

BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Monday, 18 January 2021 at 6.00 pm in 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: Councillors R Evans

In Attendance: D Sidaway (Chief Executive), K Clarke (Director: Finance & Human Resources) and A Lowe (Associate Director: Policy and Governance)

Apologies:

None received.

BFSC22 Declarations of Interest

C Mason-Morris, Co-optee, declared an interest as she was a casual employee of Telford and Wrekin Council.

BFSC23 Service & Financial Planning Proposals 2021/22 - 2023/24

The Director Finance & HR updated Members on the questions raised at the previous meeting and submitted prior to the meeting. A hard copy document had been circulated prior to the meeting which gave details of his answers for their information.

Was there an ability to obtain information from HMRC on how many people are on furlough in the borough?

The data was dated as at the end of October 2020. At that point there were 4,800 people in the borough that were still on furlough which was 5.8 % of the workforce. That figure was lower than anywhere else in the Midlands with the West Midlands average being 7.4% and 7.2% being the England average. This figure had changed over time. At the end of July 2020 12,700 people were on furlough, at the end of August 2020 8,800 and 6,200 at the end of September 2020. At the peak in July 2020 this was 15% of the workforce and this was now currently 5.8%.

Was is possible to get information on the unemployment position within the Borough?

The unemployment rate in 2020 was fairly stable between January and March 2020 before the pandemic started, with a significant increase in April 2020 and a slightly smaller increase in May 2020 and then there was a fairly rapid increase but then levelled up with some movement. It was noted that, although there has been a decrease in the number of people on furlough, it did not seem to have impacted on the unemployment figures. The most up to date figure with regards to unemployment available was November 2020 and the rate within Telford and Wrekin was 6.1% with the England average of 6.4% and for the West Midlands 7.3%. Although unemployment rates were higher these were in line with the comparators elsewhere in the country.

What had happened to people's pay during the pandemic.

With regards to earnings within Great Britain, there had been a dip in earnings between May- July 2020 but this had now come back up to a higher level than it was at the start of 2020. The manufacturing sector earnings were set out in the replies tabled at the meeting for the country as a whole, as local figures were only published once a year.

What is behind the Borough's lower figure for furlough and unemployment – was it the nature of the companies and industry locally.

Locally there is a higher proportion of manufacturing jobs compared to regionally and nationally so this may be a contributing factor.

The budget contained a general contingency of £3.2m, why £3.2m? What was the reasoning?

The contingency for the current year was £3.2m. Next year's budget had an increased level of contingency of £750,000 due to the uncertainty around the pandemic bringing the total contingency to £3.95m. The level had been set at around £3m-£3.2m for approximately the last four years. The outturn position was within budget despite the recent pressures and that level of contingency had been sufficient to meet any unexpected pressures that may arise during the year. The Council had experience and a reasonable level of confidence to manage resources within budget.

Could the Committee have hardship funding figures for previous years, including the amounts given and the take up of the funding?

The Council used to have a council tax benefits system fully funded by the Government from the start of council tax in around 1990 until the end of 2012/2013 when significant changes to the financial system came into force. This abolished the old council tax benefit system and asked all local councils to introduce a local council tax support scheme and took away 10% of the funding that used to be provided for the council tax benefits system. The Council set up its own local council tax support scheme but it was recognised

that this scheme was less generous. A hardship fund was set up in the sum of £65k per year at that point. For the first three years there was an underspend in the fund and allocation to the fund was reduced to £30k per year until 2020 when the allocations slightly exceeded the budget. At this point consultation took place and a new council tax reduction scheme was introduced. This was a banded scheme and allocations undertaken differently which meant some people were allocated more and some allocated less as it was believed previously that people who had the greatest need were not getting the fairest allocation. Due to the new scheme and hardship that some people may face, a hardship fund was introduced and an increase in budget from £30k up to £127k. At this point the Council had not taken into account the pandemic and the impact on households. In the current year's projection £83k had been spent to the end of December 2020 with the projection for year end of £115k, although it was difficult to give a figure due to the pandemic. The proposal was to increase the scheme significantly next year due to the increased council tax level and would be set at around £250k, but if people fit the criteria then the Council wouldn't stop allocating just because the budget level had been reached.

How well was the hardship fund promoted and would it be highlighted when the council tax increase was announced.

The Council Tax team and people who calculate the council tax reduction scheme would be able to see who was struggling and at this point customers would be made aware of the hardship scheme and it would then be appropriate for an application to come forward.

When would Single Status provisions end?

Single Status had been ongoing for some time and was within the budget papers as a one off pot of money to the value of £8.9m, showing no reduction through to the end of the service and financial planning period. This had been reduced by £3m from £11.9m due to the exceptional circumstances at the end of the last financial year and the start of the pandemic. The pot of money was there to fund items such as back pay as agreed, legal costs or other one-off costs but not to fund the ongoing cost of the implementation of a new set of payscales. The implementation of single status had been budgeted from April 2022 with £1.2m to fund the increase that was expected to arise from the settlement. There were no exact figures but it was an allowance that could be worked within to agree a new set of payscales. The staff undertaking the single status work were currently helping with the response to the pandemic and supporting the Senior Management Team so there would be a direct consequence to the implementation of single status and it was difficult to say exactly when single status would be implemented, but the £8.9m is budgeted through until 2023/24.

How would this scheme work for people who had left Council employment or who had passed away, with regard to statutory limitation and the Unions.

A lot of restructures had since taken place and the average cost was likely to be lower due to further restructures and the re-writing of job descriptions. The Council had sought to make sure there were no issues within the organisation going forward. There were differences between the legal and policy position and there may also be local agreements with unions which needed to be looked at before an answer could be provided. It was agreed that this would be looked into and a written response circulated to Members. As the process of single status had not yet finished the Council was not in a position to say what would happen with the funding pot and no assumptions could be made at this time.

How many employees were affected by single status. Members requested a detailed report on the position of single status and where the Council currently stood and the likelihood of any benefit, what, if any money could be utilised to the benefit of the Council, and an indication of the level of funding was needed.

This could be incorporated into the work programme for future meetings

A manufacturer had just made an announcement about a new model for repairing potholes which reduces the time for doing one by 50% and reduces the costs by 50%.

The position had been checked with the Highways Team who were aware of the announcement and it was something they are looking at with the Council's Contractor, Balfour Beatty.

A Member commented that central government had not forced local councils to raise Council tax by 4.99%, however, there was an expectation that they would do so. A Member queried if the adult social care precept would be taken over a two year period.

The Government had said that councils could phase in the increase in the adult social care part of the council tax increase, but in all Government figures they had assumed an increase of 4.99%. This meant that if the council did not increase council tax by 4.99% there would be a shortfall in funding.

The Council had looked for savings for 11 years and by the end of the year £126.4m savings had been found. It was increasingly difficult to come up with proposals and officers worked with Cabinet and all proposals had been accepted except for one proposal to cut the public health budget which was not appropriate at this time.

A discussion was held regarding the use of reserves and if it was appropriate to use them during the pandemic. Some Members considered that it was not appropriate to use reserves, as they were a one off budget, while others considered that they should be used to lower the increase in council tax.

Upon being put to the vote it was:

RESOLVED – that the Democratic and Scrutiny Services Officer would work with the Chair and other Members of the Committee to formulate a response to Cabinet based upon the comments made during the meeting which would be included in the final version of the Service & Financial Planning report to be considered at Cabinet on 18 February 2021 and at full Council on 4 March 2021.

The meeting ended at 7.01 pm

Chairman:

Date: Wednesday, 8 September 2021