

SCRUTINY OF THE ADMINISTRATION'S BUDGET PROPOSALS **2016/17**

Minutes of a meeting held at the Council Offices, Narborough

WEDNESDAY, 13 JANUARY 2016

Present:-

Cllr. Bill Wright – Chairman & Scrutiny Commissioner
Cllr. Iain Hewson – Vice-Chairman & Scrutiny Commissioner

Cllr. Shabbir Aslam	Cllr. David Findlay	Cllr. Trevor Matthews
Cllr. Lee Breckon	Cllr. Mark Jackson	Cllr. Les Phillimore
Cllr. Cheryl Cashmore	Cllr. David Jennings	Cllr. Louise Richardson
Cllr. Stuart Coar	Cllr. Trevor Matthews	Cllr. Alan Tanner
Cllr. Sharon Coe	Cllr. Antony Moseley	Cllr. Deanne Woods

Officers present:-

Mrs Jane Toman	- Director of People
Mrs Sarah Pennelli	- Financial Services Group Manager
Mr Nick Brown	- Accountancy Services Manager
Mrs Linda McBean	- Senior Scrutiny Officer
Mrs Sandeep Tiensa	- Senior Democratic Services Officer

Also in attendance:-

Cllr Terry Richardson	- Leader of the Council & Finance, Efficiency & Assets Portfolio Holder
Cllr Maggie Wright	- Community Services Portfolio Holder
Cllr David Freer	- Corporate Service & Partnerships Portfolio Holder
Cllr Tony Greenwood	- Planning, Economic Development & Housing Strategy Portfolio Holder
Cllr Sheila Scott	- Health Improvement & Leisure Services Portfolio Holder

Apologies:-

Cllr. Scarlet Breckon, Cllr. Lindsey Dracup, Cllr. Graham Huss, Cllr. Sam Maxwell, Cllr. Ben Taylor and Cllr. Geoff Welsh

1. **BUDGET CONTEXT SETTING AND OVERVIEW**

Considered – Report of the Financial Services Group Manager (FSGM).

The Chairman, Cllr Bill Wright opened the meeting by welcoming all attendees and invited the FSGM to present the overview of the Budget for 2016/17.

Key points raised from the FSGM included:

- Uncertainty around how New Home Bonus and Business Rates will be distributed in the future
- Reduction in core grant, though figures are provisional and may change over time
- £525k reflects income and savings made by Officers

The FSGM responded to Cllr Les Phillimore's question that the £525k does not include any savings made as a result of Channel Shift, but does include income from benefits overpayments and planning fees.

The FSGM then raised the following points in respect of funding the budget:

- Reduced formula grant - £76k less than what was expected
- New Homes Bonus Grant – is £314k higher than what the council was expecting

There is a £170k gap in the budget and the following options open to the Council are:

Removal of New Homes Bonus (NHB) distributed to Parish Councils - £124k

Cllr. Lee Breckon requested that a list be circulated to all Members detailing how many Parish Councils may be affected by the removal of the New Homes Bonus.

Cllr. Iain Hewson queried how this would affect Parish Councils who may rely on NHB in setting precepts.

The FSGM confirmed that Parish Councils are kept informed of the status of NHB during quarterly meetings. The Council does not guarantee that the Bonus will be given and Parish Councils do not build the NHB into the setting of the precept.

Removal of Council Tax Support Grant to Parishes - £194k

The FSGM provided a quick background to precepts and how Council Tax Support had replaced Council Tax Benefit. Although the Council has no obligation to pass this Grant to Parishes, guidance from Government has suggested that an appropriate amount should be provided.

The Leader of the Council, Cllr. Terry Richardson commented that although no legislation had been passed by central government to ensure that all Councils provided the Grant to Parishes, the Council had always ensured that the Grant given to BDC was distributed among Parishes. It was important that Members were informed of the choices available to them.

The FSGM continued with the presentation:

Council Tax Increase

- Previously freeze grants were available, however it did not equate to how much was raised if Council Tax was increased.
- No freeze grant is expected this year
- The referendum limits are expected to remain at 2%
- The Council would generate £90k if it increased Council Tax by 1.99%, which equates to £2.85 per annum
- Alternatively, those authorities listed as a 'relevant shire district' within the DCLG draft report could raise Council Tax (without triggering a referendum) by £5, generating £158k to the budget.
- The FSGM confirmed that the Council could only raise Council Tax by either 1.99% or the increase of £5 – not both together.
- In previous years the Council has done a budget survey, this year it was combined in the Residents' Survey
- 1300 residents responded – statistically this is enough to be reflective of the District and has a good response rate of all wards.
- 68% of responses supported/strongly agreed with raising Council Tax
- Increasing Council tax by £5 was not asked as the legislation to do this is still in draft format

Contributions from Reserves

400k will be utilised from the General Fund, the FSGM commented that the level of reserves were healthy and they can be used in the future to implement any new systems to save money, i.e. 'spend to save'

Additional Options to Utilise Reserves

A number of externally funded posts have been identified as being at risk due to the lack of confirmation that funding will continue.

The FSGM said Portfolio Holders will be able to provide further information on this at the individual Portfolio Holder Scrutiny sessions.

The Director of People commented that the Council usually have an indication from the County Council about the level of funding. The posts are currently funded by public health grants.

Cllr. Iain Hewson asked whether there was enough in reserves for the

redundancies?

The Director of People responded that County Council will also provide assistance in paying any redundancy costs.

New Homes Bonus

- The Council has continued to see improved performance with £1.9m being utilised to fund services.
- Future of NHB may mean that local authorities have to support strategic development and must have a local plan to qualify for the bonus
- Council's own local plan is well developed
- Future could also see reducing payments for authorities where homes have been built on appeal.

Cllr. Alan Tanner commented that the future of NHB seems as it may be phased out by year 5. It also puts pressure on Parish Councils to continue to build to receive funding. This could have a negative effect on the planning committee as it may be seen as not being robust.

Business Rates

Cllr. Antony Moseley left the meeting and did not return.

- The Spending Review did not clarify how local authorities will keep 100% of business rates
- It is clear that those authorities will be rewarded where economic growth is promoted.

It was agreed that the Economic Development Strategy would be brought to and considered by Scrutiny for feedback later in the year.

Impact of Welfare Reform

The FSGM commented that the Portfolio Holder for Community Services would provide more detail on:

- The benefit cap and impact on families in the area
- Debt issues
- Lack of affordable rented homes

The Leader, Cllr Terry Richardson thanked the FSGM and the Finance team for providing a comprehensive explanation and introduction to the budget.

THE MEETING CONCLUDED AT 7.15 P.M.

