

**DRAFT Minutes of the Performance Scrutiny
Panel meeting held on the 27th January 2022 in
respect of the Draft 2022/23 Budget & MTFS
(2023/24 to 2026/27)**

Appendix 9

Please note that these minutes are not approved – they are included in this draft form so Council can see the scrutiny undertaken of the **Draft 2022/23 Budget & MTFS (2023/24 to 2026/27)**. These draft minutes do not include other agenda items considered by the meeting.

Question/ Comment	Response
Report	
<p><u>Budget Changes 2022/23:</u> <u>Fair Funding & NDR Revaluation Adjustment</u></p> <p>From the Budget Principles Report which was approved by Cabinet in November, these amounts were increased, and it looks as if they were approximately doubled?</p>	<p>If you look at last year's numbers, they have been increased by £99,000. That is because the modelling is showing that the impact is probably a bit worse than what was shown before and so I felt it prudent to increase the amount. It is important to remember it is the MTFS, it is not being implemented next year but potentially the year after that and this increase was just to manage that risk.</p>
<p><u>Council Tax:</u> In relation to Council tax in future years, in your speech you said 'nominal increase', and should this read 'notional' instead?</p>	<p>It was confirmed that the I should have said 'notional'.</p>
<p><u>Business Rates:</u> Have business rates been compensated fully from central government?</p>	<p>Essentially yes, as near as possible.</p>
<p><u>Reserves Table Annex 1, 3.30:</u> Regarding the COVID 19 Internal Recovery - should the Budget Surplus Reserve read 'Community, Economic and Infrastructure Reserve'?</p>	<p>Yes.</p>
<p><u>Council Tax:</u> Why is it necessary to include the word 'notional'?</p>	<p>There was concern that without the word notional it could read that the additional £5 could become policy over the next 4 years of the MTFS. For modelling purposes £5 has been included as the recommendation going forward but a new administration might choose not to do this.</p>
<p><u>Leisure Centre Income:</u> Is there a mention of any income we should or may receive in the future?</p>	<p>The leisure centre income is included in a line in the detailed pages and is not broken down any further.</p>
<p><u>Capital expenditure, unsupported borrowings:</u> Is there a line for any repayments?</p>	<p>The repayment is the capital financing arm which is in the funding statement.</p>
<p><u>Table 4, Summary of Net Business rates:</u> Please can you explain Table 4?</p>	<p>Table 4 is the estimated potential growth in the next 12 months. The tariff is the amount paid to government (£13.6m). The levy (paid to Pool) – if the Council wasn't in the pool the Government would be getting</p>

	<p>some this money, however we keep that in Leicestershire and keep a share of the growth over and above the baseline.</p> <p>The S31 grant – this is the compensatory money regarding lost income from business rates – by way of example, in respect of small business rate relief, in law this is 2% but the Government wants us to do apply 4% so the Government compensate for the additional 2%.</p> <p>100% renewable energy retention – as a District Council we get to keep all business rates from renewable energy generated in our area.</p>
<p><u>Capital Program Table 7:</u> Burial space is a Harborough issue, and the Welland Park public toilets – are these going onto a special expense, and will they be recharged to the people of Harborough?</p>	<p>The capital won't be a special expense, but the revenue impact will be. Regarding the Market Harborough Cemetery – we will pay for this from unsupported borrowing, and the capital financing side of that will be in the special expense every year for however many years.</p>
<p><u>Fair Funding & NDR Revaluation:</u> For a long time there has been a log jam for an evaluation for appeals and not much progress for hearing of appeals and what that would mean to the authority. Do you have any information on trying to break that log jam at the valuation office to get some more funds for the council?</p>	<p>We are prudent in our calculation for appeals and they can have a sudden downward impact, so the partnership is constantly pressuring the valuation office to move the appeals along. It is a national issue and there is no happy ending until the valuation office can move it forward.</p>
<p><u>Table 4, Summary of Net Business rates:</u> How does that table and those figures feed into the core funding tables in the rest of the budget; I can't see the 6,992?</p>	<p>This is shown at Appendix 1, black column, figure £6,991,436.</p>
<p><u>FCC Contract Inflation:</u> Is it right to assume that what we are currently paying is cumulative?</p>	<p>Yes, it is compounded.</p>

Following the discussion on the report, before moving onto questions on the Appendices, the S151 Officer gave a further update on the items that were missing and would feed into the final budget report. He noted that the FCC inflation charge has increased significantly since the original numbers were produced. In addition, regarding the LRBP Revenue and Benefits Partnership contribution, there is another £54,000. There is a little saving that comes within the HIC and Grow On Centre in that they've given up a further post with a saving of about £36,000. There's an additional cumulative growth over the MTFS of £2.5m, but most of that is additional inflation costs for the FCC contract and cumulative pay award. It is expected that inflation will come down over a period of time and in modelling the FCC inflation over the medium term it does seem to follow, unfortunately the Council is tied into the contract. He noted that there was some good news on business rates in that when the statutory return known as the NDR 1 was done, the Council is owed some more Section 31 grant. The collection fund deficit has gone up which takes some of that benefit away, but on a net basis compared to where the Council originally would have been due to these compounded impacts it has taken it down considerably. He noted therefore that in the Cabinet report in February,

and then to Council there are some additional reserves which have increased but will release the funds over time to filter out the additional cost. Furthermore, he noted that the budget gap the Council is currently showing for 2026/27 will rise to nearly £2m, the vast majority of which is due to contractual inflation, which is out of the Council's control. The hope is that inflation will fall between now and then and the MTFS will improve. He reminded the Panel that the whole point of the MTFS is to horizon scan the financial risks the Council is facing.

Question / Comment	Response
Appendix 1:	
<p><u>NDR figure (£6.9m):</u> That negative amount is funding coming in for budget year 22/23, in the report it outlines that this then drops to £4.1m for the next four years in the draft budget. For the year we are currently in the revised budget says £3.7m – this seems remarkably large compared to this year and the next four, could it be described as a one off covid bonus on the collection fund from non-domestic rates, and would it be irresponsible to call it that as it will be swallowed up by other things?</p>	<p>The additional NDR will be used to fund the collection from deficit - the situation is that we have not been able to collect business rates for last year, but the Government is compensating us by S31. If you compare to last year and to the subsequent years both the NDR number and the collection from number are disproportionately high.</p> <p>There will be a process of renormalisation of business rates, so we are planning for that.</p>
Appendix 2:	
<p><u>Appendix 2:</u> Have all of the changes outlined in Appendix 2 already been reported on budget challenge paperwork which has previously come to scrutiny, or might there be some new significant changes that we have not already seen as part of BC25?</p>	<p>The appendix highlights the numbers from tranches two and three which were reported to Cabinet in September. It's important to remember that some of the savings from BC25 will be seen in future years.</p>
<p><u>10084 / 10151:</u> What is the difference between the numbers for enforcement and planning enforcement?</p>	<p>The first page is 2022/23 and then it carries on for subsequent years.</p>
<p><u>Special Expenses:</u> The figures that are repeated across a number of financial years to 2027/28, does that mean those special expense are fixed for that period of time or should we expect some variance on that figure?</p> <p>Does fly tipping and planning enforcement also stay static across the 5 years to 2027/28? Is it the anticipated budget that there will be no increase in resources on planning enforcement in the next few years?</p>	<p>Yes, because we don't have inflation in our budget. If the administration has not chosen to make a change, then the budget will be flat/stay the same across the year.</p> <p>The MTFS is a forecast based on assumptions and presumptions which change on a year-by-year basis so at the moment the expectation is there won't be an increased demand but if there was a significant pressure that is something we would have to address through the budgeting process. The staff team are currently projecting that the activity can be undertaken as outlined in the budget.</p>
<p><u>Directors:</u> Are the names of relevant Directors to be updated before we are presented with the papers at Full Council?</p>	<p>Yes.</p>

Appendix 3	No questions.
Appendix 4	No questions.