

Scrutiny of the Administration's Budget 2022/23

Scrutiny Questions on Portfolio 2022-23 Budget Statements

Cllr. Terry Richardson – Leader

1. General:

How do you envisage dealing with the forthcoming year's gap in the budget and the future years gap in the budget?
How do you think the MTFS challenges can be dealt with?

(with comment from Cllr. Maggie Wright – Finance lead)

Response: The budget gap for 2022/23, at circa £360k, is manageable and can be met from General Fund balances. However, further work will be undertaken in the next few weeks to refine the budget, with a view to further reducing the shortfall. From 2023/24, the MTFS shows that we have a much greater challenge in terms of the size of the budget gap, and this is caused largely by the expected rebasing of business rates. Of course, Government is yet to consult on the matter so the MTFS is only indicative of the size of the problem we may be facing. Nevertheless, the future budget gap is expected to be significant and the MTFS will need to be updated regularly over the course of the next 12 months to reflect the outcome of the consultation process.

Clearly the use of reserves to plug the budget gap is not sustainable in the longer term but the fact that our reserves are relatively healthy does allow us to take a more measured approach to any savings we need to make.

Cabinet have already informally agreed some measures that have helped to reduce the gap both in 2022/23 and going forward, e.g. additional increase to garden waste charges, charging schools and charities for trade waste collections, discontinuing production of Contact magazine, and more. Further work is planned for the forthcoming year to look at the level of our non-statutory fees and charges – what could we start charging for that we don't currently, review existing charges to ensure that we achieve cost recovery as a minimum. We will need to review our Capital Programme in terms of its affordability – how can we achieve our ambitions for less, can we bring in more external funding, could S106 contributions be used to support BDC schemes?

2.	<u>General:</u> As well as the savings options and additional income options presented in the budget, what other areas of savings have been considered, and which of those has been rejected? Response: Given that the Local Government Finance Settlement was only announced on 16th December 2021, there has been little opportunity to fully consider a range of options. That said, Cabinet have looked at a number of options, including those included within the budget. I have covered some of these in my response to the previous question but broadly we have looked at the possibility of introducing charging for pre-planning advice, and the supply and delivery of wheeled bins. A full review of our non-statutory fees and charges is required to identify our scope and appetite for raising charges to generate more income. Our car parking strategy, including charges, will be reviewed during the coming months. The potential for shared services and widening our partnership working will also be considered. At this point in time we have only rejected the suggestion of cutting back on litter picking equipment and materials for our community groups. This was rejected because it is something that is valued by our residents as well as ourselves. Otherwise nothing is off the table.
3.	<u>Commercial Strategy:</u> What assumptions have been made in the budget and MTFS on commercial income? What particular angle of the Commercial Strategy is working? (with comment from Cllr. Maggie Wright – Finance lead) Response: The Commercial Strategy was approved by Council in December 2018 and it is not unreasonable to say that two years of potential progress have been lost or at least delayed by the pandemic. Nevertheless, an updated strategy will be brought before Cabinet and Council next month. The 2022/23 budget builds upon one of the strategy's aims of delivering in partnership – the new delegated Building Control Partnership model will bring in an additional £40k next year, the Lightbulb partnership is continuing, and we continue to work with SLM to secure the best possible return on our leisure centres. Blaby has a good track record in terms of securing external funding, recent examples including £49k for the Physical Activity Team, £70k to extend social prescribing for a further year, partnering with EMH to deliver the Local Authority Delivery Scheme to improve energy efficiency in homes (£442k), and submitting a bid for Changing Places funding for accessible toilets (£90k). Some fees and charges have already been reviewed and included in the draft budget, whilst others will be considered in the

	coming months. Council has approved £100k (£50k in 2021/22 and £50k in 2022/23) towards an options appraisal that will give us a longer term view of the future of the Council offices.
4.	<u>General:</u> How does this budget move forward the Blaby District Plan, and please provide specific examples? Is it still going in the right direction? Response: I am confident that the priorities of the Blaby District Plan are being followed, and that this year's budget allows us to meet the requirements of that Plan. The Blaby District Plan is a living breathing document so items in it are interchangeable and it will be adjusted and changed to meet the current circumstances. Specific examples include: Walk Ride Blaby - £180k included in the Capital Programme for 2022/23 as a contribution towards the development of walking and cycle routes in Blaby district. Green agenda – we have secured £442k from Midlands Energy Hub as part of the Green Homes Grant; Local Authority Delivery Grant (Phase 2) which, in partnership with EMH, will enable us to deliver energy efficiency measures across homes in our district. Continuing to deliver new housing in Lubbethorpe – external funding to cover salary costs. Delivery of a green heating solution for the Council Offices – included in the Capital Programme. £35k approved by Council to develop a new Green Space Strategy to reflect the requirements of the Environment Bill. Commissioning of an options appraisal regarding our future accommodation needs, £100k. Delivery of further improvements to office accommodation in line with agile working. Plus many more strands of the Blaby Plan that will be delivered largely within existing budgets.
5.	<u>General:</u> On page 11, you say that the current 5-year capital programme is unsustainable, what projects do you think are undeliverable and what would the consequences be? Response: This is more about the sustainability of the impact of borrowing on our revenue budget. As will be seen from the draft Capital Programme circulated with tonight's papers, the Minimum Revenue Provision is set to increase by almost £0.5m in 2024/25 and £0.9m the following year when compared to current levels. It isn't just about the current 5 year programme but also the cumulative impact of borrowing to finance our capital plans over a number of years. The borrowing costs are made more sustainable when we are investing in our assets to generate increased revenue, as

	would have been the case with the leisure centre refurbishment had Covid not intervened. The most significant impact on the MRP is in 2023/24 and 2024/25 where we have planned to replace some of our refuse collection vehicles with electric models. Currently the cost of electric vehicles is around double the cost of the diesel equivalent so we may have to consider alternatives, e.g. availability of external funding to offset the purchase costs; alternative fuel types that still meet our carbon neutral ambitions. For some of our parks and open spaces, can we better utilise S106 contributions to reduce our borrowing requirement. In summary, because we have been financially prudent, we have the time to plan, even with receiving a 1 year settlement. We always look at which services are key to residents. Car park charging will have to be reviewed e.g. at Bouskell Park, and this may have to be revisited if we want to make the changes to the park that we want to. Our Car Parks are not free to us – they need to be maintained and the Council has to pay business rates on them, if we can get them to operate as cost neutral that would be beneficial. Although we may not take out any projects from the Capital Programme we may need to look into alternative ways of funding them.
6.	<u>Green agenda:</u> How does this budget move forward the green objectives of the Council? What particular proposals are aimed at those policy objectives of the Council? Response: we are on track to meet our carbon-neutral target, looking at options of greener fuels for our refuse trucks, carbon literacy training for our staff and members, and we have brought in funding to install electric charging points in our car parks, which came through grant funding. The establishment budget makes provision for a dedicated Green Officer to drive the Council's ambition to be carbon neutral by 2030. We will continue to seek external funding opportunities to support our green agenda, such as Solar Together. We will work with external partners to facilitate funding via initiatives such as the Local Authority Delivery Scheme. The Capital Programme makes provision for updating the fleet replacement strategy with electric powered vehicles, subject to affordability of the proposals. Delivery of a greener and more efficient heating system at the Council Offices. As part of our investment strategy we have begun to invest in sustainable green deposit accounts at no differential in interest rates, and further opportunities are being explored. We will undertake research and a feasibility study into the infrastructure required for EV fleet charging, and use of renewable sources to deliver green heating and lighting at the depot.
7.	<u>Garden Waste (directed to the Leader for wider implications on budget and question to Portfolio Holder for service specific implications)</u> If, following Government advice, you were no longer able to charge for garden waste collection, what would the wider implications be?

	Response: If garden waste collections were no longer chargeable the authority would lose £880,000 annual income for 2022/23. Whilst government are consulting on this currently (through the waste consultations), and have stated that any new burdens would be fully funded, no details have been provided on how free garden waste collections would be funded. In addition to loss of income BDC would require two additional collection rounds (2 vehicles, 2 drivers, 4 loaders), plus circa 20,000 new bins including delivery which could amount to approx. £360,000 per annum net revenue costs plus £500,000 capital on bins and delivery which would need to be funded by BDC if government funding was not forthcoming.
	<u>Additional Question:</u> Cllr Geoff Welsh – you have talked about the difficult decisions we will need to make, is the MTFS sustainable? Response: We have always risen to the challenge, it's more complicated currently due to the 1 year settlement figure, until we have a clearer view of the NHB and Business rates we are facing a lot of uncertainty over future funding. If we have a multi-year settlement, it is easier to plan. Follow-up Question: Cllr Geoff Welsh – how much growth has been allowed for the new units at Fosse Park? Response: in the current year we have allowed for around £4m and from 2022/23 onwards that increases to £6m assuming full occupancy. However, Blaby only receives 40% of that sum and from our share of business rates we have to pay a tariff to the Government as well as a levy payment, so actually have a relatively small amount to support our budget. Follow-up Question 2: Cllr Nick Brown (to officers) – what allowance has been made in your assumptions for empty properties and have you looked at different tenures? Response (Strategic Finance Manager): there is provision for empty properties built into our business rates estimates. It is a high level estimate based on past experience and reflecting the ongoing situation with the pandemic, but does not drill down into different business types. There is a fine line between too optimistic in terms of growth, and too pessimistic. The business rates estimate adopts a cautious approach and allows for growth based on 60% of the rateable values of the older units at Fosse Park.

	<u>Additional Question:</u> David Findlay: the council needs to develop its commercial strategy to bring in a revenue income so that we can underpin our future aspirations, e.g. The Old Bank Response: Council has several options when it comes to looking at our financial position, we can increase charges for non-statutory items, reduce costs, or generate money, e.g. The Old Bank, or applying for grants which the Council has done several times. The Commercial Strategy was approved in Dec 2018 and is currently being refreshed. We're looking at applying for a grant for the repair of the public toilets in Blaby Town Centre. There will be an ongoing revenue cost to maintaining these toilets too. We could look at doing more properties like the Old Bank, which will, over time, generate more revenue than it costs to furnish the loan. Follow up question: we cannot keep on selling our assets and putting them in capital receipt as once they are sold we cannot get that money back, and we need to concentrate on the increasing revenue so funds can be underpinned for both revenue and capital. Do you think that we would have to consider more tough decisions of the council assets, such as the council offices? Response: the council set aside £100k to carry out a review of our assets including the council offices, and it could be decided that we sell some assets in order to invest in other assets. The key is to ensure that we generate enough income to cover any financing costs (e.g. MRP and interest) as well as increase the revenue stream to the Council.
	<u>Additional Question:</u> Kirsteen Thomson – looking at the vacant plots in Fosse Park, could we investigate renting or seeking renters for the vacant plots? Response: it's very risky to invest in commercial property, as a local authority, we are not big enough or have the expertise to run events currently of this magnitude. We would be open to look at suggestions but would look towards favouring working in partnership.
	<u>Additional Question:</u> Nick Brown: looking at the big gaps in funding in 2023/24 of over £5m, how will these be closed? We cannot keep using reserves, noted in the statement, that the 'current 5 year capital programme is unsustainable unless we can increase

	income and/or cut costs and all avenues will be explored'. What areas were you thinking of, in terms of cutting costs and increasing income? Response: we are already exploring options for increasing fees and charges for non-statutory services, such as pre-application advice for planning, and will provide an income stream. We also know that we will have to carry out a review of our car parking charges later this year, and for some sites where we do not charge for parking, we may consider introducing a charge. We will also explore shared services with other councils, investing in solar panels at the Depot, to reduce costs and provide an income. We have already informally agreed to charging schools and charities for commercial waste collection and are looking at how commercial waste collection can be extended. In terms of the capital programme we're looking at increasing the life-span of our refuse vehicles by using different fuels that will be carbon neutral, which would lead to a reduction in borrowing costs (MRP). Follow up question: can pre-application advice charging be brought in immediately to ease the financial burden in 2022/23? E.g. brought in Sept/Oct Response: we need to ensure we have definitive resources to ensure that we can bring in these initiatives, but we will be looking to implement such measures at the earliest opportunity.
	<u>Additional Question:</u> Geoff Welsh: over the next 3 years there is £5m in the capital programme allocated toward looking at changing the fleet – and you mentioned alternative fuels, please can you elaborate on this? Response: I will also refer this question to Cllr Nigel Grundy as the PH. Officers are currently considering whether we can put in alternative fuels in our refuse trucks, which are bio-fuels and non-polluting, which for a minimal cost will extend the period we can continue to use those trucks, we will then further explore options of hydrogen/diesel/electric vehicles.
Cllr. Maggie Wright – Finance, People & Performance	
8.	<u>General:</u> If we need to generate revenue streams to create funds for capital projects have you fully explored the possibility of investing reserves for improbable contingences in building to let, thereby possibly achieving more ambitions at the same time? This could be social housing but better in terms of revenue, much needed start-up units for new businesses.

	Response: We have already taken our first steps in this direction with the redevelopment of the Old Bank, estimated to bring in net income of around £20k per annum after management and maintenance costs. However, we are limited in some respects by the new Prudential Code which has been tightened to prevent some of the more speculative property investments that some authorities have entered into in recent years. Other limiting factors are our lack of available land for development, and the internal expertise to take forward such projects. We will continue to monitor opportunities and will take projects forward where value for money can be demonstrated. Council has approved a £100k budget to commission an options appraisal that will inform our longer term view of the office accommodation, including the potential to reduce our footprint in the building and rent space to other organisations. Another consideration is whether we have the appetite to increase our investment in the property fund which, after a difficult last twelve months, has now increased in value to exceed the original deposit. Additional Question: Roy Denney: would you consider looking into commercial start-ups as they tend to turn over every 4 years? Response: Although we have some experience of this with the Old Bank we're limited with our assets, and need the expertise to explore this further.
9.	<u>Commercial Strategy:</u> What assumptions have been made in the budget and the MTFS on commercial income? What particular angle of the Commercial Strategy is working? Response: If you look at the action plan that sits underneath the commercial strategy, we have achieved quite a lot. By refreshing it now, we can explore what other avenues are open to us. We need to look at it under the 5 themes of: efficiency, maximising assets; selling of services; partnership working (e.g building control and land charges) and external funding. We are very limited by being a local authority, and we do have to work within our limitations. We can explore shared services for the future.
10.	<u>Reserves (Appendix B)</u> Many of the earmarked reserves have not seen any movement over the past year, why is that?

	Response: Most of those reserves are set aside for specific purposes, some of which will fall in future years. For example, the Insurance Reserve is held in case of unforeseen claims liabilities; the Elections Reserve is to offset the cost of future District Council elections, the cost of which must be borne by Blaby. There are some reserves that were created in previous years as allowance for future uncertainties, such as the Council Tax Support Reserve which followed the introduction of council tax localisation in 2013/14. It is there to enable us to support hardship cases if the need arises, although to date this hasn't reserve hasn't been called upon. The balance on reserves is considered annually during the closedown of accounts process to ensure that there is still a need for each reserve.
	<u>Additional Question</u> Mark Jackson: having a dedicated officer to help bring in grants has been very worthwhile to the authority, could this be extended? Response: we've noted the valuable work that the officer has done, and going forward we could spend to save to invest more in this area, so we can apply for more external funding.
	<u>Additional Question</u> David Findlay: what are the chances of revisiting the ideas of holding events at Fosse Meadows, e.g. glamping and concerts/events to help bring in some revenue? Response: it is a possibility but we need the expertise to do so, we're a public authority and we don't have the skills in our current workforce to deliver this. We need to source the expertise to do this, and also consider whether such an initiative would be a spend to save initiative.
	<u>Additional Question</u> David Findlay – Leisure Contract with SLM – we potentially need to look at the long term viability, and the risk of the management fee. Is there a risk that the management fee will need to be renegotiated with SLM? Response: The leisure contract had been performing well in recent months and has been generating a surplus since June last year. Unfortunately due to the Omicron variant and the closure of Huncote that good progress has slowed a little. However, we are looking to get back to the original contract fee as soon as possible and our officers are currently in discussions with SLM. There is a risk that we won't get back to the original management fee as soon as we would like and further proposals will be brought back to Council in April.

Cllr. Sharon Coe - Health, Wellbeing, Community Engagement & Business Support

11. Leisure Centres:

How would you support leisure centres? Has there been any work done on refining the £500,000 emergency reserve for repair work at Huncote Leisure Centre? Is this spend on Huncote Leisure Centre reasonable?

Response: We are currently having detailed conversations with SLM and it does need further investigation. Currently our leisure centres are making money, just not to the extent as predicted due to Covid, and the methane levels at Huncote. We are having robust conversations with SLM, and we're not the only local authority who has a contract with SLM – Oadby and Wigston and North West Leicestershire DC are also using SLM – they have proven experience of running leisure centres across the country and giving a return on investment. We were right at the time to give the contract the SLM but we are monitoring the current covid situation.

Additional information: SLT is continuing to monitor the expenditure against the £500,000 emergency reserve as part of the response to the major incident at Huncote. At present, the £500k does not appear within the 2021/22 budget but funds have been separately earmarked within reserves. Expenditure is likely to fall across at least two financial years, 2021/22 and 2022/23. To date we have identified potential expenditure of £385k against the approved sum, comprising £60k revenue costs and up to £325k of a capital nature, but this could be more or less depending upon the success of the measures put in place by the contractors, as well as the length of time for which the site needs to remain closed. Consideration will also be given to whether it would be more beneficial to borrow to fund the capital element of works, and thus spread the cost over a number of years rather than take a one-off hit on reserves up front. In this regard, recommendations will be brought back to Council as part of the quarterly capital monitoring reporting mechanism.

Huncote: Could you see the Council pulling down Huncote Leisure Centre?

Response: Nothing is off the table, it's still an ongoing investigation. Our main aim is the safety of our residents.
Terry Richardson: yes we have considered pulling it down, we have set aside £500k to deal with the situation at Huncote. There are 2 elements to this – it is our land, and we built the leisure centre, and it is our responsibility to ensure it is safe. We have saved money by removing the 24 hr security (the site is now fenced off) and we have no choice but to make the land safe, and we don't know what this entails. We're currently waiting for exploratory reports to be returned to the Council. We have to look into this report to ascertain the future of HLC, especially if this situation could re-occur in 6 months after re-opening. We need to consider the cost of reopening vs closing it down and the impact of the contract and the loss of revenue. We're currently monitoring the gas output from the boreholes, and as soon as we have more accurate information, it will be shared with Members.

12. Health and Fitness:

With Huncote Leisure Centre closed, what funding is available for outreach work, to take health and fitness classes out to Parishes (e.g. Parish Hall, Community Centres)

Response: Terry Richardson - a leisure centre is being built as part of new Lubbethorpe – which may be better geographically placed in the District.

- No additional funding available and SLM are trying to minimise costs and maximise profit as this is currently coming back to BDC. As an example, the Manager at Huncote has recently left and recruitment has been paused while Huncote is closed to help us deliver savings / maximise income.
- The Sport & Physical Activity team already deliver a wide range of excellent services across the District, some examples include:
 - Exercise Referral scheme
 - Falls Prevention classes
 - Cardiac Rehabilitation scheme
 - Fit 2 Dance classes
 - Active Travel work with schools & businesses
 - Positive Activities Referral Scheme (PARS)
 - Community Walks programme (Glenfield, Glen Parva, Stoney Stanton & Blaby)
 - 'Just' programme (a range of activities to encourage women & girls to get active)
- In April we are aiming to launch 'Active Blaby', a new online system that will support residents to find local activities that are suitable for them. This will be the first of its kind in Leicestershire and endorsed by Sport England. We already have hundreds of local activities on the system that our residents will be able to access and enjoy. This approach also supports local groups and instructors to have thriving busy classes.
- The majority of the above is delivered by the Sport & Physical Activity team successfully securing external funding (over £100k in 21/22).

13.	<u>Lightbulb:</u> Have any options been considered for a Trade Service (handyman) service to assist the DFG service? Response: We have had some issues in spending the DFG grants, in particular with the pandemic, it has been difficult to get workmen in these homes to do these jobs. We utilise the Age Concern handyperson service, ad hoc County services through the Adaptations Team as well as other local services. What we have found is that during lockdown more people have utilised family / friends over concerns in entering homes – but we are monitoring this to see if there is an increase in demand post restrictions. We haven't ruled out having a handy person altogether but demand isn't there to justify a post. As part of the Lightbulb offer we have the Home Support Grant to help people stay independent in their home – this is used for a variety of things from repairs including roof repairs to installation of safety lights. It's up to the value of 5K and is means tested, so for instance the resident will need less than 6k savings – applications can be self-serve on the website and via professionals on lightbulbservice.org The Hospital Housing Enabler Team also accesses a range of local services where work needs to be undertaken within the home so the person can be discharged from hospital. A high proportion of these cases are properties where hoarding is an issue.
	<u>Additional Question</u> David Findlay – a decision is to be made on the pilot of the hospital housing enabling team –are there any updates on this? Response: They're working really hard to try and get people back in their own homes, the team have also been affected by Covid. The main team is funded until March 2023; the mental health rehab team is an extension of it. We have put in a bid to secure that for another 12 months, and have got through the first round.
	<u>Additional Question</u> Sam Maxwell – we have always had concerns over footfall and access in HLC and we've spent a considerable amount of money over a long period of time, what is your vision for health and fitness for the District? We have an empty leisure centre, with a new one proposed in Lubbesthorpe, but we have already ascertained there is not much money to be made, so how do we encourage outreach?

Response: we need to look to see how we can deliver outreach work differently, a lot of this takes place in our own parish halls. (See response to question above). Lots of activities will be coming through the tourism offer and the Go Jointly App, Beat the Street, Active Travel to Work, involving schools, and the Community Walks programme.

There is money to be made from the leisure contract not just at the level predicted due to the pandemic.

Follow up question: is there provision in the budget to continue and extend some of the outreach services?

Response: we do have opportunities for some of the initiatives, we will also utilise the Grants Officer to source funding/grants where applicable.

Cllr. Nigel Grundy - Neighbourhood Services & Assets

14.

Waste:

- **Can the removal of the trade waste concession of schools and charities be split and the impact on both be considered separately?**
- **Has there been a consultation with schools and charities on the removal of free trade waste? What notice period are you providing? How much are you charging schools and charities?**
- **What do other authorities do in terms of charging schools and charities trade waste?**
- **Has there been any consideration of the impact on schools if the trade waste concession is applied to them? E.g. trickle-down effect on pupils, and academy schools?**

15.

Garden Waste:

- **Looking at the increasing cost of living pressures facing residents, e.g. possible £5 increase in Council Tax and an increase in garden waste collection, would you anticipate an increase in fly-tipping too?**

	• What is the comparison in garden waste charging with other local authorities? • Given the time and effort and costs involved in recovering the fly tipped waste have we considered pressing LCC into making tipping at our sites free of charge or greatly reduced?
16.	<u>Garden Waste (directed to the Leader and the Portfolio Holder)</u> If, following Government advice, you were no longer able to charge for garden waste collection, what would the implications for the service be? Response:
17	<u>Assets:</u> What is the progress for letting part of the Council offices given our changed work patterns and how much income could we expect? Response:
Cllr. Les Phillimore - Housing, Community & Environmental Services	
18.	<u>Partnership Working:</u> How are some of your services being delivered in partnership and are there any further opportunities for this to deliver a more efficient & effective service? Response:
19.	<u>Youth Provision:</u> Scrutiny had concerns around cutting the Youth Provision, how does this reflect on your budget challenges this year? Response:

Cllr. Ben Taylor - Planning Delivery and Enforcement & Corporate Transformation	
20.	<u>Planning Delivery:</u> Do you have any intention to charge for pre-application advice? Response:
21.	<u>Planning Delivery:</u> What is the cost of delivering the Local Plan? Response:

22.	<u>Corporate Transformation (ICT):</u> • What are the challenges you face currently in ICT infrastructure? • What are the savings you envisaged? • Page 7 – Appendix F – What were our significantly reduced costs before, if our ICT contract costs are to now increase to £505,000 a year? How have our fees increased? • How will training of staff and Members on these new initiatives be funded?
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Notes:

- HR update be provided to Scrutiny Commission - support to staff - mental health, absences, establishment costs, recruitment challenges, agile working