



BUDGET SCRUTINY PANEL

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To: Councillors Charles (Chair), Haynes, Monk, Popley, Seaton and Westley (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Budget Scrutiny Panel to be held in Committee Room 1, at the Council Offices, Southfields, Loughborough on Wednesday, 3rd January 2024 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

15th December 2023

AGENDA SUPPLEMENT – TO FOLLOW REPORT

7. PANEL REPORT

3 - 13

To agree the Panel's report for submission to Scrutiny Commission on 8th January 2024.

The Commission will be requested to recommend the report to Cabinet on 8th February 2024.

REPORT OF THE 2023/24 BUDGET SCRUTINY PANEL (Scrutiny of 2024/25 Draft Budgets)

Foreword by Councillor Charles, Chair of the Panel

“Insert”.

1. Background

Following a decision of the Scrutiny Commission at its meeting on 7th August 2023, a Budget Scrutiny Panel has undertaken scrutiny of the Council's draft budgets for 2024/25.

2. Panel Membership

Councillors Charles (Chair), Haynes, Monk, Popley, Seaton, Westley.

3. Meetings and Matters Considered

24th October 2023

Considered:

- Scrutiny Plan/Timetable
- Presentation on financial position of the Council
- Approach to 2024/25 budget setting.

12th December 2023

Considered:

- Draft Budgets 2024/25 (Cabinet Report 14th December 2023)
- Whether any recommendations/observations for Panel's report at this meeting.

3rd January 2024

Considered:

- Provisional Financial Settlement from Government (verbal update)
- Final Panel report for submission to Scrutiny Commission on 8th January 2024.

The information considered by the Panel at its meetings is available on the Council's website, here:

[Browse meetings - Budget Scrutiny Panel - Charnwood Borough Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

Minutes detail the Panel's discussions at each meeting and are available via the above link, also attached as an **Appendix** to this report.

4. Other Attendees

Others attended meetings of the Panel and assisted with its scrutiny as follows:

Director Finance, Governance and Contracts, Acting Head of Finance.

Leader of the Council, Cabinet Lead Member for Finance, Customer & Support Services, Revenues and Benefits.

5. Panel Recommendations

Insert.

6. Panel Observations

Insert (if any).

7. Background Papers

The information considered by the Panel at its meetings is available on the Council's website, here:

[Browse meetings - Budget Scrutiny Panel - Charnwood Borough Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

8. Appendix

Minutes of 3 x Panel meetings outlined above.

January 2024

**BUDGET SCRUTINY PANEL
24TH OCTOBER 2023**

PRESENT: The Chair (Councillor Charles)
Councillors Haynes, Monk, Popley and Seaton

Councillor Ashcroft (Cabinet Lead Member for
Finance, Customer & Support Services, Revenues
and Benefits)

Director Finance, Governance and Contracts
Democratic Services Officer (RD)

APOLOGIES: Councillor Westley

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

1. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

2. DECLARATIONS - THE PARTY WHIP

No declarations were made.

3. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.16

No questions had been submitted.

4. SCRUTINY PLAN/TIMETABLE

Considered, a Scrutiny Plan/Timetable for the Panel's scrutiny of the 2024/25 Draft Budgets (item 5 on the agenda filed with these minutes).

RESOLVED that the scrutiny plan/timetable be noted.

Reason

To ensure that the Panel are kept informed of timescales.

5. FINANCIAL POSITION OF THE COUNCIL

Councillor Seaton arrived at the meeting at 6.04pm. She left the meeting during the discussion at 6.18pm for a short duration.

The Panel considered a presentation by the Director of Finance, Governance and Contracts detailing the financial position of the Council.

Post meeting note: The presentation was published after the meeting as an agenda supplement.

The information given in the presentation represented current projections of the Medium-Term Financial Strategy (MTFS). A fully updated version would be produced and it was planned that this would be adopted by Council at the end of February 2024.

Key points of discussion:

- (i) Council tax was capped (currently 3% increase assumed for 2024/25) and limits set each year as part of the financial settlement. Confirmed it was a stable source of income.
- (ii) The MTFS assumed there would be a reduction in grant funding going forward, but updated projections assumed a small real terms increase, a more optimistic position than previously presented.
- (iii) Considered positive that the structure of the financial settlement for 2024/25 would be the same as for 2023/24.
- (iv) Important to note however that these were projections at this stage and subject to change following government review.
- (v) The Leicester and Leicestershire Enterprise Partnership (LLEP) would cease in April 2024. The Council's share of the distribution of funds from the Business Rates Pool could be in excess of £1 million albeit subject to minor restrictions on spending.
- (vi) Revenues and Benefits – exempt report to Cabinet in September 2023 indicated ongoing savings of £0.3 to £0.4 million per annum. Pensions were included as direct savings.
- (vii) Annual Housing Benefit subsidy loss estimated at £0.8 million to 30th June 2023. Rent increases at the Carpenters Arms could mean a loss of up to £1.4 million annually going forward. Ongoing work with the charity to challenge rental costs and mitigate risks.
- (viii) Confirmed there was neither profit nor loss being made with regard to the council's leisure services and that leisure centre provision was being closely reviewed.
- (ix) Original assumptions for pay awards were increases of 4.75%, 3.5% and 2% in successive years, revised assumptions now 6%, 5% and 4%. Pay awards not yet agreed for 2023/24. Confirmed that back-pay would be available and not a sudden strain on the budget once back-pay awarded.

- (x) Investment income – more money was allocated in the budget this year reflecting higher interest rates and as a result the Council was in a stronger position, with investment returns in September above 5%. £50 million invested.
- (xi) Concerns raised about the need to fall back on reserves. Confirmed that budget setting should address this (at least in part) by looking at service areas such as garden waste, car parking and general service cuts. Council tax was capped and unlikely to assist in improvements.
- (xii) There had been some issues relating to the housing stock and appointment of contractors.
- (xiii) Discussion around housing stock – a question was asked whether once properties/voids were sold through the Right to Buy scheme, the Council gained the revenue and were able to re-invest the funds. The Panel requested further advice on this.

RESOLVED

1. That the presentation and discussion on the matter be noted.
2. That further advice and information be sought from the relevant department regarding the sale of housing stock and revenue gained from sales.

Reasons

1&2. To ensure the Panel were informed of the financial position of the Council and to assist with the future discussions of the Panel.

6. APPROACH TO 2024/25 BUDGET SETTING

Prior to the meeting a report was circulated to members of the Panel by the Cabinet Lead Member for Finance, Customer & Support Services, Revenues and Benefits on the approach to 2024/25 Budget Setting.

Post meeting note: The Cabinet Lead Member's report was published after the meeting as an agenda supplement.

Key points of discussion:

- (i) The MTFs for last year predicted that for 2024/25 the working balance would reduce to £2.8 million. This prediction had now changed to £4.1 million, due to risk mitigation and management decisions. Would not want to be below £2.5 million. The shift in the MTFs figures showed an improved financial position.
- (ii) Moving forward would be looking at revenue and expenditure and the impact on services with the aim of reducing the use of the working balance. Statutory services and environment strategy would be planned in.

- (iii) Corporate Plan in progress and a residents' survey was currently being distributed.
- (iv) No plans for cash/capital to revert back to treasury as underspends unlikely to be an issue.

RESOLVED that the report and discussion on the matter be noted.

Reason

To ensure the Panel was kept informed about the approach to 2024/25 budget setting and to assist with the future discussions of the Panel.

NOTES:

1. Councillor Ashcroft attended the meeting virtually.
2. No reference may be made to these minutes at the next available Ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel.

**BUDGET SCRUTINY PANEL
12TH DECEMBER 2023**

PRESENT: The Chair (Councillor Charles)
Councillors Haynes, Monk, Seaton and Westley

Councillors Ashcroft (Cabinet Lead Member for Finance, Customer & Support Services, Revenues and Benefits) and Miah (Leader of the Council)

Director Finance, Governance and Contracts
Acting Head of Finance
Democratic Services Officer (LS)

APOLOGIES: None

Councillor Popley attended this meeting virtually, see notes at end of minutes.

Note: The meeting would be recorded and the sound recording subsequently made available via the Council's website. Under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

7. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 24th October 2023 were confirmed as a correct record.

8. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

9. DECLARATIONS - THE PARTY WHIP

No declarations were made.

10. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.16

No questions had been submitted.

Councillor Popley joined the meeting virtually (6.02pm).

11. DRAFT BUDGETS 2024/25

Considered, the report to be considered by Cabinet on 14th December 2023 setting out the draft 2024/25 General Fund and HRA Budgets (item 6 on the agenda filed with these minutes).

Summary, key points of discussion:

- (i) Reference was made to the approach to budget setting report provided by the Cabinet Lead Member at the last meeting of the Panel and an update given on work undertaken since then which had now fed into the draft budgets. Decision to keep working balance as it was to ensure robust budget. Addressing structural deficit would require a number of budget rounds.
- (ii) It was hoped that the provisional financial settlement from the Government would be received before Christmas, so should be known for the Panel's final meeting at the beginning of January.
- (iii) Agenda page 12, reduced management fees from leisure provider not quantified? Stated in appendix 1 to the report.
- (iv) £100,000 Community Grants pot to be funded from Business Rates Pool income. Noted that overall budget position had been assisted considerably by this windfall income. Other uses of this income outlined. Expectation re: this income in future years, smaller amounts/less certain.
- (v) Discussion re: risk related to Carpenters Arms (unrecoverable housing benefit). Very active in working on matter and with organisation concerned, possible change in regulation of sector might assist position, but challenging. Additional cost burden £1.4m worst case scenario. Position unlikely to be resolved in short term.
- (vi) Explanation was provided of the information set out in Table 2B, agenda page 16, draft General Fund budget 2024/25, revenue balances. Setting 2024/25 budget before outcome of 2023/24 budget was known.
- (vii) Agenda page 15, net General Fund Service Expenditure, reason for approximately 12-13% increase? Increased costs included pay award, some contractors, utilities, Microsoft office. Noted also affected by change in way figures presented such that actual increased expenditure likely slightly higher. Pay award below this increase, outlined.
- (viii) Discussion re: leisure provider position. Council was prepared should another contractor need to be engaged, but not looking to do so currently. Difficult market position in that respect. Monitoring closely, practical approach being taken. Some debt outstanding, but Council still in position where providing at zero cost. Provider had also been supported during Covid pandemic.
- (ix) Agenda page 12, investment in housing stock, concern that available funds were not being used. In response, had been problems with contractors including major contractor going into administration, position was improving, expected to spend in line with monies available for second half of this year, but no catch up re: first half. Reference to recent decisions taken to get void properties back into use, proposed to spend all funds available for investment in Council's housing stock.

- (x) Agenda page 20, explanation was provided of zero amount in Major Repairs Reserve for 2024/25 budget. Historical and less flexible in terms of permitted uses, preference was to build up Capital Finance Reserve. Various reserves in HRA could generally be considered as one pot.
- (xi) Funding Guarantee was one element of Government's financial settlement. It was not known what the make up of the settlement would be for the coming year. Since report prepared, had become known that core spending power for each county would be increased by minimum of 3%, as a result anticipated worst case approximately £80,000 worse than figures set out. Was uncertainty until settlement was known.
- (xii) Question re: what targeted savings had been identified and value of those? In response, from a number of different areas, some were included within budgets set out. Some were ongoing improvement savings, some identified decision savings and others were based on projects. Certain potential long-term savings required a study to investigate. Some were more defined than others at this stage. Options for change provided examples, although sensitivities prevented some from being listed within report at present. The Medium Term Financial Strategy would show some of the carry on of savings. Kept structural deficit down from what projected for this year in last MTFs, aim to retard growth in structural deficit. Monitoring that in addition to working balance.
- (xiii) Concern expressed that reference to service reviews across a number of identified services was vague. Also, that office accommodation review had been ongoing for some time. In response, sensitivities re: service reviews reiterated, was list which included both consideration of income and cost reduction. Re: office accommodation, short term proposed income for new lease ground floor. Added that budget process always ongoing flux and had been previously, potential options from service areas not large in context of overall budget spending, but important to challenge and be as efficient and deliver services as well as possible.
- (xiv) The approach being taken to reviewing car parking was briefly outlined. A report would be considered by Cabinet in due course. Reference to position being taken re: office accommodation, currently no change proposed.
- (xv) Agenda page 15, re: commercialisation, no amount to reserve for 2024/25, reducing focus on commercialisation? In response, requirement of £1.5m reached, considered sufficient for any risks associated with portfolio.
- (xvi) Agenda page 23, Loughborough Special Expenses, concern expressed re: 18.7% increase CCTV costs, reason? Cost increased considerably over last 2-3 years. In response, issue had been discussed at Loughborough Area Committee and project currently looking at as aware of matter. Number of cameras had increased and associated employee costs. Also cameras required replacing over time. Valued service that helped to keep our communities safe. Comment that Thurmaston had reviewed and decided service was valuable and should be retained.

(xvii) Agenda page 23, Loughborough Special Expenses, why cost increase of almost 50% Shelthorpe Golf Course? In response, due to decrease in income, and some reapportionment of costs associated with extended contract Idverde.

(xviii) Confirmed that Labour manifesto had stated Council Tax would be capped at 3% (increase). Maximum permitted was 3% or £5.

RESOLVED that the draft 2024/25 General Fund and HRA Budgets be noted.

Reason

To acknowledge the scrutiny panel's consideration of the draft budgets.

12. RECOMMENDATIONS/OBSERVATIONS FOR PANEL'S REPORT

This item had been included on the agenda to enable the Panel to consider the recommendations/observations that it wished to include in its report (having undertaken above scrutiny of the draft budgets 2024/25) (item 7 on the agenda filed with these minutes).

Noted that, if the above was not completed at this meeting, the Panel would need to agree a process by which recommendations/observations could be decided upon following this meeting. There was a very short period of time between the Panel's next and final meeting (3rd January 2024) and submission of the Panel's report to the Scrutiny Commission (8th January 2024), so the report submitted to the Panel on 3rd January 2024 for agreement should already have been seen by all members, commented upon and any required amendments made, so that any further amendments decided upon at that meeting were minimal.

The Panel did not identify any recommendations or observations at this meeting.

RESOLVED

1. that a draft report template and the minutes of the Panel's meetings to date be sent to members of the Panel as soon as possible to enable any recommendations/observations for the Panel's report to be proposed and commented on prior to the Panel's final meeting on 3rd January 2024;
2. that, in addition to agreeing the Panel's final report, the meeting on 3rd January 2024 include a verbal update on the provisional financial settlement from the Government.

Reasons

1. To ensure the Panel can conclude its scrutiny of the draft budgets 2024/25 in a timely manner and submit its report to Scrutiny Commission on 8th January 2024.
2. The information will be of interest to the Panel.

NOTES:

1. Councillor Popley attended this meeting virtually so was not taking decisions. The Acting Head of Finance also attended this meeting virtually.
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