

Minutes

Budget - Joint Overview and Scrutiny

Monday, 15 January 2024, 2.00 pm



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Lee Steptoe (Vice-Chairman)

Councillor Matthew Bailey
Councillor Harrish Bisnauthsing
Councillor Pam Byrd
Councillor Paul Fellows
Councillor Ben Green
Councillor Tim Harrison
Councillor Anna Kelly
Councillor Robert Leadenham
Councillor Paul Martin
Councillor Penny Milnes
Councillor Ian Selby
Councillor Helen Crawford
Councillor Graham Jeal

Cabinet Members present

Councillor Richard Cleaver (Leader of the Council)
Councillor Ashley Baxter (Deputy Leader of the Council)
Councillor Phil Dilks (Cabinet Member for Housing and Planning)
Councillor Patsy Ellis (Cabinet Member for Environment and Waste)
Councillor Philip Knowles (Cabinet Member for Corporate Governance and Licensing)
Councillor Rhea Rayside (Cabinet Member for People and Communities)

Officers

Karen Bradford (Chief Executive)
Richard Wyles (Deputy Chief Executive and S151 Officer)
Alison Hall-Wright (Assistant Director of Finance and Deputy S151 Officer)
Amy Pryde (Democratic Services Officer)

44. Election of Vice-Chairman

Following nomination, it was proposed, seconded and **AGREED** for Councillor Lee Steptoe to act as Vice-Chairman, for this meeting.

45. Public Speaking

There were none.

46. Register of attendance, membership and apologies for absence

Apologies for absence were received from Councillors Susan Sandall, Sarah Trotter, Nikki Manterfield, Paul Wood, Gareth Knight, Virginia Moran and Habibur Rahman

Councillor Graham Jeal substituted for Councillor Gloria Johnson.
Councillor Helen Crawford substituted for Councillor Susan Sandall.

47. Disclosure of interests

There were none.

48. Minutes from the meeting held on 9 January 2023

The minutes of the meeting held on 9 January 2023 were proposed, seconded and **AGREED** as a correct record.

49. Budget Proposals for 2024/25 and Indicative Budgets for 2025/26 and 2026/27

The Chairman proposed that the meeting discussion take place in two parts:

- The General Fund (1st part)
- Housing Revenue Account (2nd part)
- General Fund and Housing Revenue Account (2nd part)

The General Fund

The Deputy Leader of the Council presented the draft budget report.

The report set out the timetable for the setting of Council tax and budgets for 2024/25.

Consultation would be launched following Cabinet on 18 January 2024.

The report set out the funding projections for the next three years and the budget presented showed a balanced position for next year but deficits for the following years.

A balanced position had been achieved without any reliance on reserves which is an achievement given the financial challenges facing all authorities.

Funding would also be utilised to catch up on backlog of neglected maintenance at the Council's art centres, leisure centres and car parks.

It was noted that the Council had agreed to adapt the ground floor of the Picturehouse as a new Customer Service Centre. The Council were actively looking for tenants for the other part of the units within the ground floor.

Works on the new depot at Turnpike Close, Grantham would begin in 2024, which would replace the current depot that was at its maximum capacity.

The Committee's opinion of the 3% (£5.31 rather than £5) increase in Council Tax was requested. The increase was suggested in order to meet the needs of residents and to take advantage of the accumulative growth in Council Tax.

Secondly, an opinion was requested on the increase in prices on the green bin from £49 to £51, but also the increase in the cost of a second green bin from £40 to £42. The Council were working towards a subsidy for the purchase of compost bins for resident who did not have enough compost capacity, which may reduce the need for a first and second green bin.

The Committee was asked to consider Leisure SK Ltd fees for 2024/25, whereby Leisure SK Ltd had requested more than £400,000 for their operating costs as a management fee.

The Deputy Chief Executive clarified that the budget had been based on the provisional settlement by Government, the Government consultation had since closed and the final settlement may change the figures contained within the report.

A detailed table was included in the report regarding Minimum Revenue Provision (MRP). A table within the report extrapolated the MRP liability for the Council going forward which was driven by projects such as St Martins Park and the new depot.

Fees and charges would be considered earlier to allow a more managed process for renewal of the green waste bins.

The following questions were raised by Committee Members:

- Further clarification was sought around the green bin charges and whether a third and fourth green bin had been considered.

It was clarified that the current green bin charges were £49, it was proposed to go up to £51 for the following year. The second and subsequent green bins were at a charge of £27 for the current year, it was proposed that they go up to £42.

It was noted that the cost of green bin waste collection had increased by 8% annually over the last 8-9 years. One Member suggested that a freeze in the collection charge for the green bin service be explored, in line with other authorities doing so.

The green waste collection was a discretionary service and what had been presented was a balanced position. The cost drivers behind the increase in green

waste collection were around fuel on a national living wage, cost of the vehicles which were in the region of £250,000 each. All income that would come from the service was either to meet the costs directly or to contribute towards the replacement of the Capital Fund thereafter. Benchmarking had taken place on the cost of subsequent bins of other authorities, for example, Melton was £78, Kings Lynn was £60, South Holland was £52 and Rutland was £50.

It was highlighted that 21 green waste collections per year for £51, where each bin would take approximately hold six black bags. The current price for a green bin waste skip in Grantham would cost around £264.

- Clarification was sought around the costings of other local authorities for green waste collections. It was noted that all authorities should not charge more for the service than it would cost to collect the waste.

Local authorities could not make profits on the services they provide. The cost would either fall as a whole on taxpayers or those who directly benefit from the service, which had been the case historically.

- Concern was raised that the increase in green waste collection cost may mean an increase in fly tipping from residents that may not be able to afford it.

The Deputy Chief Executive clarified that in 2023, the outcome of debate was to increase the green waste collections by £5 and there had been no material or detrimental impact on the customer base.

- Further clarification was sought on whether the Council made any profit from green bin collections.

It was confirmed that Local Authorities could not make profits on their activities, only on a cost recovery basis.

It was **proposed** and **seconded** to freeze the green waste collection charge at £49 for 2024 and to find approximately £60,000 worth of savings from consultancy fees, catering and conference expenses.

This proposal **FELL**.

- One Member raised a query in relation to departure charges from bus stations and for the charge to be increased to 90p. A Member had been contacted by a local bus service who had questioned as to why the Council charged a higher departure charge than other nearby bus stations.

It was suggested that this issue be reviewed by the Finance and Economic Overview and Scrutiny Committee and consider keeping prices the same for the next financial year.

The Deputy Chief Executive clarified that the costs tended to increase in line with costs that were levied at the services, specifically around business rates and operational costs of those stations.

- An additional £800,000 had been proposed for the new depot. One Member requested further explanation as to why this was required. It was noted that a monitoring sub-committee for the new depot had not yet met, following a discussion at a previous Finance and Economic Overview and Scrutiny Committee.
- Concern was raised regarding figures proposed for Leisure SK Ltd.
- There had been a significant increase in MRP changes which had been driven by vehicle replacement. It was queried whether this was due to the vehicles coming to the end of their life and what was driving the large increase in the next two years from nothing to £311,000.

The Finance and Economic Overview and Scrutiny Committee had recommended to Cabinet that a working group be convened on the new depot. Cabinet had not yet responded to the recommendation, but if supported the working group would meet from February 2024 onwards.

The new depot was out to tender and bidders were in the process of coming forward with prices, which would be provided at the end of February 2024. Planning Committee were due to consider the application on 19 January 2024.

The request was to increase the budget to £8.8m and was not a request to spend the full £8.8m. It was believed that prices would still be within the £8m original budget, however the budget would become under pressure as the Council receives bids. The proposed £8.8m was to allow financial headroom to successfully award the work to a contractor. Some of the statutory consultees had requested some modifications to the design, which could introduce further cost into the development itself.

In terms of MRP and the reason vehicles had been added into the calculation is due to the lack of available reserves to finance the purchases. There were currently no more receipts or capital reserves projected. As the Council project its capital programme going forward, it would become 100% reliant on external and internal borrowing which could be seen in the Council's reserve forecast.

- A query was raised in relation to vehicle replacement and whether the Environment Act impacted this.

The Deputy Chief Executive confirmed that the government would step in through new burdens funding to fund the initial additional vehicles required for the food waste collection service.

- One Member emphasised the need for a democratic oversight of the figures for the new depot and for the working group to meet in February 2024. This was proposed.

The Deputy Leader of the Council informed the Committee that Leisure SK Ltd had previously received a one-off management fee of £500,000. The company had requested an additional £272,000 for the current financial year and a further £447,000 for the next financial year.

- One Member queried whether there were any revenue funding from car parking machines that do not return change after purchasing a ticket.

It was noted that the proposed budget did not include any changes to car park charges as it was out for consultation, however, the information on car parking machines would be collated.

- In relation to the new depot project, it was questioned whether the contingency fund would be increased as a result of the increased budget proposal for the depot. It was further questioned as to whether contractors would be made aware of the increase in budget.

The £8m included an element of contingency, and the increase of the whole budget to £8.8m and the contingency had been increased accordingly.

It was confirmed that the Council had gone out to market on the 18 December 2023, therefore, all documentation and previously approved budgetary sums were what the contractors, consultants and third parties were working towards.

The Chief Executive highlighted that Highways England had raised concern around the adjoining element to the A1 Road, the Planning team were currently negotiating this issue with Highways England.

- The Culture and Leisure Overview and Scrutiny Committee had previously rejected the amount proposed for management fees as being accurate at a previous meeting. It was suggested that £750,000 be budgeted to prepare for the worst.

The Deputy Chief Executive clarified that Leisure SK Ltd had proposed £447,000 after scrutinising their income and expenditure for 2024/25. They had also started to introduce a number of mitigations to bring their cost liability down, which could be why the figure is considerably lower than the previous years.

(Councillor Matt Bailey left the meeting at 15:25)

- It was queried as to whether the charges at Grantham Cemetery were discretionary and whether all charges covered costs at the cemetery in Grantham.

Grantham Cemetery was an asset which sat within the special expense area and therefore, costs of particular services were born directly by the residents of

Grantham. The operating model that had been developed to arrive at the charges, were based on cost recovery.

- One Member asked what information supported the one-off payment to Leisure SK Ltd in 2023, their level of evidence and five-year plan and whether the same efficiency would apply.

Traditionally, Leisure SK Ltd had only requested a management fee 1 year in advance. The broader business plan attempted to demonstrate this over a period of time. Their aim was to become self-funded in terms of their income and expenditure being balanced and thereafter moving into modest profit. This had not yet incurred due to the increase of labour and utility costs.

- A query was raised on fly posting and the proposed penalties to be kept at a static £100. It was noted that the penalty for graffiti was increasing from £100 to £500.

It was **proposed** to increase the penalty for fly posting from £100 to £500.

The Deputy Leader of the Council had informed that Committee that several people caught fly posting had been taken to court. Catching the offenders was difficult due to limited staff resources.

- It was questioned as to whether the £2.061m local priority reserve would be £850,000 less due to a previous decision made on Deepings Leisure Centre.

The Deputy Chief Executive clarified that the report was compiled prior to the decision made on Deepings Leisure Centre. The one-off payment of £850,000 was subject to certain conditions being satisfied.

- Clarification was sought on whether fly posting included advertisement of village or community events.
- One Member raised the following queries in relation to Leisure SK Ltd:
 - Why the leadership of the Council had only been informed within a short period of time.
 - Why the issues had not been raised earlier.
 - Whether there were any checks and balances on this proposal.

On the 30 November 2023, Culture and Leisure Overview and Scrutiny Committee were presented with the request of £447,000 from Leisure SK Ltd, alongside the additional management fee being referenced within that report. This item was deferred by the Committee.

The Chief Executive clarified that the fee of certain funerals were more expensive than others due to an emergency team being brought in to dig an appropriate hole within 24 hours due to the funeral having to take place within a certain timeframe.

*It was proposed, seconded and **AGREED** to adjourn the meeting for 15 minutes.*

Housing Revenue Account

The Cabinet Member for Housing and Planning presented the HRA proposals, which included a £21m capital programme.

The focus of the Council over the past 3 years was working to make the Council's housing services legally complaint and getting housing services out of special measures from the National Housing Regulator.

The proposed budget recognised a need to invest further in the key service areas of housing, whilst maintaining a sustainable 30 year financial business plan. The Council continued to deal with an ongoing backlog of void properties. The biggest proposed budget bid was a £700,000 one-off void property refurbishment payment.

Another proposal was to increase the new build budget to £8.9m to mitigate the losses of the Council's housing stock from right-to buys. The Council expected an average of 45 sales under the right to buy scheme in the coming year.

It was proposed that rents increase by an average of 7.7%, in line with government guidance. The budgeted rental income was expected to rise from £27.2m to £28.9m. The average weekly increase for the Council's tenants would be £6.93 to take the average rent to £96.99 weekly.

One Member thanked past and present administration on a previous refurbishment and the money allocated to Earlesfield, Grantham.

- It was queried whether the increase of rents was based on inflation and whether local authorities had any flexibility on setting rents.

The Deputy Chief Executive clarified that the CPI in September 2023 was 6.7%, The formula proposed was the September figure plus 1% which gave 7.7%. There would be a corresponding entry to mitigate the impact on residents who receive welfare support or benefits.

Members raised the following questions:

- Whether there was any opportunity to offer voids to rental to tenants who may move in and complete the repairs on a reduced rent rate.
- It was noted that right to buy sales had been budgeted at 45 for the whole year. It was queried whether the right to buy properties were of good condition or would require works before being handed over.
- Whether the Council had budgeted enough for a rapid response to potential mould situations, due to new legislation.

The 45 right to buys per year was based on the average of recent years and the houses sold via the right to buy scheme tended to be in a good state of repair.

The Housing Overview and Scrutiny Committee had recognised new legislation in relation to mould and advice was provided to tenants on damp and mould.

- It was queried whether the Council had considered employing small contractors to complete works on void properties.

The Chief Executive had explored the development of a local framework for local contractors to complete repair works on voids. The framework would be reviewed by the Housing Overview and Scrutiny Committee.

It was clarified that all employed local contractors would be qualified in their specific trade to perform a high standard of works on void properties.

(Councillor Matt Bailey re-joined the meeting at 16:12)

- The disposals policy was discussed. It was queried at what point a void would no longer be re-lettable and may need selling.

The Housing Overview and Scrutiny Committee had adopted a new acquisitions and disposals policy, which had been approved by Cabinet.

- One Member raised concern of recent flooding and whether any Council stock had been affected.

The Chief Executive clarified that 73 properties had experienced flooding, 3 of which were Council owned. 19 properties had been evacuated. The 3 Council owned properties had since been fully surveyed and the tenants had moved back in, with ongoing welfare checks taking place. The Council were able to offer temporary accommodation to Council tenants and also private sector households in need.

Members thanked Officers for their quick response to the flooding.

It was highlighted that the Chairman of Rural and Communities Overview Scrutiny Committee had been liaised with in order to complete a review of the Council's flooding response.

It was proposed, seconded and **AGREED** to:

- 1. Consider and review the budget proposals and estimates within the report**
- 2. Recommend to Cabinet any amendments in respect of the following budget proposals for 2024/25:**
 - **General Fund – Revenue and Capital • Proposal of a Band D Council Tax Increase of 3% (£5.31)**

Housing Revenue Account

- **Housing Revenue Account – Revenue and Capital**
- **Proposed dwelling rent increase of 7.70%**

- **Proposed increase for garage rents and service charges of 6.7%**

General Fund and Housing Revenue Account

- **Proposed use of Reserves for both General Fund and Housing Revenue Account**
- **Proposed Fees and Charges for both General Fund and Housing Revenue Account**

- 50. Any other business which the Chairman, by reason of special circumstances, decides is urgent**

There were none.

- 51. Close of meeting**

The Chairman closed the meeting at 16:45.