

MINUTES of a meeting of the CORPORATE SCRUTINY COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 4 JANUARY 2023

Present: Councillor V Richichi (in the Chair)

Councillors J G Simmons, D Bigby, G Houlton, S Sheahan and M B Wyatt

Officers: Mr A Barton, Mr G Hammons, Mrs A Crouch, Miss E Warhurst, Mrs C Hammond, Ms S Thirkettle and Ms R Haynes

67. APOLOGIES FOR ABSENCE

Apologies were received from Councillor N Smith, for whom Councillor D Harrison acted as substitute. Apologies were also received from Councillor A C Saffell.

68. DECLARATION OF INTERESTS

No interests were declared.

69. PUBLIC QUESTION AND ANSWER SESSION

No questions were received.

70. MINUTES

Consideration was given to the minutes of the meeting held on 7 December 2022.

It was moved by Councillor G Houlton, seconded by Councillor J Simmons and

RESOLVED THAT:

The minutes of the meeting held on 7 December 2022 be approved as a correct record.

71. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Consideration was given to the inclusion of any items on the work programme. The plan of forthcoming Cabinet decisions and the current work programme were set out in the agenda for information.

It was highlighted that there had been a minor typing error in the work programme and that at the March meeting members would be considering the Quarter 3 report, not the Quarter 4 report as stated in the document.

A member enquired whether the item on housing repairs, on which a scoping document had been drafted that evening could be considered at the Committee meeting in March. The Strategic Director stated it would be possible to bring a report to the next meeting, albeit that timescales were challenging.

72. DRAFT ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY RESERVES

The Interim Head of Finance and S151 Officer presented the report and highlighted the key points. Firstly, it was noted that the Council would be facing significant inflationary pressures and secondly there was a lack of certainty with regard to government funding levels over the medium term within the General Fund.

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Officers informed the meeting that business rates growth had benefitted the council in recent years, however that it would not be prudent to continue to rely on this as a source of income due to the potential for changes from the government in the future. It was observed that this year the budget process had been more robust and intense than in previous years.

It was noted that financial strategies and policies were guiding principles and it would be important to follow these, and to use business rates growth for 'one off' funding and capital projects, as opposed to relying on it as a source of income for on-going costs.

With regards to capital strategy, it was observed that the improvements proposed to governance and the management of schemes through their project life cycle were in line with best practice.

With regards to treasury management strategy, it was observed that the improvements proposed would be in line with national guidelines.

In relation to the general fund, it was suggested that the council would need to start planning ahead as the government would be giving consideration to changing how local government would be financed. The earliest any changes would be implemented would be in 2025/26.

The budget key risks were noted, along with specific actions required to mitigate or minimise these risks. Primarily, it was highlighted that the medium term financial plan would need to be implemented.

Officers emphasised the fact that a positive opinion could be provided with regards to the robustness of budget estimates and adequacy of reserves provided that the actions set out in the report were undertaken.

A member expressed concerns that the HRA budget featured reference to taking action to reduce the forecast overspend in 2022/23 and asked what the impact of this would be to tenants and enquired how the council would be making provision for it. It was asserted that there was no clear functional savings plan in place. Concern was voiced that no impact assessment had been carried out and if the potential for negative impact should the scope of repairs be reduced as a consequence.

Officers responded that in terms of setting any budgets for the future it would be important to consider the pressures that the council is experiencing in the current year, and therefore to factor the underlying causes for the overspend in the current year into the budget for the next year. Some of the key reasons for the overspend in the current year were outlined. Officers explained that with both the HRA and the general fund, it would be necessary to minimise the overspend as far as possible, however this would not lead to decisions which would put housing stock or the vulnerable at risk. Members were assured that an impact assessment would be carried out as part of the process of formulating a medium term financial plan, however that this was not a part of the budget which would be considered at the current meeting. It was noted that for the HRA it would be necessary to maximise value for money, in order to reinvest back into the council's housing stock.

A member asked whether the forecast overspend had been factored into the draft budget position or if it was assumed to be reduced/mitigated. Officers advised that there had been an assumption drawn from Quarter 2's overspend which had reduced reserves, however if and when the outturn position improved, this would provide more money for the HRA.

A member enquired if the £1m operating balance which had been retained in reserve would be secure in the future. Officers responded that it is considered good practice to have a minimum level of reserves and following assessments, it was considered that £1m in reserve would be a minimum in order to counter any unforeseen circumstances. The importance of reviewing and monitoring finances to identify and respond to risks was highlighted.

A member expressed concerns that money in excess of £1m would be used for capital spending and repayments and noted that there appeared to be a large increase in the level of borrowing to finance the capital programme and asked if officers were confident that the debt would be serviceable from the HRA. Officers advised that provision had been made for interest costs for borrowing and also that the policy would be to repay the debt by the end of the 30-year business plan and reassured members that the budget would be built on this assumption.

It was asked what the estimates of transitional government funding which had been assumed in the medium term financial plan were based on and how confident officers were on the reliability of these estimates. Officers advised that the further the council looks into the future, the more uncertain the funding becomes, however members were advised that the council employs expertise from Pixel Financial Management who specialise in local government funding formulae. Officers explained to the meeting that Pixel's modelling is utilised in order to identify the level of potential transitional support. It was noted that the government hadn't announced that the business rates reset would happen or whether there would be transitional relief. However based on previous changes to local government funding formulae, there had been some sort of transition funding available to the councils most likely to be affected. A member asked why the predicted amount of transitional relief would be markedly higher in this budget than it had been in previous ones. Officers advised that by using Pixel's latest knowledge, their expertise had been utilised to build into funding forecasts going forwards.

A member stated that they welcomed the introduction of finance specific quarterly reports which would go to Cabinet and enquired why the new finance system had not been fully implemented and if it would be operational by the end of this financial year. Officers replied that work had been actively ongoing with the new system and offered their assurances that it would be going live on 1 April 2023.

A member asked for clarification on the new capital strategy group mentioned in the report and the structure that this would take. Officers advised that this would be an officer group with representations from a number of disciplines across the council, for example Finance, Housing and Legal and would essentially be a group to help develop capital schemes in the early stages of their conception, prior to being considered by Cabinet and Council in accordance with the Constitution.

RESOLVED THAT:

Corporate Scrutiny Committee provide comments on the Draft Robustness of Budget Estimates and Adequacy of Reserves (Appendix A) for consideration by Cabinet on 10 January 2023.

73. DRAFT CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS

The Finance Team Manager presented the report and outlined the proposed updates for these core financial strategies which would go out for consultation along with the draft general fund and Housing Revenue Account budgets. It was noted that the two main changes were firstly the improvement of governance and the process to the managing

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scheme through their project lifecycle, the second change being how the general fund capital programme would be financed.

A member asked if the changes to the MRP had had any significant impact on budgets and was advised that this would have an impact in the future. Members commended officers for taking decisive action with regard to capital funding.

RESOLVED THAT:

Corporate Scrutiny Committee provide comments on the Draft Capital Strategy, Treasury Management Strategy and Prudential Indicators (Appendix A) for consideration by Cabinet on 10 January.

74. DRAFT GENERAL FUND BUDGET AND COUNCIL TAX 2023/24

The Interim Head of Finance presented the report and wished to draw members attention to the additional paper distributed prior to the meeting. It was reiterated that the council had been subject to inflationary pressures, which had caused a significant increase. The number of efficiencies to be adopted and increases in fees and charges were noted, and it was observed that government funding to local authorities had not increased in line with inflation.

A member noted that the budget seemed to be 'cautious' and enquired whether an assessment had been undertaken as to what level of resource would be required for a more, or increased level of, proactive enforcement for example with regards to planning, antisocial behaviour and housing and expressed a wish to propose that Cabinet take into account the need for more proactive enforcement. Officers advised it would be necessary to confer with the relevant head of service in order to offer clarification and offered to do so. Officers wished to draw members' attention to the Task and Finish group around fuel poverty and advised that findings from the group would be presented to Cabinet and would contain proposals around additions to the enforcement team but that this would not be revenue funded.

A member wished to formally express the proposal that Cabinet be requested to assess what is required to deliver a full spectrum, proactive enforcement service and set out a plan to address any shortfall in staffing levels. Officers assured members that any comments made would be taken forward to Cabinet in the form of the minutes, for Cabinet to give full consideration to.

A member enquired whether it was correct that the full cost of rolling out a food waste collection scheme would be paid for by the government and if so, had this been included in the budget. Officers responded that the council was awaiting further information from the government prior to moving this forward and would not be able to include this until the promised funding be received. Officers informed the meeting that Cabinet and Community Scrutiny had been involved in the consideration food waste collection and had decided to await the government funding coming forward, and whilst the government had 'reconfirmed' that this funding would be made available no detail had been provided to date.

A member enquired how it had been proposed to make savings to the community services budget and if these cuts would lead to a reduction in services. Officers responded that the primary reason had been the income generated from the new leisure centre so it had been attributable to an increase in income as opposed to a cut in service.

A member noted that the Property Services budget had been increased by around £800,000 and questioned why such a large increase would be occurring. Officers offered

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to respond to this following the meeting, as it had not been immediately apparent at first glance.

A member noted that the Coalville Regeneration Programme featured work associated with a Coalville railway station and expressed a wish to see similar works carried out at Ashby de la Zouch and at other locations throughout the district. Concerns were also raised at the marked increase in the cost of using public conveniences in Ashby de la Zouch, but officers confirmed that these increased costs had been in line with inflation.

Members asked how much income would have been generated had there not been a freeze on council tax, and officers advised that this is something which would have to be worked out and brought back to members, however it was noted that this freeze had created some element of income which would have been foregone if the council tax had increased.

A member enquired where the receipt for the sale of the council offices and the car park appeared in the budget and if it had been included as capital receipt. Officers advised that it had not been factored in at present and offered clarification around the separate issues of the business case for the accommodation changes and plans for the future site, and what the future income stream might be.

RESOLVED THAT:

Corporate Scrutiny Committee provide comments on the Draft General Fund Budget and Council Tax 2023/24 (Appendix 1) for consideration by Cabinet on 10 January 2023.

75. DRAFT HOUSING REVENUE ACCOUNT BUDGET AND RENTS 2023/24

The Interim Head of Finance and S151 Officer presented the report and outlined that inflationary pressures had been a major strain which the HRA had seen. There had been a proposal to increase rents which would generate an extra £1.5m but this increase would be under the rate of inflation which the country is currently experiencing. It was noted that the affordable rent homes would continue to be capped at the relevant local housing allowance level.

A member requested clarification on the large investment proposed to restructure the asset management team and asked for more information on exactly what the £350,000 would be spent on. Officers advised that this was still in process but would primarily be staff focussed and at the time of the meeting was dependant on various factors such as staff changes, which could be discussed outside of the public meeting.

A member expressed disappointment at the reduction in the zero-carbon budget and asked whether the council would be able to reach the zero carbon goals given this cut. The question as to why there had been such a considerable reduction in government funding towards the zero-carbon budget was also raised. Officers explained that there had been a combination of things happening, for example awaiting government grants for which applications had been made to inflate the programme back to its former state. In terms of a future approach, it was recommended that the council take a more conservative estimate of what government may fund in future and that this had been factored in.

A member enquired about the obligations of the council around new tenancies and EPC and existing tenancies and EPC and was advised that the whole programme was geared towards achieving this target and was assured that 2025 and 2028 targets would be met.

A member raised concerns regarding the new build programme and requested figures around what was expected to be achieved. Officers responded that these figures would be included as part of quarterly monitoring so would be available shortly and assured members that three major sites were being actively pursued.

RESOLVED THAT:

Corporate Scrutiny Committee provide comments on the Draft General Fund Budget and Council Tax 2023/24 (Appendix 1) for consideration by Cabinet on 10 January 2023.

The meeting commenced at 6.00 pm

The Chairman closed the meeting at 8.00 pm