

**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.
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.