

BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Monday, 24 January 2022 at 6.00 pm in Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

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

Also Present: Councillor R C Evans (Cabinet Member: Finance, Governance and Customer Services)

In Attendance: D Sidaway (Chief Executive), Ken Clarke (Director: Finance & Human Resources), Anthea Lowe (Associate Director: Policy & Governance), K Robinson (Senior Democracy Officer (Scrutiny)), S Yarnall (Democracy Officer (Scrutiny)).

BFSC42 Declarations of Interest

None.

BFSC43 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 10 January 2022 and 17 January 2022 be confirmed and signed by the chair.

BFSC44 Medium Term Financial Strategy 2022/23 - 2025/26

The Chief Financial Officer updated Members on questions raised at the previous meeting and submitted prior to the meeting. Responses to the questions had been circulated prior to the meeting.

Was there the ability to present an up to date version of the Capital Programme?

In the response, it was noted that the information provided to members was the most up to date information at the time and the team were working to keep information up to date.

Regarding the sensitivity modelling and modelling for inflation, were there models to consider for the increase in inflation scenarios?

The Chief Financial Officer said that there was no one inflation rate applied to the budget. However, metrics had been taken into account throughout to account for inflation including pay awards and costs from care providers. There were general contingencies of £3.95m and a specific inflation

contingency of over £2.4m to cover potential inflation increases including for Adult Social Care.

Regarding the amount of debt the Council carried, what was the impact of this?

Regarding debt, the Chief Financial Officer stated that borrowing was kept to a minimum by the use of internal funds where possible and that no debt related to any investments made outside of the borough purely for commercial return. The investments undertaken by the Council previously had resulted in significant benefits for the Borough but that did result in an associated debt.

With the current debt, when was it likely to be an area of concern?

At the time of the meeting, it was said that the level of debt was not of concern given the overall financial position of the authority. The Chief Financial Officer explained that, from a survey regarding Unitary Authorities Financing Costs to Net Revenue – 2021/22, with a 57 out of 60 respondent rate, the Council was at 8.2% while the average was 10.4%. Members heard that there was no legislation or rules that set a limit on the amount of external debt that an authority can incur. This allowed for more flexibility in terms of Members taking decisions based on local priorities and circumstances Telford & Wrekin Council had more investment in assets which, as well as delivering a benefit to the authority, generated an income and had more investment return than some other authorities. Much of the debt accumulated by the Authority had longer fixed terms, with some of them having a term in excess of 50 years which made budgeting for debt repayment more certain and therefore more manageable.

With regards to non-investment debt, if that were to increase, what was the threshold where the Authority would reach an uncomfortable level of debt?

The debt outlined in the budget was at a comfortable level. The budget assumptions did not leave the Authority overexposed at the time. The Council were in a financial position to fund their priorities and, with total uncommitted reserves being reasonably high, the track record of out-turning on budget, the planned level of capital expenditure and the current interest rate assumed for all new borrowing of 2.5% the Authority had the ability to make the choices set out in the MTFs as to where to place resources.

After the questions from members to the Chief Financial Officer and the Cabinet Member for Finance, Governance and Customer Services, the Committee discussed the budget proposals. Members asked about whether an alternative had been proposed, which none had been proposed. After the deliberation, the Chair moved to the next item to vote on whether to accept the budget proposals.

BFSC45 Agreement of the Committee's response to the Medium Term Financial Strategy proposals.

Upon being put to a vote it was agreed unanimously:

RESOLVED – that the Committee provide a response in support of the Medium Term Financial Strategy 2022/23 – 2025/26 to be included in the final version of that strategy for consideration at Cabinet on 17 February 2022 and at full Council on 3 March 2022 with authority delegated to the Chair of the Committee, in consultation with the other Members of the Committee, to finalise that response.

BFSC46 Chair's Update

The chair thanked the Chief Financial Officer and the Cabinet Member for Finance and Customer Service for the budget proposal.

The meeting ended at 6.20 pm

Chairman:

Date: Wednesday, 16 March 2022