

**Notes of the Scrutiny OF THE ADMINISTRATION'S BUDGET PROPOSALS meeting held on WEDNESDAY, 15 JANUARY 2020 in the Council Chamber - Council Offices, Narborough**

**Attendees:-**

**Members:-**

Cllr. Geoff Welsh (Chairman)

Cllr. Mark Jackson	Cllr. Alex DeWinter	Cllr. Shane Blackwell
Cllr. Cheryl Cashmore	Cllr. David Findlay	Cllr. Nick Chapman
Cllr. Sam Maxwell	Cllr. Chris Frost	Cllr. Jane Wolfe
Cllr. Antony Moseley	Cllr. Christine Merrill	Cllr. Janet Forey
Cllr. Deanne Freer	Cllr. Phil Moitt	Cllr. Nigel Grundy
Cllr. David Clements	Cllr. Ben Taylor	Cllr. Paul Hartshorn
Cllr. Adrian Clifford	Cllr. Bev Welsh	Cllr. Mat Mortel
Cllr. Roy Denney	Cllr. Trevor Matthews	

**Officers:-**

Jane Toman	-
Sarah Pennelli	- Chief Executive
Nick Brown	- Strategic Director - Section 151 Officer
Linda McBean	- Strategic Finance Officer
Matthew Pawlyszyn	- Senior Scrutiny Officer
	- Democratic Services & Scrutiny Officer

**Also in attendance as observers:-**

Cllr. S Coe, Cllr. D Freer, Cllr. L Phillimore, Cllr. Terry Richardson, Cllr. Sheila Scott; Cllr. M Wright

**Apologies:-**

Cllr. Shabbir Aslam, Cllr. Stuart Coar, Cllr. Louise Richardson, Cllr. Michael O'Hare, Cllr. Kirsteen Thomson and Cllr. Tracey Shepherd

## 1. **2020-21 BUDGET - CONTEXT AND OVERVIEW**

The Chairman welcomed members and officers to the meeting and invited the Strategic Director (Section 151 Officer) to present her report:

Key points:

### **Impact of the Settlement December 2019**

Key elements of the Statement that impact on the budget position for 2020/21 are:

- Confirmation of settlement figures for 2020/21 which were expected to be based on the 2019/20 figures 'rolled forward'.
- Whether there were any changes to how the New Homes Bonus was to be distributed.
- Council Tax increase thresholds

**Total Budget requirement** for the Authority 2020/21 - £12.6m (2019/20 comparable net requirement £11.96m)

### **Funding the budget**

- Redistributed NNDR has increased by £313k
- The Council no longer receives Revenue Support grant.
- New Homes Bonus (NHB) Grant has reduced by £157k. This is £283k lower than that forecast within the MTFs. A total amount of £2.7m of NHB is utilised to support the budget.
- Other Non Ringfenced grants relate to S31 grants which compensate the Council for providing Business Rate Reliefs such as Small Business Rate Relief.
- Council Tax precept has increased by £73k. This is before any increase is applied, but reflects the increase in the tax base (increase in properties) in the district.

### **Budget Gap**

There is substantial future financial risk to the Council that may result from the proposed changes to the Business Rate Reform, the Fair Funding Review and the Future of New Homes Bonus payments – as seen in the draft Medium Term Financial Summary document at Appendix E.

### **Options open to the Council to meet the future funding gaps**

#### **Council Tax Increase**

For 2020/21 the threshold for Council Tax increases for "core" Band D Council Tax has reduced with local authorities able to increase their Council Tax by up to 2% (1.99%). An additional amount of £110k would be generated with a 1.99% increase which equates to an increase of £3.25 per annum, £166.57 for a Band D equivalent property.

District Councils may however raise Council Tax by £5 without triggering a referendum. This is an option that Blaby may consider given it is larger

(3.06%) than the 1.99% increase. This option would generate an additional £169k, £168.32 for a Band D equivalent property. For Shire County Councils increases for 'core' Band D Council Tax has also been reduced with an increase of up to 2% being allowed.

The Leicestershire County Council proportion of the total Council Tax charge forms approx. 70% of the total charge (based on 2019/20).

#### **General budget assumptions**

- Planning appeals are not included within the budget requirement but expenditure will be funded from balances if it is necessary.
- Portfolio figures are shown before any recharges from department to department in order that the spending service is scrutinised rather than the method of apportionment across departments.
- Capital expenditure is as per the draft previously presented to Scrutiny Commission on 27<sup>th</sup> November 2019.

#### **Future Business Rates and Fairer Funding position**

There is still substantial uncertainty surrounding how changes to Business Rate Retention and the Fair Funding Review will impact on Blaby.

The impact of the changes that the Fair Funding Review; Business Rate Retention Reform and New Homes Bonus will cause are difficult to model.

The Fair Funding Review consultation suggested that some damping would be brought in to protect local authorities from dramatic changes in funding levels but that this will unwind over time, something that hasn't historically happened.

## **2. 2020-21 DRAFT PORTFOLIO BUDGET PROPOSALS**

The Chairman opened discussion to develop lines of questioning for each Portfolio area relating to the 2020/21 draft Budget proposals attached with the agenda as well as from information presentation by the Strategic Director (S.151 Officer) at item 2.

Preliminary lines of questioning were identified for submission to Portfolio Holders prior to the next Scrutiny Budget meeting on Wednesday 22 January 2020 for their response. The Chairman explained that any supplemental questions could still be submitted by members before or at the next meeting.

**THE MEETING CONCLUDED AT 7.09 P.M.**

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