

COUNCIL FINANCE & COMMERCIAL SERVICES SCRUTINY COMMITTEE

Minutes of a meeting of the Council Finance & Commercial Services Scrutiny Committee held on Monday, 13 January 2020 at 6.00 pm in G3 & G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Present: Councillors E M Callear, E J Carter, N A M England and K S Sahota. Co-optee: Mr R Williams

Also Present: Cllr L D Carter, Cabinet Member for Finance, Commercial Services and the Borough Economy (Cabinet Member for LEP)

In Attendance: K Clarke (Director Finance & Human Resources), D Moseley (Democratic & Scrutiny Services Team Leader), and K Robinson (Democratic & Scrutiny Services Officer)

Apologies: Councillors A R H England and P Watling (from Health & Adult Care Scrutiny Committee)

1 Appointment of Chair

Councillor N A M England had previously stepped down as Chair and nominations were, therefore, invited for a new Chair.

RESOLVED – that Councillor E Callear be appointed as Chair for the remainder of the 2019/20 municipal year.

2 Declarations of Interest

None.

3 Service & Financial Planning 2020/21 - 2022/23

The Cabinet Member for Finance, Commercial Services and the Economy presented the budget proposals as set out in the report to Cabinet on 2 January 2020. The Cabinet Member set out the time frame covered by the proposals, noting that they comprised a one year Revenue Strategy and a four year Capital Programme. Ongoing uncertainty surrounding the funding of local government was cited as the rationale underlying the short term nature of the budget. It was acknowledged that, while the provisional settlement information had been received in December and the final settlement wasn't expected until February, this made it difficult to create and present a more long term set of budget proposals. The Cabinet Member stressed the importance of the Council's principles and its strong commitment to adult social care and children services. A commitment to environmental principles was stressed with the Cabinet Member emphasising the proposed investment in paths and cycleways. The Cabinet Member expressed pride in delivering a balanced budget that accounted for a range of uncertainties. To deliver the balanced budget, budget savings of £3m would be delivered over the next

year. The budget strategy proposed a total council tax increase of 3.99%, made up of 1.99% for council services and 2% for the Government's adult social care precept. The Cabinet Member asserted that it was expected that Telford would still have the lowest council tax in the West Midlands after the increase.

The Chief Finance Officer (CFO) expanded on the Cabinet Members statement that the proposals encompassed a one year budget strategy and a four year capital programme. The budget strategy would only cover one year as no figures had been provided on the Council's settlement beyond March 2021, this was further complicated by the deferral of major changes to the local government finance system until April 2021. This meant that the Council faced another year of uncertainty. The capital programme, due to the nature of capital projects, would have a medium term strategy in spite of the uncertainty shrouding council financing.

Members asked a number of questions as follows:-

What changes from the government were expected to council funding and finance? Will they be positive for Telford?

At the time of the meeting, the changes were unknown and the effect on the Council's funding would depend on the amount made available nationally and how that was distributed to councils. The Council must wait for the spending review and the government to make its proposals on the distribution of funding before any future budget decisions could be made.

Regarding the graph on page 11 of the budget proposal pack, local government funding had been cut by 82% since 2007/08. How long would it take for our funding to reach pre-2007 levels again? Will we see the end of austerity?

The figure, 82%, was a national one but if funding continued to increase at the following year's rate of 1.6% then it would take around 50 years for local government funding to recover to those levels. While the increased funding the Council would receive this year was welcome, it was not right to discuss the end of austerity at present because of the low level and one-off nature of investment from the government in important areas such as adult social care and children's services.

Had the Council carried out any studies or surveys to assess the short-term effect of Brexit on the local economy?

It had not been possible to carry out a study due to the uncertainty surrounding the form Brexit would take. There were signs of the effect that Brexit would have: foreign inward investment offers had been decreasing but conversely locally based companies had demonstrated a willingness to invest that was offsetting the slowing of foreign investment. The Council still, however, did not know what to plan for with regard to Brexit. The report stated that uncertainty surrounding Brexit had complicated proposals but this did not equate to a value judgement.

In relation to debt, was there a figure of how much debt the Council had at the time of the meeting? If so, was there a repayment plan?

Details would be supplied in writing. In accordance with regulations, the Council did have a repayment plan. It was the role of the Audit Committee to oversee treasury management.

Was it fair to assume the Council was looking at borrowing to allow the Council to progress, as part of a robust and flexible budget?

It was not just about the amount borrowed but how it was used. Thanks to low interest rates, investing on income generating projects had allowed the Council to cover its repayments, interest, and make a profit. Borrowing could be a positive for the Council subject to appropriate risk management arrangements.

In regard to income generation, the £21m generated by the Commercial Services team last year sounded incredible, how did this compare to five years ago?

This information would be provided by way of written response.

What does environmental project pump-priming mean?

This was funding for a dedicated officer to look at how to address environmental issues. The funding covered employment costs as well as other associated costs of this key work stream.

Was the Council addressing environmental standards in Nuplace?

Going forward, environmental standards would be reviewed. The impact on the environment was part of every conversation the Council was now having.

Would increasing the ICT budget by £1m to £2m defend the Council from cyberattacks?

The increased funding in ICT would help to address the issue. The Council had successfully defended a number of attacks from all around the world and this will help to bolster defence mechanisms.

The Council used to look after 4,000 adults and 350 children in care, what was the rate now?

The figures on adult social care were not available to present to the meeting, but the number of children in care had stayed at around the same level. Costs, however, had increased and were significant – around £3,000 a week per child. While numbers had remained roughly the same, the Council was spending more.

Would there be an alternative budget this year?

An alternative budget would not be presented this year.

The Committee REQUESTED that the Cabinet Member for Health & Social Care and Director: Adult Social Care be invited to the next meeting to provide further information regarding the adult social care cost improvement plan. It

was also requested that the children's safeguarding cost improvement plan be considered at a future meeting.

4 Chair's Update

The Committee would consider its work programme once the Scrutiny Structure was agreed by Council on 23 January 2020.

The meeting ended at 7.35 pm

Chairman:

Date: Tuesday, 11 February 2020