Ardip Sandhu
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Date: 01 October 2024

Dear Councillor,

Overview and Scrutiny Committee

A Meeting of the **Overview and Scrutiny Committee** will be held at **Council Chamber**, Civic Offices, Civic Way, Swadlincote, DE11 0AH on **Wednesday, 09 October 2024** at **18:00**. You are requested to attend.

Yours faithfully,

Monitoring Officer
Executive Director – Law and People

To: **Labour Group**
Councillor S Bambrick (Chair), Councillor A Jones, (Vice-Chair) and Councillors M Gee, I. Hudson, G Jones and L Mulgrew.

Conservative Group
Councillors N Atkin, A Kirke and D Muller.

AGENDA

Open to Public and Press

Exclusion of the Public and Press:

9 The Chairman may therefore move:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

10 To receive the Exempt Minutes of the Meetings held on:

Details
12 June 2024

- See agenda for reasons for exemption

11 To receive any exempt questions by Members of the Council pursuant to Council Procedure Rule No. 11.

Details

OVERVIEW AND SCRUTINY COMMITTEE

12 June 2024

PRESENT:

Labour Group
Councillor S Bambrick (Chair) and Councillor A Jones (Vice-Chair) and Councillors I Hudson and G Jones.

Conservative Group
Councillors A Kirke and D Muller

In Attendance
Councillor A Taylor
Councillor A Tilley
Councillor N Tilley
Councillor A Wheelton

OS/01 APOLOGIES

The Committee was informed that apologies had been received from Councillor N Atkin (Conservative Group).

OS/02 DECLARATIONS OF INTEREST ARISING FROM ITEMS ON AGENDA

The Committee was informed that no Declarations of Interest had been received.

OS/03 QUESTIONS RECEIVED BY MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO. 10

The Committee was informed that no questions from Members of the Public had been received.

OS/04 QUESTIONS RECEIVED BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO. 11

The Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED TO COMMITTEE

OS/05 SETTING THE OVERVIEW AND SCRUTINY WORK PROGRAMME 2024/25

Purpose

The Committee has an annual work programme, which appears as an item on each meeting's agenda for consideration and approval. The Committee noted that the meeting was to determine the Committee Work Programme for 2023/24 and as such the Committee made the following proposals.

Proposals

1. Demand and Supply of Childrens Homes Throughout South Derbyshire

Councillor I Hudson proposed a review to look at how many children in South Derbyshire would require care in a Childrens Home (demand), and then follow with how many Childrens Homes places were available in South Derbyshire (supply).

Councillor Hudson suggested that it was a reasonable assumption that Children in care were best accommodated close to existing support networks, i.e. within the district.

It was proposed that the review would consider HM Government best practice of using small scale residential private homes rather than larger more traditional Local Authority ran homes.

RESOLVED:

The Committee considered the suggested and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A was report requested and allocated to the 05 February 2025 meeting.

2. Approach to Residential Property Management Fees

Councillor B Stuart proposed a review to explore options to ensure that any new developments be adopted to avoid residents paying management fees of an excessive nature.

It was suggested that there were several ways to approach this but proposed that Overview and Scrutiny considered a caveat in the Open Spaces (SPD) document to put in place a system that tried to ensure open spaces are adopted, or if not, that a period of grace be put in to be covered by commuted sums covered by Section 106 Agreement Funding.

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A report was requested and allocated to the 09 April 2025 meeting.

3. Consideration of Car Park widening in South Derbyshire District Council Car Parks

Councillor B Stuart proposed a review to consider whether it would be feasible and effective to widen the car parking spaces within South Derbyshire District Council's car parks where necessary.

It was suggested that the review could specifically focus on the bus park car park, where spaces were narrow.

The review would determine whether the widening of spaces gained positive feedback that would offset the possible loss of parking spaces.

It was noted that the car park was due to be redesigned for amendments to the bus park and the creation of more Electric Vehicle charging points so it could be an ideal time to make the change.

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A report was requested and allocated to the 09 April 2025 meeting.

4. Discretionary Business Rates Relief Policy

The Executive Director – Resources and Transformation proposed a review to revise the Discretionary Business Rates Relief Policy.

It was proposed that the scrutiny review would seek to achieve a Member endorsed policy that would:

- set out effective and efficient decision-making processes for the award of discretionary business rates relief;
- set out award criteria that was fair and suited the needs of local business, community and third sector organisations; and
- was clear and transparent.

It was noted that actively reviewing the award criteria of discretionary rates relief would ensure value for money by optimising the economic support against business rates collectible by the Council.

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A was report requested and allocated to the 20 November 2024 meeting.

5. Review of Recycling Collections Streams

The Head of Operational Services addressed the Current recycling collections are dual stream, for example, plastic, cans, glass and tin in the large bin and cardboard collected separately in the removable caddy. The current fortnightly garden bin collection contains the offer of food waste disposal. The government had introduced a number of changes to refuse and recycling collections set to start over the next two years, which included a mandatory weekly food waste collection from April 2026. The review was to explore the waste collection stream opportunities available, the associated costs with each, establish the best operational model for collection to maximise performance, the service costs and the best customer practice choice.

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A was report requested and allocated to the 09 October 2024 meeting.

6. Grass Cutting and Care of Land

Councillor S Bambrick proposed a review of grass cutting and other land maintenance schedules for the District.

It was suggested that the following areas could be considered and reviewed:

- Maintenance schedules
- Details of equipment and resources
- Benchmarking – comparison to another authority on costs and schedules
- Different options available
- Complaints data

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A report was requested and allocated to the 05 February 2025 meeting.

7. Rural England Prosperity Fund Community Grant Awards

An item was proposed by Councillor A Wheelton following discussions last year regarding the reporting of the allocation of the funding in deprived rural areas.

RESOLVED:

The Committee considered the suggestion and agreed for its inclusion in Overview and Scrutiny Committee work programme for 2024/25.

A was report requested and allocated to the 09 April 2025 meeting.

8. Community Buildings

An item brought forward from the 2023/24 Work Programme. It was requested that a report which referenced the use of community buildings, the number of buildings in each Ward, the best use of the buildings, how the use of such buildings was advertised, income generation and best value for money.

RESOLVED:

The Committee requested a report allocated to the 28 August 2024 meeting.

9 Section 106 Agreement Funding – Education

An item brought forward from the 2023/24 Work Programme. It was requested that a report that included references to how and when funding was received, the amounts available in each Ward and how timely funding was spent.

RESOLVED:

The Committee requested a report allocated to the 28 August 2024 meeting.

10 Regulation of Investigatory Powers Act 2000 (RIPA)

As standard item on the Work Programme, quarterly reports were allocated to meetings taking place on 28 August 2024, 20 November 2024, 15 January 2025 and 09 April 2025.

11 Budget Setting Approach 2025/2)

As a standard item on the Work Programme a report was allocated to the meeting taking place on 09 October 2024

12 Consolidated Draft Budget 2025/26 and Medium -Term Financial Plan (MTFP) to 2029/30

As a standard item on the Work Programme, a report was allocated to the meeting taking place on 15 January 2025.

OS/06 **REQUEST FOR CALL IN**

The Executive Director – Law and People presented the report to the Committee.

RESOLVED:

1.1 The Committee considered the request for Call In of the decision made at the Environmental and Development Services Committee on 30 May 2024, relating to the item titled Planning Services Review.

1.2 That Committee deferred the item for discussion to item OS/09, under exempt items and consider resolving as follows.

(i) That the matter be referred back to the Environmental and Development Services Committee for reconsideration; or

(ii) That the matter be referred to Council.

OS/07 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it would be likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.

EXEMPT QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER COUNCIL PROCEDURE RULE NO 11

The Committee was informed that no exempt questions from Members of the Council had been received.

REQUEST FOR CALL IN

RESOLVED:

The Committee approved the recommendations of the report.

The Meeting terminated at 18:40 hours.

COUNCILLOR S BAMBRICK

CHAIR

REPORT TO:	**OVERVIEW AND SCRUTINY COMMITTEE**	**AGENDA ITEM: 6**
DATE OF MEETING:	**09 OCTOBER 2024**	**CATEGORY: DELEGATED**
REPORT FROM:	**EXECUTIVE DIRECTOR RESOURCES AND TRANSFORMATION**	**OPEN**
MEMBERS' CONTACT POINT:	**CHARLOTTE JACKSON** Charlotte.jackson@southderbyshire.gov.uk	**DOC:** s/finance/committee/2024-25/September
SUBJECT:	**BUDGET SETTING APPROACH 2025-26**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: FM08**

1.0 Recommendations

1.1 That the Committee approve the budget setting approach within the report and Members provide feedback accordingly to the Executive Director Resources and Transformation.

2.0 Purpose of the Report

2.1 To provide an update on the Council's medium-term finances and seeks feedback from Members on the proposed approach for setting the Council's budget for 2025/26, including any budget proposals or areas of the budget Members wish to instruct officers to consider and develop as appropriate.

3.0 Detail

BACKGROUND

3.1 The Local Government Act 1992 requires the councils that are billing authorities complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 April. To enable this, the Council begins the budget development process towards the end of the Summer in the preceding year.

3.2 The budget process begins with reference to the current financial forecasts for the Council, notably the council's Medium Term Financial Plan (MTFP) which was last updated in February 2024.

3.3 The council's medium term financial plans flow from the 2024/25 to 2028/29 Medium Term Financial Strategy (MTFS), which was approved by Council in April 2024, and aligns with the 2024/25 budget approved in February 2024. The strategy introduced a new five-year rolling assessment of the financial resources required to deliver the Council's strategic priorities and essential services and a new, sustainable finance plan to manage and safeguarding the council's ongoing financial position in light of future central government funding changes.

3.4 This report details a revised Medium Term Financial Plan for the General Fund MTFP. A separate Housing Revenue Account MTFP will be revised and reported at a later date to reflect the ring-fencing requirements around the Housing Service following the completion of the Housing Revenue Account 30 Year Business Plan.

3.5 Projections within the General Fund plan are based on the forecast outturn for the 2024/25 financial year, the projected budgeted position for 2025/26, the latest economic forecasts for the UK and other assumptions around the Fair Funding Review and Business Rates.

3.6 Officers are now due to review the detailed income and expenditure budgets by service for the forthcoming 2025/26 financial year across all its operations.

3.7 The Executive Director Resources and Transformation has set out some early budget setting principles for services to work with (see below), having review the revised medium-term financial plan with the Leadership Team.

3.8 The purpose of this report is to advise Members on the movement on the medium-term financial plan forecasts and consult on any further features or principles they would like to set as part of determining next year's budget, to ensure that proposals are considered in the context of the overall budget position and affordability. The early discussion also provides an opportunity for Members to instruct officers to consider and develop budget proposals.

REVIEW OF GENERAL FUND MEDIUM TERM FINANCIAL PLAN

3.9 The Council's current Medium Term Financial Plan 2024/25 – 2028/29 (MTFP), as developed in February 2024 alongside the 2024/25 budget, projects a total of £14.5 million of budget gaps (deficits).

3.10 As part of commencing the budget setting process, the plan has been reviewed based on performance during the first quarter of 2024/25 and other known information that affects future forecasts.

2024/25 Forecast

3.11 The forecasted position on the General fund for 2024/25 is a surplus for the year of £423,037 compared to a budgeted deficit position of £227,737. This is an overall improvement on budget of £650,773. The main variations to budget are underspends in service expenditure, additional investment income, and increased retained Business rates from the Business Rates Pooling Benefit.

Review of assumptions for 2025/26 and beyond

3.12 The updated position for 2025/26 incorporates an adjusted forecast for the Business Rates Pooling Benefit. Based on historical data an additional £285,000 of retained business rates income has been included. Future years continue to assume the resetting of the business rates baseline is taken forward, this impacts the Council adversely, both through the reduction in its retained rates under the system, but also through its additional rates retained through participation in the Derbyshire Business Rates Pool.

3.13 A review of the assumptions used in the creation of the MTFP in February 24 has taken place in conjunction with updated financial information from the Office of Budgetary Responsibility, our specialist financial advisor and the Institution for Fiscal Studies.

3.14 A list of the assumptions, and the changes are detailed below for revenue items.

Item	February 2024		September 2024	
	Budget 2024/25	Future Years	Budget 2025/26	Future Years
Pay Costs	3.5%	2%	2%	2%
Inflation	Actual Cost Pressure	2%	1.8%	2%
Fuel		2%	3.04%	3.04%
Utilities		2%	3.7%	3.7%
Interest Rates	4%	2%	3%	2%

3.15 **Pay costs** – The Chief Officers pay award has been agreed at 2.5%, this is lower than the provision in the MTFP of 3.5%, predictions on future years pay increases are in line with assumptions made by the Institute of Fiscal Studies with inflation at 2% and is predicted to decrease in the mid quarter of 2025/26 it is prudent to uphold this assumption.

3.16 **Inflation** – Inflation is expected to fall faster than previously predicted with the 2% target expected to be reached as soon as quarter 2 of this year. The Office for Budget Responsibility expect that inflation will slowly continue to decrease during 2025 to a low of 1.5% before once again rising to the target rate of 2%. Our assumption for costs and services throughout 2025/26 reflect the average inflationary rate, with future years levelling off at the Government's 2% target.

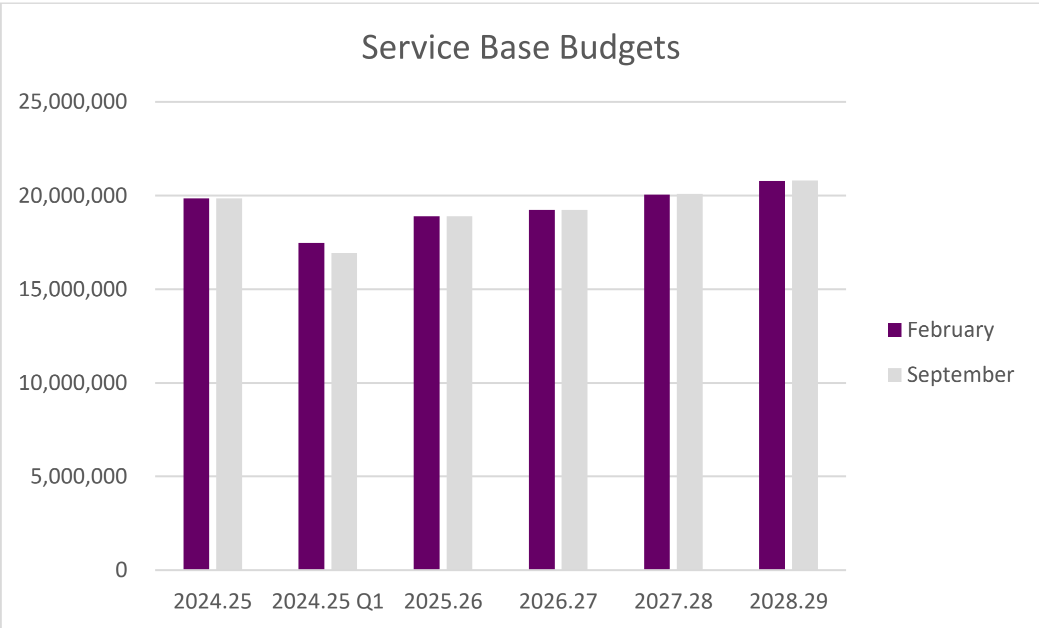
3.17 **Fuel** - The main element of this forecast is petrol prices, which are influenced by global oil prices the exchange rate and fuel duty policy.

3.18 **Utility Prices** – This forecast in the near term is based on announced price changes by energy companies and affected by Ofgem energy price cap. Over the medium- term we us an assumption based on changes in whole energy prices and supplier costs.

3.19 **Interest Rates** – Our interest rate assumptions are based on our treasury advisors forecast, we have seen interest rates start to fall in 2024/25 and this is expected to continue, rates are expected to slowly decrease and remain around 2% by 2026/27. The income predictions for the invested funds have reduced in line with these rates. The MTFP predictions had allowed for the rates to reduce from the current budgeted rate of 4% to 2% from 2025/26. This is in contrast to the favourable income received in 2024/25 which has been on average 4.94% resulting in additional income against forecast of £744,000 as reported in the quarter 1 forecast report. Therefore, the reduction in interest rates has its biggest impact from 2025/26. The increase in this prediction by 1% based on an average of £55m on deposit is approximately £100,000.

3.20 The revision of assumptions on service-based budgets has had a very marginal impact to the level of costs associated with the running of Council services.

Chart 1 – Revised assumptions on revenue budgets



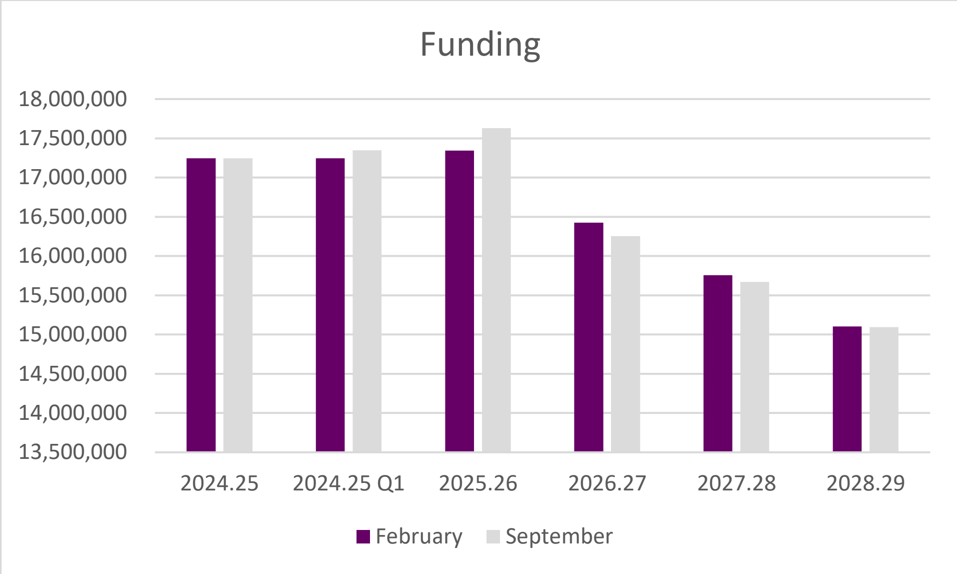
3.21 Comparatively the same can be demonstrated in the review of funding assumptions. Following the Public Spending audit announcements from the Chancellor of the Exchequer in July 2024, a one-year settlement is expected for 2025/26, pending conclusion of the Government's Spending Review in March 2025 and multi-year financial settlements for local government from 2026/27. Changes to the funding regime have been anticipated for several years with a new Government in place authorities are optimistic that this will be the last year of receiving a one-year financial settlement figure.

3.22 The 2024/25 Local Government Finance Settlement, included a contribution "Funding Guarantee" to ensure that all councils saw at least a 3% increase in their core spending power. The assumption for 2025/26 was that the New Homes Bonus award would be discontinued and replaced by additional Funding Guarantee contributions. However, financial experts have reviewed this previous assumption following the result of the General Election and have issued updated financial data that reintroduces the New Homes Bonus Award for 2025/26, the result is a reduction in the Funding Guarantee, therefore one offset the other.

Funding Budget 2025/26	Feb-24	Sep-24	Future Years	Change
New Homes Bonus	£0	£1.5m	£0	Roll-over for one year - future years discontinued
Funding Guarantee	£3.1m	£1.6m	£0	Reduced by New Homes Bonus contribution - future years discontinued
Revenue Support Grant	£336k (average)	£289k (average)	£289k (average)	Amounts adjusted per year to reflect finance modelling for funding
Service Grant	£85k	£18K	£0	Discontinued
Council Tax	£7.3m	£7.4m	Growth 3.1%	Growth projections have risen from 2.6% to 3.1% with an annual increase of 2.99%
Business Rates	£6.7m	£6.9m	Reduced by base rest	Future Assumptions for business rates allow for the business rates reset in 2026/27

***Assumptions for 2024/25 unchanged (Governments Funding Settlement confirmed December 2023).**

Chart 2 – Revised Funding Totals



3.23 Table 1 shows the movement over the 5-year period from the MTFP reported in February 2024 to the revised MTFP following a review of assumptions.

Table 1 – (Surplus)/Deficit Movements

	Year						Projected Budget Gap
(Surplus)/Deficit	**2024.25**	**2024.25 Q1**	**2025.26**	**2026.27**	**2027.28**	**2028.29**	**5 Year Total**
February MTFP	227,737	227,737	1,549,207	2,799,394	4,297,826	5,674,352	**14,548,516**
New MTFP	227,737	-423,036	1,258,634	2,980,181	4,423,707	5,718,385	**13,957,870**
Movement	**0**	**-650,773**	**-290,573**	**180,787**	**125,881**	**44,033**	**-590,646**

Sustainable Finance Plan

3.24 The Committee will be aware that the Council has, through it's MTFS, targeted to save £11 million by generating new and additional income and reducing expenditure in order to meet the projected deficits, alongside the sue of reserves.

3.25 Since the MTFS was approved, the Leadership Team have focussed on establishing programme organisation, leadership and governance arrangements and the progress of this is detailed on a separate report of the Finance and Management Committee meeting agenda for 5 September 2024.

3.26 The targeted savings are not currently consolidated into the MTFP or budgets and this work will progress as part of developing the budget for 2025/26.

Summary of review of MTFP

3.27 In summary there are no material changes to the medium-term financial plans. Revisions to the previous assumptions made are marginal.

3.28 The savings target outlined in the Sustainable Finance Plan remain unchanged, with targets set in 2024/25 gaining traction.

3.29 An updated forecast on inflation will be available on 31st October 2024, and the Autumn Budget 2024, the first from the new Labour government will take place on 31 October, when a further review will be undertaken with any amendments reflected in the budget setting for 2025/26.

KEY PRINCIPLES TO DEVELOPING BUDGET PROPOSALS

3.30 The four key principles set out to Managers in preparing their budgets for next year are:

1. **Stable budget and in line with predictions of the Medium Term Financial Plan –** It is expected that services manage within budget headings, subject to known cost pressures. This is because a significant budget stabilisation exercise was undertaken as part of setting the budget for 2024/25 and significant resources were agreed to support day-to-day operations and investment in assets.

   It is therefore expected that services, on the whole, should now have the appropriate resources in place or be able to make changes within services to accommodate improvements or investment.

   This principle links with all themes of the Sustainable Finance Programme and as such, the Leadership Team will develop further the £11 million targeted savings so that assumed savings can be taken recognised in the budget.

2. **Use procurement to achieve savings –** There will be a targeted focus on expiring contracts due for renewal, with the expectation that through procurement, mitigation of cost pressures and ideally new savings can be achieved, resulting in new contracts within or below budget.

   This principle links with the “Managing Spend” theme of the Sustainable Finance Plan, in achieving savings through enhance procurement and contract management activity.

   The organisation is well placed to deliver on this principle, with robust procurement processes in place, along with a comprehensive, contracts register detailing expiring contracts, revised contract procedure rules and inhouse expertise and advice readily available**.**

3. **Invest in assets to maintain service delivery or generate income/reduce costs** - Revenue or capital investment should be essential or support the Council Plan, subject to presentation of robust evidence of the ability for the scheme to generate additional income or reduce ongoing revenue costs**.**

   Cost-pressures (such as inflation pressures on supplies, services, and contracts) are already built into the budget over the 5-year MTFP.

   Building on principle 1, further additional investment in staffing resources or assets should therefore, insofar as is possible, be "self-funding". This means services should try as far as is reasonably practical to off-set increases in financial resources by making savings in other areas.

   Additional revenue or capital investments, where identified, should fully demonstrate an evidence-based business case which sets out the service need and how additional revenue funding will meet the needs of the Council Plan and the Sustainable Finance Programme savings targets to reduce ongoing expenditure and/or increase income.

   This principle strongly links back to the "Asset Management" theme of the Sustainable Finance Plan in enhancing the council's income position, but also all themes that bring forward projects requiring up-front investment in assets or resources to deliver improvements in the revenue position of the Council.

   Where proposed projects require one-off investment and will generate new income or reduce expenditure, consideration may be given to utilising the Sustainable Finance Reserve.

4. **Maximise income position** - Fees and charges should be reviewed in line with new Corporate Charging Policy.

   This new Policy, which will be presented to Finance and Management Committee in October 2024, will determine a new approach for ensuring fees and charges cover the costs in providing services, or, where it is appropriate to do so, the nature of any subsidy from the General Fund (or HRA as appropriate) is articulated and member-endorsed.

   Effectively for non-statutory services, charging decisions require solid market knowledge, benchmarking of costs against other public sector bodies and sometimes the private sector, and an understanding of the impact such charges have on the use and in some circumstances, the delivery of a service.

   This principle links with the "Commercial and Income" theme of the Sustainable Finance Plan in enhancing the council's income position.

All fees and charge areas will be asked to consider the new policy in determining levels for 2025/26. The finance team will support service areas with the highest areas of income generation for South Derbyshire: Trade Waste, Leisure Fees, Cemetery, Street Name & Numbering.

OTHER BUDGET SETTING CONSIDERATIONS

3.31 Members are to note that other features in the budget setting process have not changed, budgets will be set using an "incremental budgeting" approach. This is where the current year's budget is taken forward into the new year, adjusted for changes presented to members and subsequently approved.

3.32 As such, all budgetary changes, will be set out in reports. This will be the case for individual changes above a de-minimis level of £5k, but for amounts lower than £5k, all service area changes will be consolidated and reported as "de-minimis changes", by directorate.

3.33 Similarly, proposals around variations to fees and charges will set out the basis of any changes and the resultant impact to income.

3.34 It is envisaged that, any proposals are to be presented in a way that identifies a clear business need, there will be a forthcoming reduction in any need for further reports to committee for additional funding requests. However, it is recognised that there may be specific requests from committees to sign off at future proposal milestones, receive updates on the progress of new initiatives, or other requirements, such as procurement award sign off.

3.35 To ensure effective financial scrutiny, early member engagement on the budget is being undertaken, starting with this context setting report. Engagement with each of the committees is proposed to be held with Environmental and Development Services Committee (ED&S) on 19 September 2024, Housing and Community Services Committee (H&CS) on 26 September 2024, and Overview and Scrutiny (O&SC) on 9 October 2024.

3.36 A draft budget position will then be prepared and presented to F&MC at its 21 November meeting. The Committee will agree the draft budget for approval to commence the public and statutory consultation.

3.37 During January, the draft budget will be presented to policy committees and O&SC. The reports will present the consolidated draft budget and individual proposals to give each policy committee the holistic view of the Council's finances and affordability considerations, as well as the committee specific detail.

3.38 The public consultation process will be in the form of online consultation, area forums, letters to local Chambers of Commerce and Parish Councils, this is to run for 6 weeks. Feedback from the consultations will be reported to F&MC at its meeting on 6 February, alongside feedback and changes made as a result of policy committee review. F&MC will review the final proposed budget considering consultation feedback and make its recommendations to Council for final approval.

Timetable

3.39 The proposed timetable is a follows:

Date & Committee	Milestone
19 September – E&DS 26 September – H&CS 9 October – O&SC	Consultation on budget setting principles/values and budget changes/proposals for development
September – November	*Budgets scoped and reviewed by officers and Leadership Team*
21 November – F&MC	Consideration of consolidated budget and individual proposals Approval to consult
2 January – E&DS 6 January – H&CS 9 January – F&MC 15 January – O&SC	Committee review of consolidated budgets and individual proposals relevant to Committee service budget **Draft MTFS presented to O&SC**
November – end January	Statutory and public consultation with ratepayers (businesses) and residents
6 February – F&MC	Review of final consolidated budget, review of consultation responses **Draft MTFS**
27 February – Council	Final approval of Budget and Council Plan **Final MTFS**

SUMMARY

3.40 Feedback is sought on the overall approach and main features of the budget setting timetable, the key principles, the proposed public consultation and any other areas of the budget Member wish to see developed.

4.0 Financial Implications

4.1 The review of the MTFP has resulted in some movement in the predicted budget gaps for the Council from the current year to 2028/29. These are set out in this report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None arising directly from this Report

Council Plan Implications

5.3 Effective financial management underpins the successful delivery of the Council Plan.

Risk Impact

5.4 The development of a robust budget setting approach and alignment of good financial management is critical to the effective mitigation of risk.

6.0 Community Impact

6.1 None currently.

Equality and Diversity Impact

6.2 None.

Social Value Impact

6.3 None.

Environmental Sustainability

6.4 None.

7.0 Background Papers

7.1 None

REPORT TO:	**OVERVIEW AND SCRUTINY COMMITTEE**	**AGENDA ITEM: 7**
DATE OF MEETING:	**09 OCTOBER 2024**	**CATEGORY:** **DELEGATED**
REPORT FROM:	**EXECUTIVE DIRECTOR - ENVIRONMENT AND COMMUNITIES**	**OPEN**
MEMBERS' CONTACT POINT:	**GARY CHARLTON – HEAD OF OPERATIONAL SERVICES** **gary.charlton@southderbyshire.gov.uk**	**DOC:**
SUBJECT:	**REVIEW OF RECYCLING COLLECTION STREAMS**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE:**

1. Recommendations

1.1 That Members consider the options for the supply of food waste caddy liners in section 3.10 and make a recommendation to the Environmental and Development Services Committee.

2.0 Purpose of the Report

2.1 To provide the Committee on progress of Recycling Collection Streams.

2.2 To update the Committee on the introduction of separate food waste collections and the proposed options for food waste containers and caddy liners.

2.3 To give a position statement on the impact of the Environment Act 2021 to the Council's collection methodology.

3.0 Detail

3.1 The Committee was to review Recycling Collection Streams and conclude which was the best operational model for collection, the service costs and the best customer practice choice. To this end Officers have explored all of the waste collection stream opportunities available and the associated costs with each. There are substantial changes to recycling collections on the horizon and at this stage there are substantial unknowns which impact on the Council's ability to review collections streams sufficiently. With no clear direction in terms of the Waste Disposal Authority's (WDA) preference for recycling collections, Officers have concluded that making any changes now will be difficult to quantify the full cost position to the Council. The prudent approach would be to hold off making changes and allow direction from the WDA, once this information is available Officers can then review the full cost position of collections frequencies and bring a further Report to this Committee.

3.2 This Report therefore provides an update regarding progress.

Weekly Domestic Food Waste Recycling

3.3 The Government has now set a clear legal requirement for councils to introduce a separate weekly collection of food waste from all households by 31st March 2026. Householders currently present food waste mixed within a garden waste (green) bin, this will need to change to separate food waste collection in a separate food waste container, presented kerbside on a weekly basis.

3.4 If the Council is to achieve the requirements on time, there are multiple factors that need to be resolved such as, collection methodology, disposal route, vehicles and containers. These factors will require partnership working with Derbyshire County Council as the Waste Disposal Authority (WDA) as food waste will become a mandatory collection stream, thereby becoming the responsibility of the WDA to arrange the disposal facility.

3.5 A further consultation paper published in May 2024 resulted in a change of stance from the Government on the presentation and disposal of food waste. Initially, the Government were set on separate food waste collections, however, the outcome of the consultation has relaxed these requirements and specified that collecting food waste mixed with garden waste is still permissible providing that the collection is weekly. However, at this stage the WDA has indicated that their preference would be separated food waste delivered to a bulk haulage location and then transferred to a contracted anaerobic digestion (AD) facility. At present, no bulk haulage sites have been formally identified within the District. Currently it is envisaged that the WDA will have a clearer direction on disposal sites the Council will utilise in late 2025.

3.6 Anticipated collection rates from households have been based on information we hold in regard to historic kitchen caddy distribution and historic bin composition analysis. Participation rates will vary across the District with rates between the range of 15-35% from households. This creates a low pass rate for the collection vehicles, a pass rate is the percentage of bins presented on the kerbside, the lower the pass rate the more area can be covered by one vehicle. The configuration of vehicles needed to complete weekly food waste with low tonnage expectations is anticipated at eight 7.5tn vehicles with a driver and two-man crew. This has been modelled against the existing 2 weekly rounds schedules to service the entirety of the District on a weekly basis, it also allows for additional collection pass rates should uptake be higher. It should be noted that there are unknowns still to be decided upon which may affect this rationale such as the disposal location.

3.7 Option one for food waste collections to secure compliance with the Environment Act, would involve introducing a weekly separate food waste collection, this has been indicated as the WDA's preferred collection methodology. Each household would be offered the opportunity to present their food waste at the kerbside weekly, all other waste collection frequencies would remain the same, therefore resident would present their grey bin and food waste container on week 1 and their brown, green and food waste container on week 2.

3.8 Option two for food waste collections would involve the council collecting domestic food waste week 1 in the way it currently operates with a garden waste and food mixed collection. Week 2 would then be a separate food waste collection only. This would offer the most cost-effective collection as it involves fewer vehicles and staff. It is anticipated that only four 7.5tn vehicles with a driver and two-man crew. However, the County Council have indicated that they would prefer an option of total segregation of food waste. The County Council have established meetings with the view of creating a Waste Partnership Board, this platform would afford the opportunity to float alternative collection methodologies.

3.9 Work to assess the best type of receptacles that would work within the District is ongoing, but at this stage it is proposed to only provide an external food waste container. Officers have discounted the need to supply an internal kitchen storage caddy at this stage. These have been offered to residents for several years and the uptake has been low, due to residents using their own internal storage receptacle. The principle new supply of containers to residents will be an external 20l-23l container for the short-term bulk storage of their weekly food waste. This provides the householder with a sealed container unit stored externally, that is manageable to present at the kerbside and helps improve collection yields.

3.10 The Council needs to consider whether to provide caddy liners to residents for use within internal food caddies or not. Research shows that lining a caddy can reduce smells and keep a caddy cleaner, thereby encouraging its use and increasing the amount of food waste recycled. Members are asked to consider the options below and make a recommendation:

3.10.1 Option 1 - To support the uptake of food waste collections to supply caddy liners to residents,
3.10.2 Option 2 - If the Council is minded to supply caddy liners to residents are they provided as an introductory incentive only (1 roll on implementation of scheme)
3.10.3 Option 3 – To provide caddy liners at reasonable cost for residents to purchase
3.10.4 Option 4 – To provide Kitchen Caddies at reasonable cost for residents to purchase

3.11 It will be necessary to provide an alternative service offer for those residents who live in flats or other communal settings and who dispose of their residual waste and dry recycling in larger communal bins. This is likely to involve these residents being provided with an internal kitchen food caddy to decant into larger external communal bins. The collection service will then empty these communal bins into a specific food waste collection vehicle.

3.12 Route Optimisation undertaken in the last 12 months indicates that the Council will need 8 food waste collection vehicles to deliver the service to the core properties (properties with a standard kerbside collection) on a weekly basis. This will also necessitate sufficient capacity being created at the existing depot to accommodate these new vehicles. Initial options would be to move fence lines at the depot and remove areas of staff parking from inside the compound onto the industrial estate.

3.13 Current lead times on food waste collection vehicles will be dependent of the manufacturer selected, there is no one set vehicle type for food waste collections. Anticipated lead in times for new vehicles will be 6 - 12 months from orders being placed. Procurement of these vehicles is being progressed and expressions of interest have been requested with suitable suppliers. An additional risk to consider will be the pressure on the supply chain as all local authorities that do not currently collect food waste will be looking to procure vehicles over the coming months. To mitigate this risk, procurement is underway to order vehicles as soon as is reasonably practicable. Food waste vehicles will have a similar running life to refuse collection vehicles and if the vehicles arrive in late 2025, replacement would need to be scheduled for 2031 – 2033.

3.18 Underpinning the introduction of a domestic food waste service will be a communications strategy and action plan providing clear, simple and effective messaging to all residents.

The Environment Act 2021 – Waste Reforms

3.19 Furthermore, Central Government has legislated so that all non-household municipal premises (such as businesses, schools, and hospitals) must arrange to have their recyclable waste streams collected for recycling or composting by 31st March 2025, including the separate collection of food waste. The Council will be obligated to provide an offer to commercial businesses for the collection of food waste. This is not a market share that the Council will be able to compete within as commercial trade companies already provide this service at costs far lower than the Council.

3.20 The Council will be required to collect foil, aluminium tubes, Tetrapac's and plastic film as part of its dry recycling service by 31st March 2027. It already collects the other dry recycling items specified within the 'Simpler Recycling' requirements. As a result of these changes dry recycling will become a mandatory collection stream, which becomes the responsibility of the Derbyshire County Council as the Waste Disposal Authority (WDA) to arrange a disposal facility.

3.21 The WDA is yet to indicate how it will operate disposal routes for our recycling schemes. Presently we operate a segregated hard fibre (Cardboard/Paper) caddy inside the recycling bin, these are disposed of through Smurfiit Kapp (cardboard) and HW Martin (plastic/glass/tins). It is unknown at this time how this will operate past April 2026, further discussion with the WDA is required. There will be no need for further bins as any additional recyclate will be captured in the existing brown bin.

3.22 The collection of additional materials including plastic film is linked to the broader Extended Producer Responsibility (EPR) Scheme for Packaging which will see producers of packaging waste having to pay fees linked to the amount of packaging waste produced and therefore requiring collection by WCAs. The scheme is designed to drive a reduction in the production and use of packaging material on the consumer market. Following delays to the commencement of EPR, the latest information we have is that WCAs are now expected to receive EPR payments during early 2025.

3.23 There is currently no indication of how much funding the Council is to receive from EPR. If the EPR payment fails to cover the total loss of recycling income, then the option to review fees and charges for waste may be considered.

3.24 In May 2024 after a further consultation, the Government changed their stance on the presentation of waste. The initial act had leant towards a segregated collection of recycling materials as the preferred method, and all other schemes would require a TEEP (technically, environmentally and economically practical) analysis. This has now been amended so that the all-in schemes can operate as the norm without the need for TEEP.

3.25 Twin pack refuse collection vehicles (RCV) are used for the existing recycling collections and are £20k more than a standard open back RCV. The funding for these vehicles was already agreed in the Councils fleet replacement plan during budget setting for 2024. Whilst a new twin pack recycling fleet will be more expensive than standard RCV's, the purchase of twin packs allows greater flexibility to the collections operation. A twin will be able to facilitate collections to dual stream or single stream collections and therefore these vehicles will be purchased as soon as possible.

4.0 Financial Implications

4.1 Further funding is expected with Government confirming that 'Resource Transition Funding' will be received during 2024/25 and which will cover costs such as delivery of food waste caddies, communications and marketing, round modelling and routing, and recruitment costs. It is unknown at this time what the value of that allocation will be or when it will be received.

4.2 To support the options in section 3.10, the following cost options are applicable to supply residents with food waste caddy liners:

1. Provide them as an introductory incentive for £20k (1 roll of 50 bags)
2. Provide them at reasonable cost to residents to purchase inclusive of delivery - £2 for 1 roll of 50 bags.
3. Provide kitchen caddies at reasonable cost for residents to purchase inclusive of delivery – £3 each

4.3 The wider financial implications of a review of recycling collection streams will be communicated once all information is received and analysed. At the time of writing this report, the following information is available:

4.3.1 Capital transitional funding has been paid to the council in the 2024/25 financial year and DEFRA have indicated that ongoing resource costs will be paid from 1 April 2026 but there is no detail on the level of this payment. On 9th January 2024 DEFRA wrote to all councils confirming their capital transition funding allocations and arranging for these payments to be made. Capital funding for South Derbyshire District Council is set out below.

- Kerbside Caddies £198,030
- Vehicles (plus spares) £613,800
- Total £811,830

4.3.2 Officers understand that this allocation as it currently stands will cover the capital costs associated with introducing a service by 31 March 2026.

- Estimate for Kerbside Caddies £200,000
- Estimate for 8x 7.5tn vehicles £600,000
- Total £800,000

4.3.3. The procurement of food waste vehicles is in train with a preferred delivery date of December 2025. If vehicles are made available in advance of this date, there is the option to start separate food waste collections in advance of April 2026.

4.3.4. Government have confirmed that 'Ongoing Resource/Revenue Funding' will be provided from 1st April 2026, and it has indicated that this will cover employment costs, increased fuel costs, capital repayment costs etc. It is unknown at this time what the value of that allocation will be, or for how long this will be for. The Councils estimated annual costs for 24 staff will be £865,290, fuel will be £18,000 and maintenance £12,000.

5.0 Corporate Implications

Employment Implications

5.1 Additional staff to complete the food waste collections will need to be recruited during quarter 4 of 2025/2026.

Legal Implications

5.2 Section 57 of the Environment Act 2021 amends s 45 of the Environmental Protection Act 1900 and imposes further duties on the Council including a duty to collect and recycle food waste and to recycle waste collected from commercial premises. The Council must also comply with Regulations made under this section. The proposals in the Report comply with the Act.

Corporate Plan Implications

5.3 The proposals align with the key Council Plan aim SE2 - Improve our waste and recycling service performance. The introduction of a separate food waste collection in 2026 and improvements to the operation of the service with new vehicles and systems during 2024/2025.

Risk Impact

5.4 Implementing new collection streams carries a reputational risk. The necessity for all Local Authorities to begin food waste collections may create delays with suppliers, ordering stock and vehicles early will minimise this risk. Utilising route optimisation will increase confidence and minimising both cost and reputational risk.

5.5 Residents will be subject to a national food waste advertising campaign and local communications.

6.0 Community Implications

Consultation

6.1 None required.

Equality and Diversity Impact

6.2 None

Social Value Impact

6.3 None

Environmental Sustainability

6.4 The Government has legislated for councils to align their domestic waste and recycling services with new nationwide Simpler Recycling requirements.

7.0 Background papers

7.1 None

REPORT TO:	**OVERVIEW AND SCRUTINY COMMITTEE**	**AGENDA ITEM: 8**
DATE OF MEETING:	**09 OCTOBER 2024**	**CATEGORY: DELEGATED**
REPORT FROM:	**MONITORING OFFICER**	**OPEN**
MEMBERS' CONTACT POINT:	**DEMOCRATIC SERVICES** democraticservices@southderbyshire.gov.uk	**DOC:**
SUBJECT:	**COMMITTEE WORK PROGRAMME**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: G**

1.0 Recommendations

1.1 That the Committee considers and approves the 2024-25 work programme.

2.0 Purpose of Report

2.1 The Committee is asked to consider the work programme.

3.0 Detail

3.1 Attached at Annexe 'A' is a work programme document. The Committee is asked to consider and review the content of this document.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

Overview & Scrutiny Committee Work Programme 2024/25

Annexe A

Project	Jun-24 12	Aug-24 28	Oct-24 9	Nov-24 20	Jan-25 15	Feb-25 5	Apr-25 9	Responsible Head of Service
Setting the Work Programme	■							Executive Director - Resources & Transformation
RIPA		■		■	■		■	Head of Legal and Democratic Services (Deputy Monitoring Officer)
Community Building (carried over)		■						Executive Director - Environment & Communities
Section 106 Agreement Funding - Education (carried over)		■						Executive Director - Place & Prosperity / Head of Planning & Strategic Housing
Demand and supply of Childrens Homes throughout South Derbyshire						■		Executive Director - Place & Prosperity / Head of Planning & Strategic Housing
Approach to residential property management fees							■	Executive Director - Place & Prosperity / Head of Planning & Strategic Housing
Consideration of Car Park widening in SDDC Car Parks							■	Executive Director - Environment & Communities
Discretionary Business Rates Relief Policy				■				Executive Director - Resources & Transformation
Grass cutting and care of land						■		Executive Director - Environment & Communities
Review of Recycling Collections Streams			■					Executive Director - Environment & Communities
Rural England Prosperity Fund Community Grant Awards							■	Executive Director - Environment & Communities
Budget Setting Approach 2025/26			■					Head of Finance (Deputy S151 Officer)
Consolidated Draft Budget 2025/26 & MTFP to 2029/30					■			Head of Finance (Deputy S151 Officer)

Key

Report to Committee	■ (black)
Report to Task Group	(yellow)
Verbal Update / Presentation	(purple)
Public Meeting	(green)