

To Members of the Scrutiny Commission

Cllr. Nick Brown (Chairman - Scrutiny Commissioner)
Cllr. Neil Wright (Vice-Chairman - Scrutiny Commissioner)

Cllr. Royston Bayliss
Cllr. Adrian Clifford
Cllr. Luke Cousin

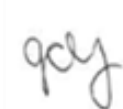
Cllr. Roy Denney
Cllr. Susan Findlay
Cllr. Janet Forey

Cllr. Antony Moseley
Cllr. Tracey Shepherd
Cllr. Matt Tomeo

Dear Councillor,

A meeting of the **SCRUTINY COMMISSION** will be held in the Council Chamber - Council Offices, Narborough on **WEDNESDAY, 12 FEBRUARY 2025 at 5.30 p.m.** Please find attached a supplemental item that is required for the meeting and is in addition to the agenda and report pack that has already been circulated.

Yours faithfully



Gemma Dennis
Corporate Services Group Manager

SUPPLEMENTAL ITEM

6. Scrutiny of the Administrations draft 2025/26 Budget Proposals (Pages 3 - 12)

To consider the report of the Senior Democratic Services & Scrutiny Officer (enclosed).



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Blaby District Council Scrutiny Commission

Date of Meeting	12 February 2025
Title of Report	Scrutiny of the Administrations draft 2025/26 Budget Proposals
Report Author	Senior Democratic Services & Scrutiny Officer

1. What is this report about?

- 1.1 To detail the findings and conclusions from the Budget Scrutiny sessions for consideration and approval by Scrutiny Commission prior to submission to Cabinet Executive on 24 February 2025.

2. Recommendation(s) to Scrutiny Commission

- 2.1 That Scrutiny Commission considers the report and approves the proposed Statement on the Administrations 2025-26 Draft Budget Proposals for submission to Cabinet Executive on 24 February 2025. (To Follow)

3. Reason for Decision(s) Recommended

- 3.1 Scrutiny Commission has a mandate to scrutinise the Administration's draft budget proposals and make recommendations to Cabinet which it is obliged to consider before making final recommendations on the Budget to Council.

4. Matters to consider

4.1 Background

The Administration's 2025/26 draft Budget proposals for the General Fund Revenue Account have been fully considered by the Scrutiny Commission and non-executive members.

Cabinet Portfolio Holders and Senior Officers attended Scrutiny budget meetings to answer questions relating to the draft budget proposals as follows:-

15 January 2025 - Budget Context and Overview

22 January 2025 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Performance

- Health, Leisure, Climate and Economic Development
- Neighbourhood Services & Assets
- Housing, Community Safety & Environmental Services
- Planning, Transformation and ICT

All figures are as presented at the time scrutiny meetings took place, and do not take account any minor adjustments that may have been made to the budget after those dates.

4.2 Key issues raised by the Executive Director (S.151 Officer):

The key elements of the Local Government Statement that impact on the budget position for 2024/25 are:

- Confirmation of a one-year settlement for 2025/26.
- Continuation of New Homes Bonus.
- Council Tax increase thresholds.
- Business Rate Baseline.
- Information relating to additional funding streams.

The provisional settlement delivered larger increases in funding than expected; however efforts have been made to direct funding to authorities with higher levels of deprivation and less ability to generate income from Council Tax.

There is also scaling back of the Minimum Funding Guarantee and as a result, Blaby's Government Funded Core Spending Power has actually decreased from that of 2024/25.

Substantial uncertainty remains surrounding how changes to Business Rate Retention and the Fair Funding Review will affect the Council in future years. These changes were originally proposed for 2020/21, it is now expected that these will not be brought in until 2026/27. While this does not impact the 2025/26 budget directly, the draft Medium Term Financial Strategy (MTFS) illustrates the impact this may have on the Council's finances in the future.

As such, the funding position for 2025/26 is a one year settlement and it is difficult to make assumptions from it as to the level of funding anticipated in future financial years.

Funding the Budget

The table below illustrates how the budget is funded and how the grants provided in the Settlement have contributed to reducing the budget gap forecast in the MTFS.

Sources of funding are as follows:-

	2024/25 Approved Budget £	2024/25 Revised Estimate £	2025/26 Proposed Budget £	Variance Compared to Approved Budget
Income from Business Rates	(3,387,423)	(3,762,727)	(5,429,170)	2,041,747
Contributions (from)/ To Business Rates Reserves	(290,204)	305,340	1,894,178	(2,184,382)
S31 Grant - Business Rates Compensation	(2,922,373)	(3,142,613)	(3,065,008)	142,635
Revenue Support Grant	(79,550)	(79,550)	(95,767)	16,217
New Homes Bonus Grant	(14,280)	(14,280)	(426,048)	411,768
Funding Guarantee	(2,245,863)	(2,245,863)	0	(2,245,863)
Funding Floor	0	0	(1,573,114)	1,573,114
Services Grant	(15,571)	(15,571)	0	(15,571)
Sub Total	(8,955,264)	(8,955,264)	(8,694,929)	(260,335)
Council Tax (Surplus)/Deficit	87,887	87,887	87,887	0
Council Tax Demand on Collection Fund	(6,526,402)	(6,526,402)	(6,557,973)	31,571
Funding Envelope	(15,393,779)	(15,393,779)	(15,165,015)	(228,764)

The table above illustrates that the Council's funding has remained fairly static, decreasing by £229k. It reflects a position comparable with funding in 2024/25 if an increase in Council Tax is also taken into account.

This reflects:

- Redistributed NNDR has been forecast at the moment to remain static with a positive out turn position that is being clarified currently. This may change as we are in the process of assessing the NNDR income which has become more complex following a number of recent changes to how the multiplier is applied across different sizes of business. There has been some growth this year with the prison coming on line and a number of appeals being finalised. Included in these figures is currently a contribution to the Business Rate Reserve of £1.89m. This is following a number of years where contributions from the Business Rate Reserve have been taken and assists in providing against the Business Rate Reset which is now expected to be brought in 2026/27.
- Revenue Support Grant £96k – represents no change in funding other than a small increase.
- Services Grant – No longer provided; reduced from £16k.
- Funding Guarantee – No longer provided - Replaced with Funding Floor Grant. £2.246m awarded in 2024/25 to Blaby. Designed to ensure each authority has an increase in core spending power of at least 3% in previous years.
- Funding Floor Grant – Awarded £1.573m. Reduction compared to Funding Guarantee awarded in 2024/25 takes into account an increase in funding for 2025/26 for New Homes Bonus and Council Tax raising ability which is now included in Core Spending Power calculations.

- New Homes Bonus (NHB) Grant £426k – an increase of £412k.
- Council Tax precept has increased by £32k. This is before any increase is applied but reflects the increase in the tax base (increase in properties) in the district.

Total Budget Requirement Proposal

The proposed General Fund Revenue Account Net Budget Requirement for 2025/26 is £15.775M.

Budget Gap

The budget gap arising for the 2025/26 Financial Year is £610k. Scrutiny noted the measures proposed to reduce/close the gap:

Budget Gap	£ 609,923
Contribution to Property Fund Reserve	45,000
Contribution from Leisure Man't Contractual Lossess Support Reserve	(63,750)
Contribution from Business Rate Pool for ED function	(413,220)
Contribution from Blaby Priorities Reserve for Capital Grants Programme	(54,500)
Council Tax Increase	(196,085)
	(Surplus)/Deficit (72,632)

4.3 Proposal

Statement on the Administrations 2025-26 Draft Budget

The Scrutiny Commission is asked to approve the following statement for submission to Cabinet Executive in response to the Administrations draft 2025-26 Budget Proposals.

Council Tax

Members had a robust debate on the options available, with concerns being raised about the extra pressure an increase in Council tax would have on residents. Members also considered the impact of not raising Council Tax by the full percentage, however this was disregarded due to future challenges that local government reorganisation, devolution and uncertainty around future funding may bring and the importance of maintaining a quality service for residents.

Members also noted future local government financial reform could potentially pose a risk to the Council, where Council's will be expected to raise Council tax.

Members fully considered the options provided to increase Council tax by either 2.99%, which would generate £196k, or £5 which would generate

£173k.

Recommendation 1 – Scrutiny would be supportive of a 2.99% increase given the current financial uncertainty that local authorities face.

Local Government Reorganisation

Following the white paper being published late last year, Scrutiny questioned all Cabinet Executive Members on how they intend to reprioritise their work, and implications on the current Corporate Plan. Cabinet Executive responded that it would consider projects and initiatives individually to determine whether there is the requirement to continue or resources available to continue the work.

Scrutiny noted Cabinet's response that it was too early to provide a definitive list of any projects, and that cost savings and resources will be rediverted to feed into reorganisation. It also noted that an update would be provided to Members as and when the new Corporate Plan is published.

Scrutiny plays a crucial role in shaping the Council's Corporate Plan by providing oversight, assessing performance data, and ensuring it meets local needs. During this period of unprecedented change for the Council it may not be feasible to provide the latest updates and amendments on the work of Cabinet Executive to Scrutiny on local government reorganisation and devolution.

Scrutiny considers that iPlan is a suitable platform for the Cabinet Executive to issue latest updates to the Corporate Action Plan, projects and initiatives that may have been reprioritised because of local government reorganisation. The well-established iPlan Scrutiny Working Group which examines corporate measures, is best placed to receive these updates.

Recommendation 2 - Scrutiny would welcome the opportunity to be consulted on any detailed local government reorganisation proposals as they emerge, including any requirement to increase resource to support the new Council.

Recommendation 3 - That Scrutiny be consulted on any amendments to the prioritisation of key projects resulting from local government reorganisation and the Corporate Plan and associated Action Plan.

Recommendation 4 - That Cabinet Executive uses iPlan as a platform to communicate the latest amendments to the Corporate Action Plan and reprioritisation of key projects arising as a result of local government reorganisation.

External Funding – Health, Leisure and Tourism

Scrutiny learned that many health, leisure and economic development initiatives rely on grants or external commissions, that may be less secure in

future.

Scrutiny noted that if external funding is reallocated or reduced there may be significant changes to consider on service delivery plans, which would have considerable impact on service users and staff.

Recommendation 5 - Scrutiny would welcome an update on external funding shortfalls as early as possible.

Temporary Accommodation and Housing

Members noted the demand for this statutory service which the Council is obliged to provide. The Council so far has made excellent progress in supporting residents in urgent need of housing, but the need for emergency housing keeps on rising. Against this backdrop, the Council has made great strides in purchasing properties to support our most vulnerable residents and Scrutiny is supportive of Cabinet's view that the Council should continue to do this.

Continuing investment in housing ensures sufficient appropriate accommodation is available and reduces reliance on costly temporary accommodation.

Members reflected on the lack of suitable, affordable housing in the District which the Council could purchase. Scrutiny considered whether the Cabinet would consider viewing suitable properties outside of the District which may alleviate the pressures on the team and vulnerable residents.

Scrutiny noted that the Council was expecting news of a significant grant application and would welcome an update on this if successful.

Recommendation 6 - That Cabinet considers looking at investing in suitable, affordable properties outside of the District to continue to support the housing team and vulnerable residents.

Recommendation 7 – That Scrutiny be notified should demand on the service increase resulting in the Housing Team requiring additional resource.

Car Parks

Scrutiny was concerned to learn that car parking income had been revised, noting a deficit of £87,000. Scrutiny noted that one of the aims of the Car Park Strategy (2022-2027) is to be cost neutral, however it continues to operate at a loss, Scrutiny recommends that steps be taken to address this. Members discussed varying solutions such as season tickets, permits or diversifying the use of car parks.

The Portfolio Holder responded that some figures given to Scrutiny needed to be revisited, and a further update would be provided. Scrutiny would

welcome this update as soon as possible.

Recommendation 8 – In order to address the shortfall in fees, that Cabinet considers solutions to diversify the use of car parks, including offering season tickets and permits.

Recommendation 9 – That Cabinet reconsider its aim of breaking even and set a realistic target that it could achieve.

Data Intelligence: iPlan and Power BI

Power BI:

Scrutiny Members noted how data intelligence has been driven at Blaby by expanding the use of Microsoft Power BI (Business Intelligence). The system automatically connects to databases to provide valuable management information and insight via live and intuitive dashboards, improving evidence-based decision making.

Recommendation 10 - As Power BI is established across services, Scrutiny is keen to understand its impact and where it has improved decision-making and requests that further reports be provided, clearly evidencing expected efficiencies/savings and improvements to service delivery.

iPlan:

Scrutiny is supportive of using data intelligence tools which will design services into the future, but Cabinet needs to be minded in ensuring that Officers are regularly updating the system to ensure it is fit for purpose and that resulting decisions are being made appropriately. The data currently in the system is relatively immature and needs developing further, only then will the Council reap the benefits it expects.

Members of the iPlan Scrutiny Working Group expressed their concerns that data, including sufficient commentary was not being updated in a timely manner. Inadequate reporting of measures can lead to significant risks, including poor decision-making, reduced accountability and inefficient use of resources.

Recommendation 11 – That consistent updates, including sufficient commentary are made to iPlan.

The iPlan Scrutiny Working Group would like to take this opportunity to acknowledge and express its thanks to the Business Systems, Performance & Information Manager for his continued support to Members.

Key Observations/Comments:

Medium Term Financial Strategy

Scrutiny noted that due to the short-term nature of the funding streams issued in the Settlement Statement for 2025/26, it is difficult to plan ahead with one year funding.

Continued rigorous management and monitoring by the Senior Leadership Team, Cabinet Executive and Scrutiny will ensure the Council continues to be well prepared to respond to challenges as a result of the Fair Funding Review and Business Rates Retention.

Lightbulb

Scrutiny would welcome an update on the delivery of Lightbulb and how Lightbulb pilots are progressing.

Building Control

Scrutiny noted the impact of changes to Building Control regulations resulting in a significant reduction of fees and charges. The changes have also resulted in losing experienced members of staff as the new regulations place new burdens on the team.

Scrutiny would welcome Officers and the Portfolio Holder to a future meeting to discuss the Partnership and its priorities for the future in light of reduction of fees and the new regulations.

I.T Service

Scrutiny noted the work undertaken to date on the migration of the I.T service back to Blaby District Council. There is uncertainty around how the local government reorganisation plans could affect the work undertaken so far, it is too early to predict what this could look like.

Scrutiny considers that the Council could be at the forefront of this, leading on best practice as we head into local government reorganisation.

Transformation

Scrutiny noted the positive work that has been undertaken by the Transformation team, including £108,000 worth of cashable savings, 430 hours working hours saved and over £23,000 of income generated.

Scrutiny would welcome a further update on their work.

4.4 Relevant Consultations

All Non-Executive Members, Portfolio Holders, Senior Officers.

5. What will it cost and are there opportunities for savings?

- 5.1 Opportunities for savings are a key element of examining the Administration's draft Budget proposals and where identified are within this report.

6. What are the risks and how can they be reduced?

- 6.1 Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

7. Other options considered

- 7.1 No other options were considered, Budget scrutiny is a constitutional requirement.

8. Other significant issues

- 8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. Appendix

- 9.1 None.

10. Background paper(s)

- 10.1 Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[15th January 2025](#)

Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[22 January 2025](#)

11. Report author's contact details

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