

Meeting of the Budget - Joint Overview and Scrutiny

**Tuesday, 14 January 2025, 10.00
am**



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Gareth Knight (Vice-Chairman)
Councillor Emma Baker
Councillor Harrish Bisnauthsing
Councillor Pam Byrd
Councillor Richard Dixon-Warren
Councillor Barry Dobson
Councillor Ben Green
Councillor Tim Harrison
Councillor Anna Kelly
Councillor Robert Leadenhamb
Councillor Nikki Manterfield
Councillor Paul Martin
Councillor Chris Noon
Councillor Max Sawyer
Councillor Ian Selby
Councillor Lee Steptoe
Councillor Graham Jeal

Cabinet Members

Councillor Ashley Baxter, Leader of the Council
Councillor Paul Stokes, Deputy Leader
Councillor Rhys Baker, Cabinet Member for Environment and Waste
Councillor Richard Cleaver, Cabinet Member for Property and Public Engagement
Councillor Phil Dilks, Cabinet Member for Planning
Councillor Virginia Moran, Cabinet Member for Housing

Officers

Karen Bradford, Chief Executive
Richard Wyles, Deputy Chief Executive and Section 151 Officer
Alison Hall-Wright, Director of Housing and Projects
Karen Whitfield, Assistant Director of Leisure, Culture and Place
Emma Whittaker, Assistant Director of Planning and Growth
Paul Sutton, Interim Head of Finance and Deputy 151 Officer

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer
Debbie Roberts, Head of Projects, Performance and Climate Change
Lucy Bonshor, Democratic Officer

52. Public Speaking

There were no public speakers.

53. Apologies for absence

Apologies for absence were received from Councillor Matt Bailey who was substituted by Councillor Graham Jeal, Councillor James Denniston, Councillor Zoe Lane and Councillor Vanessa Smith

The Cabinet Member for Corporate Governance and Licensing, Councillor Philip Knowles had also sent apologies.

54. Disclosure of interests

None disclosed.

55. Minutes from the meeting held on 15 January 2024

The minutes from the meeting held on 15 January 2024 were proposed, seconded and agreed.

56. Budget Proposals for 2025/26 and Indicative Budgets for 2026/27 and 2027/28

General Fund

The Leader of the Council introduced the draft budget proposal for 2025/26.

The Leader stated that he had worked on the budget with the Deputy Chief Executive and Section 151 Officer together with his Team, the Cabinet and Senior Officers. The Cabinet Member for Housing would present the HRA section of the report.

A balanced position had been achieved for 2025/26 without the need to access the reserves and this included the Budget Stabilisation Reserve.

Various “budget bids” had been recommended which would improve service delivery and complement the Corporate Plan. Although a balanced budget was being presented for 2025/26 it was noted that for the financial years 2026/27 and 2027/28 the outcome was not as predictable due to predicted Business Rates reset and also changes to the funding formula.

The budget setting timetable was then highlighted with the draft budget being presented to Cabinet on 16 January 2025 and Full Council on 27 February 2025. Consultation on the proposed Council Tax levels would take place between 20 January and 3 February 2025 and feedback would be reported to Cabinet on 11 February 2025 to enable Cabinet to consider the consultation feedback before the proposed budget was recommended to Council on 27 February 2025.

The Leader asked Members for their comments on the budget before them and stated that Local Government Reorganisation would not be discussed at the meeting.

The budget report was split into the following areas:

- Funding position for the General Fund
- General Fund proposals
- Housing Revenue Account (HRA)
- Capital Programme 2025/26 – 2027/28
- Capital Financing
- Reserves and Balances

The first slide showed the Resources Funded by Council Tax since 2010 and highlighted a pattern where the Council had to increasingly raise more of its own money, this would continue under the new Government. The amount that was contributed by Council Tax would increase from 51% to 61% over the next period up to the financial year 2027/28. It was noted that the Council was in the last year of the New Homes Bonus and some grants which the Council had received had been abolished. Although the Council had received some contribution to the increase in employers' cost in relation to National Insurance, the Council would not be fully reimbursed.

Members attention was drawn to Table 1 of the report which showed the indicative funding levels and Appendix A to the report which showed the net cost of services and the net budget requirements. The net cost of services for 2025/26 was £24,008,000 with some income coming from fees and charges and other areas so the net budget requirement was £20,603,000 which gave a balanced budget for 2025/26. Going forward deficits were shown for 2026/27 (£784,000) and 2027/28 (£989,000) based on the current information available.

The Leader then spoke about Fees and Charges proposals. He highlighted the following:

- changes to car parking tariffs which would come into effect on 20 January 2025
- no change to market charges to encourage economic growth in the markets within the three towns.
- no change to bus station charges
- no increase in charges for bulky waste, but a £2 per annum increase for green waste collection.

- All other charges had increased in line with costs.

Budget bids were then discussed which ranged from bids that were recurring to one-off bids.

Unavoidable cost pressures were in relation to Internal Drainage Board levies up by £79k, Insurance £44k, External Auditors £15k and the Local Plan £216k. The Leader expressed his sympathy with those who had suffered flooding during the recent bout of bad weather particularly areas such as Greatford and Grantham.

Minimum Revenue Pressures (MRP) covered legacy borrowing from previous projects, the current costs of St Martin's Park and the Depot development. Running costs for new and improved services covered the Customer Service Centre at Grantham (£28k), Conduit Lane Public Toilets (£12k) and Turnpike Close Depot (£27k).

Reference was made to the proposal to change the refuse collection rounds in the future to adapt more to the increase in the number of properties that were being built and to mitigate costs and maintain the efficiency of the delivery rounds so collection dates would be changing permanently.

Other areas where budget bids had been considered included:

| | | |
|--------------------------------|--------|--|
| • Single Person Discount | £9k – | work in conjunction with the County to check single person discounts eligibility would be carried out annually rather than every other year. |
| • Homelessness Support Officer | £45k | |
| • Empty Homes Officer | £18k | work to get properties back in use |
| • Domestic Abuse Officer | £45k – | external funding to be sought |
| • Two Welfare Officers | £37k – | rebrand of Cost-of-Living Team |
| • Licensing Support Officer | £28k – | to undertake back-office work to enable Licensing Officers to be out |
| • Graduate Apprenticeships | £28k – | to grow talent within the authority and encourage young people to work in local government |
| • Apprenticeship levy | £28k | |

The Leader then referred the Committee to the Proposed Budget Increases which were one-off bids which he had circulated, and which were also shown at Table 5b of the report. Members attention was drawn to the Grantham Town Events and the Grantham Town Centre Engagement Manager as both of these would be funded from the underspend on the Future High Street Fund. The Backlog Maintenance bid of £1m was to address the urgent work required due to the under investment that had taken place over decades in respect of Council assets classed as Category C and D.

The Capital Programme 2025/26 – 2027/28 contained key investments across the General Fund assets and was shown at Table 14 within the report.

Reference was then made to the proposed reserves and balances. The Council maintained a number of reserves to ensure the Council had sufficient funds available to meet its cash flow requirements and avoid unnecessary temporary borrowing and to protect services against unforeseen financial events. Table 16 of the report listed the proposed General Fund Reserves Movements. The Leader highlighted the following:

- The creation of a Markets Reserve which would help deliver the Markets Action Plan
- The creation of a Waste Reserve to enable the implementation of food waste collection as required by the Environment Act 2021. Food waste had to be collected from April 2026 which would require new vehicles. The reserve was being established following the one-off payment of the packaging Extended Producer Responsibility payment that had recently been received.
- The Climate Reserve was also being increased to fund climate change initiatives in order to support the Climate Change Strategy and could be also seen as an investment as the implementation of solar panels and LED lighting would have saving benefits in the long-term.

Other reserves which had increased included the Local Priorities Reserve, the Budget Stabilisation Reserve and the Leisure and Community Reserve which would provide contributions to third party community and leisure projects these were shown at Table 16 of the report.

Through prudent financial management of the budget, the Council was able to establish a number of specific general reserves to provide funding for approved purposes usually in respect of specific services such as the £200,000 investment in Street Lights.

The Chairman stated that questions would be taken on the General Fund part of the budget then the Cabinet Member for Housing would present the Housing Revenue Account part of the budget. Before taking questions from the Committee two questions had been submitted by Councillor Bailey who was unable to attend the meeting.

The Vice-Chairman read out Councillor Bailey's questions. One concerned Table 5b of the report which outlined a one-off cost of £1m for backlog maintenance. How confident was the Council that the budget was sufficient to ensure all facilities stayed open, and would the budget be sufficient to ensure all items identified as poor or bad in the condition surveys be carried out in the financial year 2025/26. If not, what would be the total funding required to resolve all poor and bad issues.

The Leader stated that due to under investment the figure would not cover all the category C and D issues, however he was reasonably confident that premises

would stay open. There was now a comprehensive list of buildings and works required which was being worked through.

The Deputy Chief Executive stated that there was no guarantee that there would not be service disruption or temporary closures and gave the example of the roof on the Guildhall. It was noted that there was disruption whilst this work was being carried out. The Council had a significant portfolio of commercial assets which had not had investment for a number of years. The condition surveys had been spoken about at length during the Finance and Economic Overview and Scrutiny Committees. The issues in respect of C and D categories were significant with some parts of the commercial estate being end of life, some obsolete and some requiring urgent repair.

Reference was made to the Wharf Road car park which was a separate funding bid and would require work to be undertaken which would mean that parts of the car park may have to be temporarily closed, which would cause disruption. It was stated that the maintenance programme could not be carried out without some disruption to services, but actions would be taken to keep any disruption to a minimum.

It was confirmed that the £1m would not be sufficient to clear all the necessary work required, and this had been highlighted at the Finance and Economic Overview and Scrutiny Committee when the Maintenance Strategy was discussed. The criteria used would ensure that the resources available would be spent wisely on the parts of the estate that required urgent works to be carried out. The Deputy Chief Executive and Section 151 Officer stated that the same amount of resources would be required for at least the next five years and beyond.

The second question was in relation to Leisure Centres specifically the boilers at Bourne and Stamford which had been described as in a critical condition in recent procurement reports. Bourne in particular had been operating with three of the four boilers not operational. Given that both of the centres were 30 years old, should we be considering earmarking additional funding for a wider refurbishment project to ensure these facilities continue to service our communities for the next 30 years.

The Leader agreed that money should be put aside for leisure centres as the Council did not wish to close anymore. The Leader stated that if Councillor Bailey wished to propose an amendment to create a special reserve for the improvement or replacement of boilers and other facilities at leisure centres, he would look at it.

The Deputy Chief Executive and Section 151 Officer noted that there was a comprehensive report on leisure maintenance and the leisure portfolio given to the Finance and Economic Overview and Scrutiny Committee in November 2024 on what work had been done at the leisure centres both by the Council and also through external funding. There was a significant programme of works which included £3m plus at the Meres Leisure Centre which was part of the programme investment in taking the Council away from the reliance on fossil fuels. There were some short-term repairs and maintenance work required but he was not aware of

any disruption and a programme of works was underway to replace those boilers that were end of life.

One Member asked for clarity in respect of the Grantham Town Centre Manager role and whether this would apply to other towns in the district. The Leader replied that this post was part of the Future High Street Fund which had been granted for works at Station Approach and also the marketplace in Grantham. The £38,000 was a one-off bid to extend the post beyond the end of the Future High Street Fund.

Further comments were made in relation to a proposal to create a reserve fund for maintenance and the replacement of equipment such as boilers. The Leader indicated that he was open to having such a reserve to deal with ongoing maintenance and the replacement of equipment in Leisure Centres.

The Deputy Chief Executive and Section 151 Officer stated that the Maintenance Strategy clearly allocated resources to those assets within the estate that required work to be carried out. If the leisure centres were at a critical point, as identified through the condition survey, then an allocation would go to those centres. It was felt that there was no need for a further reserve for leisure due to those already in place. It was stated that leisure was a significant part of the general portfolio estate and with the criteria and framework in place the Deputy Chief Executive and Section 151 Officer was confident that money would be available as required to replace necessary parts at the leisure centres. Reference was again made to the Maintenance Strategy that had been discussed at the November meeting of the Finance and Economic Overview and Scrutiny Committee and the amount of investment that was currently being carried out in respect of the leisure centres.

The Assistant Director of Culture, Leisure and Place reiterated the comments made by the Deputy Chief Executive and Section 151 Officer and stated that she was not aware of any issues currently and the leisure team worked closely with property colleagues to identify any issues at an early stage should they arise.

A comment was made in relation to the various headings shown within the appendix and the Member felt that a more detailed explanation of the headings would be helpful. The Chairman stated that Officers were available for Members to ask questions if they were unsure to enable them to be more informed.

The Leader referred to Appendix Ai and the headings which had been broken down which it was felt were self-explanatory.

Further discussion followed in respect of headings and job titles shown in the report and the Leader indicated that if the Member listed those titles, he was unsure of or needed further explanation these could be referred to the relevant head of service outside the meeting. The Chairman reiterated that Officers were available to answer Members questions on any details that they required more information on, if the Member wished he could send the list to her or to the Leader. It was stated that an attempt within Appendix Ai had been made to break down the headings to give more information.

A question was asked about the Homelessness Emergency Accommodation of £300k and the Chairman stated that this question would be dealt with when the Housing Revenue Account (HRA) was discussed.

A comment was then made in respect of vehicle replacements and questions asked about what vehicles would be replaced, could they be repaired rather than replaced or could leasing arrangements be considered, also the expansion of the climate change reserve and what proportion of vehicles would be low emission vehicles or electric vehicles.

The Cabinet Member for Environment and Waste stated that the Environment Overview and Scrutiny Committee had discussed the new Green Fleet Strategy at length at its last meeting where all these issues had been debated. It was noted that two years ago external work had been commissioned to look at leasing versus buying by a company called Link who were the Council's treasury advisors. The comprehensive report carried out by the independent consultants validated the current strategy to continue to buy rather than lease vehicles as the Council had mechanics and workshop facilities to carry out repairs and this was reflected within the new depot design with the inclusion of a workshop and bays.

Further discussion followed on the replacement of vehicles and their specifications, it was stated that further information would be available to the Member outside of the meeting. The Cabinet Member for Environment and Waste referred the Member to Appendix 5 of the new Green Fleet Strategy document which clearly outlined the financial and environmental implications of changes to the fleet.

One Member sought clarification in respect of the bid shown for the Depot. In July 2023 the original business case had been stated as £5.95m which was then increased to £7.9m with the average contingency fees being 15%, however for this project they would be 17%. The increase had been blamed on the 25% inflation on construction materials, covid etc. The Member struggled with the current bid due to the Council getting value engineering to reduce costs but yet the costs were still increasing. He asked for further clarification.

The Chairman stated that she attended the Depot Board meetings as an observer which she had found informative. The finances were drilled down and the finance staff who attended asked lots of questions about costs, savings, if the money would come back to the Council which she had found very informative.

The Deputy Chief Executive stated that it was a revenue one-off bid for the Depot and explained the reasons for the bid and that it had been referenced as early as April 2024 that a bid would likely be coming forward and this was referenced again at the Finance and Economic Overview and Scrutiny Committee in November 2024.

A question was asked whether the Member could attend the Depot Board meetings as an observer to which the Leader replied with the reasons why this would not be appropriate.

The Leader then referred to the Council Tax Proposals for 2025/26. Council Tax was the single biggest element of the Council overall funding levels. He asked if Members had any comments in respect of the 3% or £5 increase as shown in Tables 2a and 2b of the report. The difference between the two options was income of £24,000. No comment was made by the Committee in respect of either option.

(An adjournment took place between 11:10 – 11:25)

Housing Revenue Account (HRA)

The Cabinet Member for Housing presented the budget in respect of the Housing Revenue Account (HRA). The budget proposals for the HRA continued to focus on:

- Meeting tenants housing needs
- Facilitating the delivery of new housing across a range of tenures
- Enabling those whose independence may be at risk to access suitable housing
- Supporting investment in affordable warmth for tenants
- Meeting compliance requirements and ensuring the allocation of resources.

The Cabinet Member for Housing stated that the Autumn budget had two main points in relation to the HRA. The first was confirmation of a five-year rent settlement of the Consumer Price Index (CPI) plus 1% for social housing providers which gave greater certainty regarding future rent increases.

Right to Buy (RTB) discounts were to be reduced with the Council retaining 100% of the RTB receipts which continued as in previous years. Although this provided additional resources to fund new build projects, it was noted that RTB sales could reduce following the reduced discount offered. The Cabinet Member for Housing informed the Committee that there had been a surge in RTB applications following the rumours that had circulated in respect of the proposed changes to the RTB discount. Sixty-two applications had been received in November which was a 50% increase on the whole of the previous year. The impact on the number of applications would not be known until later in the year.

The Government were currently carrying out a consultation in respect of RTB's and eligibility criteria which the Council would be responding to.

Members were referred to paragraphs 5.6 and 5.7 of the report which showed that in accordance with the Government's rent setting guidance formula, rents would be increased by 2.7% for 2025/26. The annual budget rental income would increase from £28.916m to £29.698m for 2025/26. The average weekly rental increase for individual properties was £2.65, with the average weekly rent being £100.77. Garage rents and service charges were proposed to increase by 1.7% and Members were referred to Appendix B and also Table 12 and 13 of the report which gave more detail.

In setting future years budgets, the following assumptions had been made:

- Void rents 2.0%
- RTB sales 35

Appendix Aii of the report gave a summary of expenditure, income, the Net cost of HRA services, movement on the HRA Reserve Balance and the Major Repairs Reserve Balance.

Table 15 of the report summarised together with Appendix C the HRA Capital Programme which included energy efficiency initiatives, vehicle purchase and disabled adaptations. The HRA capital programme for 2025/26 was proposed to be financed from:

- £8.700m Capital Receipts Reserve
- £6.000m Grant Funding
- £14.229m Major Repairs Reserve

Appendix Di showed the HRA Reserve Statement for 2024/25 – 2026/27 and Table 17 showed the budgeted HRA Reserve Movements. The Priorities Reserve was used to fund Housing Revenue Account service priorities and it was proposed that £100k would be used to fund New Build Feasibility Studies. There was an annual requirement for revenue contribution to the Major Repairs Reserves which was utilised for the capital investment in the Council housing stock. £14.505m of the Major Repairs Reserve would be used to contribute towards the 2025/26 repairs programme which was detailed at Appendix C.

The HRA surplus was transferred to the working balances each year. An annual transfer of £3.222m from the annual HRA account to the working balance was used to fund the principal repayment of the external loan taken out under the HRA self-financing in 2012. As of 31 March 2024, the outstanding debt was £79.769m. A contribution was also made each year from the working balance to the Major Repairs Reserve to ensure that there were sufficient resources available to fund investment in the housing stock in 2025/26.

The Cabinet Member for Housing then referred to the question that had been asked from a Member earlier in the meeting. The Council had received a 27% increase from the Government for the homelessness budget. Next year there was an allocation of £754,000 against £592,000 for 2024/25. There was a further allocation in the budget of £300,000 but that would be kept as a reserve as homelessness was an increasing issue.

The Cabinet Member for Housing then referred to a night shelter that would be announced at Cabinet on 16 January 2025. The shelter had been created to help address the lack of temporary accommodation, to save people being put into hotels.

It was noted that only 51% of the funding allocation could be used for temporary accommodation and the £300,000 would be kept as a reserve and only used if/when required.

The Member thanked the Cabinet Member for her response and stated that as Chairman of the Housing OSC he would be kept informed of progress.

A question was asked in respect of the number of voids and how much rental income was being lost due to void properties. It was stated that this information was not currently available and would be emailed to the Member outside of the meeting.

There were no further questions and the recommendations as contained within the report were proposed, seconded and **AGREED** to be forwarded to Cabinet.

Recommendation

The Budget – Joint Overview and Scrutiny Committee reviewed the budget proposals and estimates within the report and recommends the budget proposal for 2025/26 as outlined in the report in respect of:

General Fund

- ***General Fund – Revenue and Capital***
- ***Proposal of a Band D Council Tax Increase of either £5 or 3%***

Housing Revenue Account

- ***Housing Revenue Account – Revenue and Capital***
- ***Proposed dwelling rent increase of 2.7%***
- ***Proposed garage rents and service charges of 1.7%***

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***

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

None.

58. Close of meeting

The Chairman thanked Members and Officers for attending and closed the meeting at 11:38.