

BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Wednesday, 13 January 2021 at 6.00 pm by Remote Meeting

Present: Councillors E J Carter, N A M England, J E Lavery, A Lawrence, S J Reynolds (Chair), K S Sahota and C F Smith.
Co-optees: C Mason-Morris and R Williams

Also Present: Councillor R C Evans

In Attendance: Ken Clarke (Director: Finance & Human Resources), Anthea Lowe (Associate Director: Policy & Governance), and Kieran Robinson (Democratic & Scrutiny Services Officer)

BFSC17 Declarations of Interest

C Mason-Morris, Co-optee, declared that she was a casual employee of Telford & Wrekin Council.

BFSC18 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 9 December 2020 be confirmed and signed by the Chair.

BFSC19 Financial Monitoring and Mid-Year Budget Review Report

Members received the Council's financial monitoring update and budget proposals as set out in the two reports to Cabinet on 7 January 2021. The Financial Monitoring update report set out the Council's position for the year with the budget report covering the upcoming year for the revenue budget and capital plans over a longer period of three to four years.

The Committee heard that there had been significant pressures on the budget for the 2020/21 financial year with additional spending pressures for adult social care, provision of PPE for a large number of Council employees, and notably reduced revenue from commercial activities (e.g. leisure centres), amongst other complications. The Authority had not furloughed any employees, however, with employees redeployed to support the Council's work in the community during its response to the pandemic. Additional pressures from lost income from business rates and council tax had compounded the situation.

There was a £14 million pressure on the service budget with a £5.1 million shortfall to business rates and council tax. The Authority had received a £17.2 million emergency grant from the Government, which had alleviated some of the pressures that had arisen because of the pandemic. There was, therefore,

a net pressure of £2 million though this was a provisional figure as the Council expected further assistance from the Tax Income Guarantee scheme that had been announced in the Comprehensive Spending Review. The scheme would reimburse 75% of unrecoverable losses from business rates and council tax, there were, however, no details on how the scheme would work or a definition of unrecoverable.

The projected shortfall of £5.1 million would to some extent be unrecoverable and some would be recovered but there would be a time delay.

BFSC20 Service & Financial Planning Proposals 2021/22 - 2023/24

The Chief Financial Officer continued their presentation to the Committee, providing Members with information regarding the Council's budget proposals.

The revenue budget proposals would cover one year, as there had been a one-year settlement from the government. There had been significant grant cuts over the preceding ten years and a reduction of £0.862m in the total grants received from Government next year compared to the current year.. The Council had had to make budget savings in those preceding ten years in order to maintain a balanced budget. By the end of the 2020/21 year, the Authority would have delivered £126.4 million in savings and there was an expectation that the coming years would prove to be similar with further pressures and savings to be made. Savings thus far had been executed through the shrinking of the organisation, with 1600 posts eliminated and fewer Council buildings. The Council had sought to protect frontline services, instead seeking to make savings from management and back-office functions as far as possible. Members were informed that, inverse to grant funding, demand for services had increased significantly, most notably in children's safeguarding and adult care.

There was funding of £129 million in 2020/21. The largest part of this was funded through council tax (£70.2 million or 54%), this was a significantly higher proportion of the net revenue budget than it had been a ten years prior; this was as a result of the decreasing levels of grant funding from the Government.

The most significant area of expenditure was safeguarding, social care, and education and skills, which accounted for £94.3 million or 73% of the budget. £33.9 million (26%) followed this on health and wellbeing, commissioning, and neighbourhood and enforcement.

Before the proposals, the Authority had the lowest council tax at Band D amongst all authorities in the Midlands, almost £200 lower than the average for the region. Under the proposals, council tax would be increased by 1.99% plus the Government's 3% for the Adult Social Care Precept for a total increase of 4.99%, which would increase revenue by £3.6 million. The settlement from the Government was £0.86 million smaller than the previous year and Government had assumed that councils with responsibility for Adult Social care would raise taxes by the full 4.99% allowed.

The precept had to be ring-fenced for adult social care, it was worth £2.19 million and would fund the majority of the additional investment required in that area. The budget for adult social care would be in excess of £47 million for the next financial year, with the increased precept revenue.

The increased tax would be roughly £1.01 per week on the average property in the Borough. This would be more significant for some residents than others; to mitigate this the Council offered reductions and had a hardship fund for those that faced the greatest difficulty. The proposals suggested that the hardship fund be doubled. It was noted that even if no other council in the Midlands increased its council tax for the year, Telford would still be among the lowest in the region.

Key proposals included –

An extra £0.5 million in both 2021/22 and 2022/23 to support crime and anti-social behaviour initiatives;

A package of savings totalling £5.9 million 2021/22 and rising to £7.1 million from 2022/23; and

The use of £0.386 million of balance to ensure a balanced budget for the year, though this was not deemed a sustainable solution.

The capital programme proposal had to be considered over a number of years, as a result the Authority proposed a Medium Term Capital Programme. In total, the programme was budgeted for in excess of £200 million over the medium term. The programme included £65 million investment in NuPlace, in excess of £40 million for transport and highways, £25.7 million for education capital projects, £9.65 million for property investment portfolio, and £4 million for climate change initiatives.

The Council faced a number of future of uncertainties, the impact of COVID, the absence of a Medium Term Comprehensive Spending Review, and delayed changes to the local government finance system.

A discussion followed and the Committee posed a number of questions:

Business rates and council tax take were down, it was understood why business was down, but why council tax?

This was one of the challenges of the pandemic, with furlough and lost jobs. Where people had faced difficulty they had been put in contact with relevant contacts for the council tax reduction scheme, hardship fund, and the council had also agreed payment plans. There would be issues with cash flow for the year.

There were £5.1 million in non-collected rates, what was a realistic proportion for future collection?

The Council was working on this, it was not expected to be as bad as originally thought, but it was not possible to put a figure on it at that point.

Did the Council have data for the number of furloughed residents in the Borough?

The officers did have that information available and would provide it for the next meeting of the Committee.

Would all employees be returning to office based working post-COVID?

The Authority was assessing the future appropriateness of working for home for all office-based jobs, before the pandemic there had already been a number of employees that were exclusively work from home and it was possible there would be more in future. The review was being undertaken on a job-by-job basis. The Council would not be returning to the previous arrangement and would be assessing its accommodation needs.

Councils like Croydon had come close to bankruptcy as a result of investment in commercial activities that had not created income, would the Council firmly monitor NuPlace's profitability moving forward?

Croydon had issued an s114 notice but there were a range of reasons for this. NuPlace had been exceptionally successful for the Council and continued to provide high quality homes in the private rent sector with long-term tenancy. The Council received a net revenue benefit of £1.5 million per year, each year, and this was likely to grow with further investment. Demand for the homes had been high, with a low void rate, and rent income remained high despite the pandemic. The surplus NuPlace generated was used for frontline services.

Was the criteria for assistance from the Hardship Fund based on Government criteria or set by the Council? Was it forecast to increase assistance due to the pandemic and Brexit?

The Hardship Fund was fully funded by the Council; it was not a national scheme. The Council set and implemented criteria. At the last review of the scheme, funding had been increased significantly. The scheme was set up in such a way that if somebody met the criteria the funding would be allocated regardless of the amount of allocated funding that remained for the scheme. It was forecast that there would be an increased need for assistance.

How did the Council's council tax revenue as a percentage of net budget compare to the rest of the West Midlands?

Officers did not have this information to hand, but nationally the average was 60% of net budget funded by council tax. Telford & Wrekin was below this but it had a relatively low level of council tax.

Could the Council provide figures for the hardship funding that had been given over the preceding three years?

Officers did not have the data at the meeting but it could be provided at the next meeting.

Any additional queries ahead of the next meeting were to be submitted to Democratic Services.

BFSC21 Chair's Update

The Chair informed the Committee that a letter to the Leader of the Council had been drafted to express support for the Local Enterprise Partnership.

The meeting ended at 7.20 pm

Chairman:

Date: Wednesday, 8 September 2021