

**BUDGET SCRUTINY PANEL  
8TH JANUARY 2019**

PRESENT: The Chair (Councillor Miah)  
Councillors Draycott, Gerrard and Parsons

Councillor Barkley (Deputy Leader of the Council  
and Cabinet Lead Member for Finance and  
Property Services)

Strategic Director of Corporate Services  
Head of Finance and Property Services  
Democratic Services Officer (MH)

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. [Due to technical difficulties the sound recording was not available at the time of publishing these minutes.]

20. MINUTES OF THE PREVIOUS MEETING

The minutes and exempt minute of the meeting held on 12th December 2018 were confirmed as a correct record and signed.

21. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures of interests were made.

22. DECLARATIONS - THE PARTY WHIP

No declarations of the existence of the Party Whip were made.

23. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

24. DRAFT BUDGET SCRUTINY PANEL REPORT

A draft version of the Panel's report was submitted.

The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services and the Head of Finance and Property Services assisted with consideration of the item.

Councillor Draycott joined the meeting at 6.10pm.

The Cabinet Lead Member for Finance and Property Services, the Strategic Director of Corporate Services and the Head of Finance and Property Services provided the

following clarification of issues set out in the draft report and additional information received following the preparation of the draft report:

- (i) The draft General Fund budget identified savings of £300,000 that would be achieved by taking a more robust, proactive approach to underspends. That was an alternative to looking at reducing the number of posts as a way of making savings.
- (ii) Officers were also looking at proposing changes to the Council's virement rules. Those changes that required an amendment to the Council's Financial Regulations would be submitted to Full Council for approval.
- (iii) Any purchase of fleet for the collection of waste and recycling would be capital expenditure but would be recharged to revenue over a seven year period. Under the current waste contract, fleet costs formed part of the cost paid by the Council, all of which was revenue expenditure.
- (iv) Any decisions to incur expenditure to maintain a service that was previously provided by another authority would require Cabinet approval and the Cabinet report could be considered by the Overview Scrutiny Group.
- (v) The description of the proposed trade waste service breaking even in the second year of operation referred to it breaking even operationally rather than recouping all the costs to that point.
- (vi) The total amount of funding that the Council would receive from the Government was in line with that set out in the draft budget. The draft budgets had been amended to transfer £70,000 between the General Fund and the HRA as a result of a review of recharges. Consultation meetings on the draft budgets had yet to take place with the Loughborough Area Committee and Industrial and Commercial Ratepayers.
- (vii) The bid by Leicestershire authorities to be part of a 75% business rates retention pilot had been successful. It was projected that as a result there would be £14million of additional funding available across Leicestershire. Further discussions would take place to determine how the money would be divided between local authorities and the projects for which it would be used. It was likely that it would be used for only one or two projects in Charnwood.

Members of the Panel made the following comments:

- (i) There would be a significant difference in the way that underspends would be managed in 2019/20 compared to previous years. There were risks associated with the new approach and the impact of seeking to save £300,000 per year in that way would need to be monitored. There could also be benefits in ensuring budgets were more accurate and having tighter financial control during the year.
- (ii) There had been changes to the budget scrutiny process compared to that which had been used in previous years. There was now a role for the Loughborough Area Committee in considering the Loughborough Special Expenses budget and the Panel had made changes to the timing of some of its work. It was too early to conclude what the impact of those changes had been.

Members of the Panel identified the following matters as the conclusions of the Panel's scrutiny of the Council's budgets for 2019/20:

- (i) That it be noted that the Panel commends the work of officers in the finance team and the Cabinet Lead Member in preparing the Council's budgets and presenting the financial information in an open and transparent manner.
- (ii) That it be noted that the Council would be using reserves in each of the three years covered by the Medium Term Financial Strategy.
- (iii) That it be noted that the continued financial pressures facing the Council arising from reductions in the funding the Council received from the Government meant that the Council could not undertake all of the proactive activities that it might otherwise wish to undertake.
- (iv) That it be noted that the Panel welcomes the fact that there were no proposals to reduce the number of posts in the budgets for 2019/20.
- (v) That it be noted that there would be a significant difference in the way that underspends would be managed in 2019/20 compared to previous years and that the impact of seeking to save £300,000 per year in this way would need to be monitored.
- (vi) That it be noted that certain recent increases in income, for example from planning fees, may not be sustained due to changing economic conditions and that there may be resistance to increasing the Council's fees and charges.
- (vii) That it be noted that there was considerable uncertainty regarding the amount of funding that the Council would receive from the Government after 2020 and that this was a potential financial risk.
- (viii) That the Council should continue to look at alternative sources of income and revenues.
- (ix) That the Cabinet be asked to consider the Panel's view that it was important that there was a statement in the next Medium Term Financial Strategy regarding the Council's future approach to the need for further savings or income generation and the use of reserves to enable a context to be provided for future decision making and inform scrutiny of the Council's budgets and other financial matters.
- (x) That the Scrutiny Management Board be asked to consider the Panel's view of the importance of pre-decision scrutiny of out-turn reports, virements and in-year service pressures, particularly when they related to additional costs arising from decisions by other agencies to reduce services, in ensuring the sound financial management of the Council.

## **RESOLVED**

1. that the Panel's report be amended to include the matters set out above and submitted to the Scrutiny Management Board;
2. that a draft of the conclusions of the Panel's scrutiny be circulated to members of the Panel for comment prior to them being included in the final version of the report submitted to the Board.

## Reasons

1. To update the report to include the Panel's conclusions and, where necessary, other matters considered at the meeting.
2. To enable the Panel's report to be finalised in a timely manner.

NOTES:

1. These minutes are subject to confirmation as a correct record at the next meeting of the Budget Scrutiny Panel.