

**BUDGET SCRUTINY PANEL
12TH DECEMBER 2018**

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

Councillors Barkley (Deputy Leader of the Council
and Cabinet Lead Member for Finance and
Property Services), Harper-Davies (Cabinet Lead
Member for Performance of Major Contracts) and
Mercer (Cabinet Lead Member for Housing)

Strategic Director of Corporate Services
Strategic Director of Housing, Planning &
Regeneration and Regulatory Services
Head of Cleansing and Open Spaces
Head of Landlord Services
Head of Strategic and Private Sector Housing
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.

14. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Panel held on 2nd October 2018 were confirmed as a correct record and signed.

15. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

The following disclosures of interests were made:

- (i) by Councillors Miah and Seaton – personal interests in any matters relating to Leicestershire County Council as members of the authority.

16. DECLARATIONS - THE PARTY WHIP

There were no declarations of the Party Whip.

17. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

18. DRAFT GENERAL FUND AND HRA BUDGETS 2019/20

The Draft General Fund and Housing Revenue Account (HRA) Budgets 2019/20 report that was due to be considered by the Cabinet on 13th December 2018 was submitted (item 6 on the agenda filed with these minutes).

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

In preparing for the meeting, members of the Panel had identified topics that should be considered at the meeting and the relevant Cabinet Lead Members and officers had been invited to the meeting. The Cabinet Lead Member for Performance of Major Contracts, the Cabinet Lead Member for Housing, the Strategic Director of Housing, Planning & Regeneration and Regulatory Services, the Head of Cleansing and Open Spaces, the Head of Landlord Services and the Head of Strategic and Private Sector Housing also assisted with the consideration of the item.

Use of Reserves

In response to issues raised the Cabinet Lead Member for Finance and Property Services and the Strategic Director of Corporate Services provided the following responses relating to the topic identified by the Panel:

- (i) An outline of the planned use of reserves along with other measures to reach a balanced budget over the period covered by the Medium Term Financial Strategy was provided. The Council was seeking to save £350,000 in each of the next three years. It was also seeking to increase the amount of income that it generated in order to become more self-reliant. That included income from investments, which had been assisted by the recent increase in interest rates, and making best use of the Council's assets. Work had been done to increase the income received from the Messenger Close site and the Council was continuing to look at options for the Limehurst Depot site.
- (ii) At the end of the period covered by the Medium Term Financial Strategy the Council's working balance would still be almost twice the level identified as the minimum balance requirement.
- (iii) The Administration wished to protect frontline services and reserves were being used in order to do so.
- (iv) The settlement figures from the Government had been expected on 6th December but had been delayed. However the settlement was expected to be similar to that which was used as a prediction in the draft General Fund budget.
- (v) There was considerable uncertainty regarding Government funding from 2020/21 as a result of the Fair Funding Review, potential changes to New Homes Bonus and changes to the retention of business rates. The Council had applied to be part of a pilot for the retention of 75% of business rates rather than the current 50%. The impact of the United Kingdom's exit from the European Union could also affect the amount of funding that the Government was able to provide to local authorities.

- (vi) In the past the Council had received a significant amount through the Revenue Support Grant. The Council would receive £165,000 in 2019/20 and that would be the final year in which that form of funding was provided. These changes were known and the funding had, to a large extent, been replaced by that which was received through the New Homes Bonus.
- (vii) As a result of national rules, certain types of educational establishments received an 80% relief on their business rates but local authority schools did not. There was therefore a reduction in the amount of business rates collected when a school converted to an academy.
- (viii) It was projected that there would be a £500,000 net underspend on the 2018/19 General Fund budget. Net underspends had occurred across all directorates and included situations where income budgets had been exceeded. As part of the draft 2019/20 budget each directorate would be expected to find £100,000 of savings arising from underspends as they became apparent during the year. That would mean that there was less opportunity for money from underspends to be vired to other areas of expenditure. There were sometimes good reasons for money not being spent but there was a history of budgets being underspent at the end of the financial year.
- (ix) The process for developing the draft budgets for 2019/20 was outlined. One-off savings and pressures from the 2018/19 budgets were removed to produce a base budget. Savings and pressures for 2019/20 were identified and for any pressures of more than £10,000 a business case was prepared. The results of that work were considered by relevant Cabinet Lead Members, the Council's Senior Management Team and the Lead Member for Finance and Property Services.
- (x) Work on preparing budgets for the following year began halfway through the current year and it was therefore not possible to take into account net underspends when preparing the base budget for the following year. Material variations that were known about were highlighted in the Medium Term Financial Strategy and more granular changes were considered alongside other savings and pressures in preparing the draft budgets. The actual amount of net underspends at the year end would not affect the budgets for the following year but would affect the balances at the start of that year.

The following comments were made by members of the Panel in respect of this topic:

- (i) The report accompanying the draft budgets was well written and it was helpful that information was provided to support the proposed savings and pressures.
- (ii) The Audit Committee had identified underspends in the Council's capital programme. That might have a consequential effect on the Council's revenue spending.

Impact of Reductions in County Council Services on the Borough Council's Budget

In response to issues raised the Cabinet Lead Member for Finance and Property Services and the Strategic Director of Corporate Services provided the following responses relating to the topic identified by the Panel:

- (i) The Borough Council had dealt with the impacts of decisions taken by Leicestershire County Council in respect of recycling credits and the Lifeline and warden services. Those decisions had devolved costs of £1million on to the Borough Council. The Council had decided to fund the Lifeline and wardens service in order to provide good services to residents. Should similar issues arise again the Council would have to consider what was the most appropriate course of action.
- (ii) It was acknowledged that the possibility of that happening was not identified in the report.

The following comments were made by members of the Panel in respect of this topic:

- (i) It appeared that reductions in Government funding for local authorities were having the biggest impact on county councils. One of the responses by Leicestershire County Council to those pressures on its budget was to consider options for reorganising local government in Leicestershire into unitary authorities.

HRA Budget including Conclusion of the Decent Homes Contract

For part of the scrutiny of this topic relating to the conclusion of the Decent Homes Contract the Panel

RESOLVED that members of the public be excluded from the meeting during the consideration of issues relating to the conclusion of the Decent Homes Contract on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972.

Details of the Panel's consideration of the issue are contained in Exempt Minute 18E.

The Panel then resumed in public session.

In response to issues raised the Cabinet Lead Member for Performance of Major Contracts, the Cabinet Lead Member for Housing, the Strategic Director of Housing, Planning & Regeneration and Regulatory Services, the Head of Landlord Services and the Head of Strategic and Private Sector Housing provided the following responses relating to the topic identified by the Panel:

- (i) Any backlog in disabled adaptations could be made up using funding from existing Housing Revenue Account (HRA) budgets. Work would be undertaken where required as the Council had a statutory duty to make those adaptations.
- (ii) Clarification was provided regarding the responsibilities of the post of Empty Homes Officer, that dealt with property owners in the private sector and was funded from the General Fund, the acquisition of new properties to be added to the HRA, which was in part funded by Right to Buy receipts, and the Voids Working Group, that was looking at voids within the Council's housing stock. Those voids were predominantly within sheltered housing schemes and a

report would be submitted to the Cabinet in March or April 2019 setting out priorities for work to those schemes.

Garden Waste Bin Charges

In response to issues raised the Cabinet Lead Member for Performance of Major Contracts and the Head of Cleansing and Open Spaces provided the following responses relating to the topic identified by the Panel:

- (i) The projected increase in income from the garden waste collection service was a result of the number of subscribers for the service being higher than expected. It had been expected that when the charge for the service was increased there would be a fall in the number of subscribers; this had not occurred and there had been a continued increase in the number of subscribers which was expected to continue. New subscriptions would also arise from new homes being constructed in the Borough. The use of stickers to identify properties that had subscribed to the service ensured that all the people benefitting from the service were paying for it. There were currently approximately 35,000 subscriptions and 76,000 properties in the Borough. It was recognised that not all properties in the Borough would require a garden waste bin but there was still potential for the service to grow.
- (ii) The service was marketed through information on refuse lorries and advertising it in Charnwood News, especially in the Spring. The Borough Council was in discussion with Leicestershire County Council regarding advertising the service at waste sites.
- (iii) The Council did not charge for the replacement of stolen or damaged bins. It was recognised that doing so could cause problems.
- (iv) The Council had considered whether the service should be seasonal but had concluded that it should operate year-round as people still collected leaves and undertook work to trees and shrubs during the Winter. It would be difficult to offer more frequent collections during the Summer as that would require additional resources. However people could subscribe for a second bin to be collected if they wished to.

The following comments were made by members of the Panel in respect of this topic:

- (i) Members of the Panel had heard a significant number of complaints following the earlier decision to increase the cost of the garden waste collection service.
- (ii) There were opportunities to extend the garden waste collection service and make it more commercial, for example by offering gardening services or delivering compost.

RESOLVED that the report and the evidence provided to the Panel be noted.

Reason

To acknowledge the information received.

19. FURTHER MEETINGS OF THE PANEL 2018/19

RESOLVED

1. that it be noted that the final meeting of the Panel in 2018/19 would be on 8th January 2019 to consider the Panel's draft report;
2. that at the meeting on 8th January 2019 the Panel consider what conclusions and recommendations it wished to make following its scrutiny of the Council's proposed budgets for 2019/20 and related matters.

Reasons

- 1.&2. To confirm the arrangements for the completion of the Panel's work.

NOTES:

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