

Blaby District Council
Scrutiny Commission

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| Date of Meeting | 7 February 2024 |
| Title of Report | Scrutiny of the Administrations draft 2024/25 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 26 February 2024.

2. Recommendation(s) to Scrutiny Commission

- 2.1 That Scrutiny Commission considers the report and approves the proposed Statement on the Administrations 2024-25 Draft Budget Proposals for submission to Cabinet Executive on 26 February 2024.

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 2024/25 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:-

10 January 2024 - Budget Context and Overview

17 January 2024 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Performance

- Health, Wellbeing, Community Engagement & Business Support
- Neighbourhood Services & Assets
- Housing, Community & Environmental Services
- Planning Delivery and Enforcement & Corporate Transformation

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 2024/25.
- Continuation of New Homes Bonus.
- Council Tax increase thresholds.
- Changes to Business Rate Baseline.
- Information relating to additional funding streams.
- The provisional local government finance settlement 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 2024/25 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 2024/25 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 shows how the grants provided in the Settlement have contributed to reducing the budget gap forecast in the MTFS.

Sources of funding are as follows:-

| | Approved Budget 2023/24 £ | Working Budget 2023/24 £ | Base Budget 2024/25 £ | Variance Compared to Approved Budget |
|---|---------------------------------|--------------------------------|-----------------------------|--|
| Income from Business Rates | (1,749,109) | (1,724,322) | (3,435,400) | 1,686,291 |
| Contribution from Business Rates Reserves | (1,955,656) | (2,277,333) | (287,423) | (1,668,233) |
| S31 Grant - Business Rates Compensation | (2,587,873) | (2,290,983) | (2,577,177) | (10,696) |
| Revenue Support Grant | (74,608) | (74,608) | (79,550) | 4,942 |
| Lower Tier Services Grant | | | 0 | 0 |
| Services Grant | (90,200) | (90,200) | (14,193) | (76,007) |
| Funding Guarantee | (1,530,635) | (1,530,635) | (2,135,789) | 605,154 |
| New Homes Bonus Grant | (430,029) | (430,029) | (14,280) | (415,749) |
| | (8,418,110) | (8,418,110) | (8,543,812) | 125,702 |
| Council Tax Deficit | 64,864 | 64,864 | 94,927 | (30,063) |
| Council Tax | (6,311,930) | (6,311,930) | (6,336,927) | 24,997 |
| Funding Envelope | (14,665,176) | (14,665,176) | (14,785,812) | 120,636 |

The table above illustrates that the Council's funding has remained fairly static, only increasing by £120k (£286k if you take into account that the contribution from the Business Rate reserve has reduced from £453k down to £287k).

This reflects:

- Redistributed National Non-Domestic Rates (NNDR) has been forecast to remain static. 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. Unlike previous years there has been little growth to include and increase the Business Rate income. Included in these figures is currently a release of £287k from the Business Rate Reserve.
- Revenue Support Grant £80k – two grants (Council Tax Admin Grant & Family Annex grant) that in the past were provided directly and not part of the settlement have now been badged as RSG. This therefore represents no change in funding other than a small increase.
- Services Grant – reduced from £90k to £14k.
- Funding Guarantee – £2.136m awarded to Blaby to ensure each authority has an increase in core spending power of at least 3%, This is an increase of £605k. In Blaby's case the increase in this grant is reflective of and compensating for the decline in New Homes Bonus funding and the reduction in Services Grant.
- New Homes Bonus (NHB) Grant £14k – a reduction of £416k. This reflects the fact that the Council have not exceeded the base line for NHB to be awarded for growth in housing this year but have benefitted only from affordable properties being built.

- Council Tax precept has increased by £25k. 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 2024/25 is £15.767M.

Budget Gap

Scrutiny noted the Council has benefited from the Funding Guarantee Grant which ensures that every authority has an increase in core spending power of at least 3%. It is this grant that has compensated for the forecast loss of New Homes Bonus funding, lost over a number of years, and has contributed significantly (£2.136m) to minimise the funding gap for 2024/25.

The budget gap arising for the 2024/25 Financial Year is £981k. Scrutiny noted the measures proposed to reduce/close the gap:

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|---|-----------------|
| Budget Gap | £981,146 |
| Increase in Council Tax by 2.99% | £189,475 |
| Utilisation of Business Rate Pool for ED | £300,000 |
| Increase in Vacancy Savings Provision | £50,000 |
| Remaining Budget Gap to be funded from Reserves | £441,671 |

Scrutiny would like to thank Portfolio Holders for the comprehensive overview of budget priorities and challenges and commend officers for their work on the budget planning process.

4.3 **Proposal**

Statement on the Administrations 2024-25 Draft Budget

The Scrutiny Commission is asked to approve the following statement for submission to Cabinet Executive in response to the Administrations draft 2024-25 Budget Proposals.

Council Tax

Members were concerned about the financial pressure that any possible raise in Council tax would have on residents. They noted long term reduction in funding from Government, which placed pressure on local authorities to raise this tax. Members emphasised the importance of

maintaining quality services for residents, whilst also supporting those in need.

Members fully considered the options provided to increase Council Tax by either 2.99%, which would generate £189k 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.

Recommendation 2 - Scrutiny would welcome an update in 6 months on the levels of demand for Council Tax Support and Discretionary Housing Payments provided or any other similar support scheme.

Vacancy Savings Provision

Members noted the increase in vacancy savings and were concerned that vacancies were not being filled leaving existing staff and services with increased pressure. In the current climate where local authorities all face recruitment and retention challenges Scrutiny want to ensure that staff were supported with timely recruitment to vacant positions.

Scrutiny would welcome information on which services the vacancy savings relate to and how long those vacancies have existed.

Recommendation 3 – that Cabinet considers whether it is appropriate to hold a vacancy savings provision which is based on unfilled positions.

Investments

Scrutiny noted the difficulties that we have experienced with our current Property Fund, however, acknowledges that in the long term we may see more positive returns.

Scrutiny also noted the increase in income from interest on some of our investments.

Recommendation 4 – that Cabinet Executive continues to retain its investments and supports diversification in the Council's investments.

Lightbulb

The new visioning document to be signed by all partners will set out what Lightbulb will look like over the next 5 years. However, Scrutiny recognises the risks associated with funding and the possibility of one of the member Councils withdrawing from the service and the impact that this would have on the Council's budget.

Recommendation 5 - That Scrutiny be notified should a partner withdraw from the service.

Recommendation 6 - Scrutiny requests that the financial impact on Blaby be provided, if one or more partners withdraw their funding from the Partnership.

Recommendation 7 – That a breakdown of Blaby’s contribution, compared to other partner authorities be provided.

Health, Leisure and Tourism

Members highlighted the importance of encouraging physical activity in terms of both mental and physical health. The newly adopted Corporate Plan states that the Council has committed to fostering active and healthier lifestyles among our residents, inspiring people to embrace lifestyles that promote physical and mental wellbeing.

Members were concerned that funding from Public Health via Active Together has reduced by over 30% from £74,540 to a proposed £49,570 and that this will result in a reduction in an officer post and our offer in terms of sport and physical activity.

Cabinet Executive should ensure that sufficient budget is provided to ensure that the health, leisure and tourism service is able to meet the priorities of the Corporate Plan.

Recommendation 8 – That the new offer in terms of sport and physical activity be provided to Scrutiny, highlighting what changes have been made.

Hydrotreated Vegetable Oil (HVO)

Last year Scrutiny noted with concern the increased costs of HVO for the fleet at the Depot. Scrutiny have again noted the continued fluctuation in the cost of HVO, which remains high and unpredictable.

Members are supportive of and remain committed to the net zero target. Scrutiny recognise that the HVO fuel will increase pressure on the budget and therefore are keen to explore future initiatives such as electrification of the fleet.

Recommendation 9 - In order to mitigate some of the costs associated with HVO, Scrutiny recommends that the Cabinet Executive explores increased storage capacity of HVO at the depot.

Housing

Scrutiny notes the risks associated with the cost and ability to deliver sufficient temporary and affordable housing provision to meet the increased demand being experienced both locally and nationally.

Scrutiny also noted the Portfolio Holder's concern that any further increase in demand would result in the Housing Team needing additional resource.

Scrutiny are supportive of the Cabinet Executives commitment to providing essential housing services to those in need.

Recommendation 10 - Scrutiny recommends that should demand on the service increase further, resource be increased in the Housing Team to support vulnerable residents.

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 2024/25, 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.

Fair Funding & Longer-Term Financial Settlement

Members noted that the continued delay of the Fair Funding Review affected the Council receiving a multi-year funding settlement and as a result, it is not possible to assess the impact it may have on our future financial position. In the interests of clarity, we encourage the Council Leader to take every opportunity to press for this review to be carried out as soon as possible.

Transition to Electric Fleet Vehicles

Members queried the life-cycle of the current vehicles at the Depot, including replacement options and the Council's commitment to electrifying the fleet. Scrutiny may wish to explore this further as part of its work programme.

Increase in Neighbourhood Services Fees and Charges

Members considered the increase to discretionary fees and charges and requested that further information be provided to Scrutiny on these.

IT Provision

Scrutiny are keen to provide comment on the proposals for the future of IT service provision at the earliest opportunity. Scrutiny request that it be provided with a comprehensive breakdown of the revenue and expenditure implications of the options being proposed.

Car Parks

Scrutiny noted that car parking income has reduced from £331,000 to £226,000 and that the Portfolio Holder is considering revisiting the Car Parks Strategy (approved in 2022).

Scrutiny are concerned that the recently adopted Car Parks Strategy need revising so soon and are keen to explore the issues that have led to this.

Given the reduction in car park income and the requests from businesses to provide season tickets, Scrutiny requests further information on where income and footfall has reduced and the reasons for this. Dependent on the outcome of this Scrutiny may wish to explore this further as part of its work programme.

Transformation

Scrutiny welcomes more detail on how the service is assisting services to make efficiencies and where possible, savings. Scrutiny looks forward to working with the Transformation team and the Portfolio Holder on this.

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 Scrutiny will consider the implications of Fair Funding when further details are released by the Government.

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'
[10th January 2024](#)

Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[17 January 2024](#)

11. Report author's contact details

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