saving and climate change related programmes separately.

Alternative options considered and rejected (please specify)

45 The alternative options would be to increase rents and service charges by less than those specified in Direction on the Rent Standard 2019. This has been rejected in the case of social rents because such recommendations would significantly reduce the HRA base budget and the overall resources to finance the future delivery of affordable housing and stock investment.

Appendices Attached

Appendix A Schedule of Service Charges Appendix B Integrated Impact Assessment

HRA Estimates Rents &Service Charges 2021/22

Appendix A

Schedule of Service Charges

2021-22

Service area	Estimated Cost of service 2021-22 £	Charged to Leaseholders £	Net Cost to Tenants £	Charge per week over 50 weeks £	Who will be charged?	Nos of properties affected
Anti-Social Behaviour Management (NW)	422,122	41,217	380,904	0.98	All the properties including sheltered & leaseholders	8,613
Estate Services (high rise flats) (CTH)	109,247	7,495	101,752	1.92	High rise flats including sheltered & leaseholders	1,137
Estate Services (low rise flats) (CTL)	378,088	73,312	304,776	1.93	Low rise flats including sheltered & leaseholders	3,935
Cleaning (high rise flats) (CLH)	194,934	13,373	181,561	3.43	High rise flats including sheltered & leaseholders	1,137
Cleaning (low rise flats) (CL)	337,971	77,230	260,741	2.02	Low rise flats including sheltered & leaseholders	3,339
Cable Television (CAB)	70,000	11,886	58,114	0.28	Properties subject to charge	4,953
Communal Lighting (LIG)	432,944	69,403	363,541	2.07	Properties subject to charge	4,192
Concierge Charge (CON)	349,687	24,353	325,334	6.24	All High Rise including Leaseholders, excluding Sheltered	1,120
Sheltered Service Charge (SHS)	973,255	-	973,255	20.91	Sheltered Properties Only	931
Sheltered Dispersed Charge (SHD)	20,124	-	20,124	5.23	Properties subject to charge	77
Waste Management (high rise flats) (WMH)	130,551	8,956	121,595	2.30	High Rise including sheltered & leaseholders	1,137
Waste Management (low rise flats) (WML)	193,637	37,546	156,091	0.98	Low Rise including sheltered & leaseholders	3,935

Alarm General Council (AGC)	31,938	-	31,938	3.45	Tenants who receive alarm system service	185
Grounds Maintenance (Tenants) (GM)	259,649		259,649	1.54	All Tenants Only- Ave charge	3,365
Grounds Maintenance (Leaseholders)	41,695	41,695	-	Actual Chg.	All Leaseholders Only	841

IMPLICATIONS

For Executive Reports:

- All grey boxes must be completed
- All statements must be cleared by an appropriate officer

For CLMT Reports:

- Only the dark grey boxes must be completed
- Clearance is not required

Legal	**Clearance Agreed By**	**Dated**
In addition to the legal implications at section 2 of this report the Council should ensure that The Housing Revenue Account (Accounting Practices) Directions 2016 published by DHCLG are complied with. The Council must also ensure that all notices of the proposed rent increases are properly served, in good time, to ensure the changes take effect as desired. The notices served must be in accordance with the relevant legislation which applies to each tenancy, license etc.	**Brenden Delaney, Solicitor**	8 January 2021

Finance	**Clearance Agreed By**	**Dated**
The implications of the Government policies and other options are contained in the main body of this report.	Dev Gopal - Service Director Finance, Revenues and Benefits	11th January 2021

Integrated Impact Assessment (IIA) – Key Points		
Equalities / Cohesion / Inclusion (Social Justice)	**Clearance Agreed By**	**Dated**
An IIA has been completed. The overall increase in rent will have a potential negative impact on those who are not in receipt of housing benefit or on very low incomes.	Maureen Drummond, Cohesion and Equalities Adviser	11th January 2021

Environment	Clearance Agreed By	Dated
Refurbishment programmes and the climate change/carbon reduction funding is expected to have positive impact on driving down energy use and carbon emissions reductions.	Shaun Askins – Service Manager Strategy & Sustainability	11th January 2021

Health	Clearance Agreed By	Dated
Any changes to dwelling rent charges and heating charges could have a public health impact. Living in a cold home can be very damaging to physical and mental health. Older people are at particular risk of health problems as a result of living in fuel poverty. But children and people with disabilities or illnesses are also vulnerable, particularly those with respiratory disease. This budget will increase the work on energy conservation which will help to reduce fuel poverty and CO2 emissions.	Lucy Hubber – Director of Public Health	11th January 2021
Community Safety	**Clearance Agreed By**	**Dated**
Not applicable		
Staffing	**Clearance Agreed By**	**Dated**
Not applicable		
Other	**Clearance Agreed By**	**Dated**