



BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Tuesday 9 January 2024 at 6.00 pm in Quaker Room, Meeting Point House, Southwater Square, Telford, TF3 4HS

Present: Councillors C R Turley (Chair), A J Burford, F Doran and P Thomas

Also Present: Councillor N A M England (Cabinet Member: Finance, Customer Services and Governance)

In Attendance: D Sidaway (Chief Executive), A Lowe (Director: Policy & Governance), M Brockway (Interim Director: Finance & Human Resource) P Starkey (Senior Democracy Officer (Scrutiny)) and S Yarnall (Democracy Officer (Scrutiny)) and M Brockway (Interim Director: Finance & Human Resource)

Apologies: Councillor Z Hannington and G Luter

BFSC12 Declarations of Interest

None.

BFSC13 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting 15 November 2023 be confirmed and signed by the Chair.

BFSC14 Consultation on the Medium Term Financial Strategy 2024/25 to 2027/28

The Interim Director: Finance & Human Resources presented the Medium Term Financial Strategy 2024/25 to 2027/28 to the Committee. The presentation set out the position of the Council as it approached the end of the 2023/24 financial year, followed by a summary of the main proposals outlined within the budget for 2024/25.

Members were informed that by the end of 2023/24 there was a total of £147m net budget with 85% being spent on Children's Safeguarding & Family Support, Education & Skills and Adult Social Care respectively with the other 15% being spent on other services such as Neighbourhoods & Enforcement. The funding for the net budget was highlighted to come from the following revenue streams:



- 55.8% (£82m) from Council Tax which included the Adult Social Care precept;
- 36% (£53m) from Business Rates; and
- 8.2% (£12m) from Revenue Support Grants.

For 2024/25, the provisional funding settlement from central government covers just one year. This is the sixth consecutive one-year settlement which makes it difficult to plan effectively for future years. The core spending power for local authorities has risen by 6.5% in 2024/25 which includes some of the Council's core grants. Members were informed of the Council tax referendum limits for 2024/25 which remained the same as the current year. The services grant received from central government has been cut by 84% for 2024/25.

There would be additional budget savings and/or income generation of £17.8 million in 2024/25 with a 4.99% increase in Council Tax marking the first time in two years that Council Tax had been increased. Members were informed that for a band D property, Council Tax rates would still be one of the lowest amounts in the West Midlands region. Members were informed of the new savings proposals included £2.78million in staff savings across the organisation. There would be additional income generated from services and provisions such as the Council's solar farm and NuPlace. It was highlighted that NuPlace had a cumulative net income of £9.7 million to 31 March 2023 and, as well as driving up housing standards in the private rented market, many different services such as Adult Social Care had benefited from the income generated.

The robustness of the strategy was explained to Members and it was highlighted that the Council had 16 consecutive years of closing the accounts within budget and with unqualified audit opinions. It was heard that, by the end of 2023/24, there would be £156.9 million per annum in budget savings and additional income delivered. There is provision for a general contingency of £3.95 million in 2024/25, an inflation/pay contingency of £10 million and the budget strategy reserve remains at £21.7 million.

The next stages of the budget proposals were explained to Members which included the report being presented to Cabinet as its meeting on 15 February 2024 for agreement following consultation. The strategy would then be presented to a meeting of the Full Council on 29 February 2024 for agreement.

Following the presentation, the Chair invited the Cabinet Member: Finance, Customer Services & Governance to provide further comment. The Cabinet Member highlighted that during the COVID-19 Pandemic the Council had £10 million in reserves that have helped to support any additional pressures.



The Chair invited the Chief Executive to provide further comment. The Chief Executive informed Members that they felt confident with the budget proposals. The Chief Executive clarified points made by the local media to highlight that the staff savings within the budget proposals included the savings arising from the recent voluntary redundancy scheme and there would be continued investment in the Capital Programme. It was highlighted that there would be continued confidence in the leadership to deliver these services efficiently.

Following the presentation, Members posed a number of questions.

Which services were being cut as part of the service grant cuts from the Government?

There were no specific services being cut but rather the funding received from government had been cut.

Had the 84% service grant reduction been accounted for in the budget proposals?

It had been factored in as part of the budget proposals and accounted for in the overall savings that were proposed.

With recent changes and uncertainty in services like Adult Social Care, could officers provide further information on the robustness of the proposals?

The budget strategy includes £13.5 million of additional investment into social care to account for the increased demand, complexity of service users and increased costs that is currently being forecast. The budget contains a £3.95million contingency as well as provision for inflationary increases and there is also the £21.7million budget strategy reserve.

Would there be support for Council Staff that were concerned over the increased need for savings?

There is a counselling service available to staff who require additional support and the Council also has a wellbeing offer.

What does the inflation provision cover?

The provision for inflation covers the Council's major contracts, such as waste, grounds and cleansing and highways and also the pay award. Contracts are linked to different inflation indices and calculations for inflation are based on those.



In terms of the assumptions made in respect to interest rates dropping 2% by the end of 2024, how had this been planned for?

The interest rates assumed in the budget are 4.6% for 2024/25 and 3.5% in 2025/26. Officers meet regularly with external advisors to plan further if interest rates were to change. Members were informed that this approach would support with the next year's budget proposals.

There were various different predictions from different sources such as banks, the government and financial advisors in relation to inflation rates of contracts. How were contracts outlined in the Council?

Majority of contracts were linked to CPI with some being RPI, but contracts for IT services had their own specific arrangements. Each of these were factored into the budgets with contingencies in place if required.

Following the questions, the Director: Policy & Governance asked Members to confirm whether or not additional meetings would be required to further scrutinise the budget proposals. Members present unanimously agreed that no further meetings would be required and to delegate responsibility of drafting a budget response to the Chair of the Committee in consultation with the rest of the Committee.

RESOLVED – that authority be delegated to the Chair of the Committee, in consultation with the other Members of the Committee, to finalise a response in support of the Medium Term Financial Strategy 2024/25 – 2027/28 to be included in the final version of that strategy for consideration at Cabinet on 15 February 2024 and at Full Council on 29 February 2024.

BFSC15 Work Programme Review

The Director: Policy & Governance provided an update on the Business and Finance Scrutiny Committee work programme which summarised the next meeting and the items that would need to be scheduled in the next municipal year. Members were informed that for the next meeting taking place on 5 March 2024, the items scheduled included an update from the LEP and their approach to devolution. The update summarised some of the items that would need to be scheduled for the next municipal year, which included the Annual Housing Update, Pride in our High Street workshop and an update on Corporate Grants. Members were informed that these would be looked at and scheduled accordingly with consultation with both officers and the Chair.

BFSC16 Chair's Update



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Co-operative Council

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to create a better borough**

The Chair informed Members that the next meeting would take place on 5 March 2024.

The meeting ended at 6.38 pm

Chairman:

Date: Tuesday 5 March 2024