

EAST DEVON DISTRICT COUNCIL

Minutes of the joint budget meeting of the Scrutiny Committee and Overview Committee held at Council Chamber, Blackdown House, Honiton on 15 January 2025

Attendance list at end of document

The meeting started at 3.00 pm and ended at 4.25 pm

39 Declarations of interest

There were no declarations of interest.

40 Public speaking

No members of the public had registered to speak at the meeting.

41 Matters of urgency

There were no matters of urgency.

42 Confidential/exempt item(s)

There were no confidential/exempt items.

43 Recommendation from the meeting of the Recycling & Waste Partnership Board 12 November 2024

The Committees considered the recommendation from the Recycling & Waste Partnership Board meeting of 12 November 2024 to review the budget volatility of material prices during the budget setting process.

The Director of Place introduced the recommendation and advised that, in a volatile market with fluctuating commodity prices, a prudent approach should be adopted when setting the budget.

Discussion and responses to questions included the following points:

- Estimates for budget setting purposes were based on the previous year's figures.
- All East Devon waste is sent for recycling in the UK or Europe and cost estimates were based on worst case scenarios using figures generated by the Council itself.
- It was noted that there was also fluctuation in figures for each different type of recycled material eg. glass, paper and plastics.
- It was also noted that promoting the waste hierarchy [Reduce, Reuse, Recycle] could impact income from recycling, but that this was a longer term issue.
- There was discussion regarding increasing capacity for collecting cardboard going forward.
- The volatility in material prices for recycling has potential for putting pressure on the budget.

The Scrutiny Committee and the Overview Committee agreed to note the budget volatility of material prices during the budget setting process.

Draft Revenue and Capital Budgets 2025/26

The Director of Finance presented the report which set out the draft revenue and capital budgets for 2025 / 26 as adopted by Cabinet on 8 January 2025. As required by the Constitution, the Scrutiny and Overview Committees were asked to consider the draft budget and make recommendations for Cabinet to consider at its meeting on 5 February 2025 when making final budget proposals to recommend to Council. The Housing Review Board would undertake the same function in relation to the Housing Revenue Account.

Direcotorate Service Plans had been prepared alongside the draft budget and had been considered at a joint meeting of the Scrutiny and Overview Committees on 10 December 2024.

In presenting the report the Director of Finance highlighted the following points:

- The Local Government Finance Settlement was published on 18 December and the assumptions made in the report had not been materially affected by the Settlement.
- There was concern regarding the methodology in the Settlement for calculating the reimbursement of the increase in employer's National Insurance costs. It now appeared that the Council would only be reimbursed for 1/3rd of the increased cost. Local Authorities and other bodies were taking this up with central Government and the outcome of this would be known when the final Settlement is published in February.
- The Local Government Policy Statement, issued on 28 November 2024, had raised concerns regarding the rebalancing of local government finance between councils, and the potential impact of this on EDDC's draft budget, including abolishing the Rural Services Delivery Grant and a Services Grant, both of which the Council currently receives.
- More positively, all councils will receive additional income from Extended Producer Responsibility for Packaging (EPR) payments which will be guaranteed and are not ringfenced.
- Taking all changes into account, the Council will be at a standstill position for its Core Spending Power, with no inflationary increase.
- Members were asked to note the detailed budget analysis provided through the definition of "Controllable" and "Non-Controllable" expenditure and income, with "Non-Controllable" costs referring to internal transfers between services within the Council.
- Significant variations in costs between years were noted in the report.
- Specific areas of risk were highlighted at point 2.15 of the report [page 15], including the increase in National Insurance contributions, the new town budget, pressures around staffing capacity and skill gaps.
- The draft budget proposed a 3% increase in council tax which is the maximum allowed within the Referendum regulations, resulting in a £5 increase to £171.78 for a band D property for 2025/26.
- It was proposed to keep the General Fund Balance at the upper end of the adopted range between £4m and £4.8m to mitigate the risk of a higher pay inflation than that assumed in the draft budget.
- Risk areas included re-basing of business rates and potential end of the new homes bonus scheme in future years.
- A fees and charges schedule was attached to the budget papers.
- The draft budget for the Housing Revenue Account would be scrutinised by the Housing Review Board on 30 January 2025.
- The preparation of the draft Capital Budget had been directed by the Budget Setting and Capital Allocations Panel and detail of the draft capital programme for 2024/25 to 2028/29 was set out in the budget book attached to the report.

The Chair thanked the Director of Finance for the comprehensive report.

Discussion and responses to questions from Members included the following:

- If, in future years, the Council continues to not receive any additional income, cuts would have to be made to take inflation into account.
- It was disappointing that the Council may now have to pay 2/3^{rds} of the increased cost of its employer's National Insurance, as the Chancellor had previously indicated that local authorities would be compensated for the full cost of the increase. It was noted that the Financial Settlement did not contain figures and the estimated amount of 2/3^{rds} relating to the National Insurance increase had been obtained from a reading of the Methodology. This was being queried with Government and the definitive position would not be known until the final Settlement was published in February.
- It was noted that the Medium Term Financial Plan showed a projected shortfall of £3.97m in 2026/27.
- Government borrowing costs did affect the Council as less money was available. Should the need arise, the Council would seek alternative methods of funding rather than external borrowing when costs were high, to mitigate the cost.
- The number of second homes, and the council tax generated, would be monitored for its effects on the council tax base.
- The view was expressed that Councils should not charge for youth sports services.
- It was too soon to be able to estimate any of the costs associated with future changes resulting from the Devolution White Paper published in December 2024.
- Car parking permits would increase by 10% in 2025/26.
- The issue of lending/borrowing between local authorities was set out in the Treasury Management Strategy. Concern was expressed that the potential writing off of local authority debt could significantly add to the cost of the forthcoming local government reorganisation.
- Work on the masterplan and business case for the new town was on-going.
- Concern was expressed over the level of proposed increases to fees for certain services including sports pitches.
- The second home premium element had been included in the council tax base.

The Director of Finance would review the Fees and Charges Schedule prior to its consideration by full Council.

The Scrutiny Committee and the Overview Committee both agreed the following recommendation to Cabinet:

RECOMMENDATION TO CABINET

That the draft revenue and capital budgets for 2025 / 2026 including the associated fees and charges schedule be approved.

Attendance List

Councillors present:

J Brown
M Chapman
O Davey
M Goodman (Vice-Chair)
A Hall (Chair)
M Hall
M Hartnell
V Johns

Y Levine
D Mackinder
K Blakey
T Dumper
P Fernley

Councillors also present (for some or all the meeting)

R Collins
P Faithfull
P Hayward
S Jackson
G Jung
J Loudoun
M Rixson
P Arnott
C Brown

Officers in attendance:

Simon Davey, Director of Finance
Tracy Hendren, Chief Executive
Sarah Jenkins, Democratic Services Officer
Sarah James, Democratic Services Officer
John Symes, Finance Manager
Melanie Wellman, Director of Governance (Monitoring Officer)
Andrew Wood, Director of Place

Councillor apologies:

I Barlow
K Bloxham
J Heath
A Toye
J Whibley
A Bailey
B Bailey
M Martin
H Riddell

Chair

.....

Date:

.....