

OVERVIEW & SCRUTINY COMMITTEE

15 DECEMBER 2022

PRESENT:

Councillors M Wilcox (Chair), Norman (Vice-Chair), Eagland, Evans, Leytham, Robertson, Silvester-Hall and Tranter

23 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Cross, Grange, A Little, A Yeates and Councillor Strachan, the Cabinet Member for Finance & Commissioning

(In accordance with Council Procedure Rule No.17 Councillor Pullen attended the meeting)

24 DECLARATIONS OF INTERESTS

There were no declarations of interests.

25 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting held on 17 November 2022 were agreed as a correct record. The Chair advised the committee that he had received an update from the SCC Health and Care Overview and Scrutiny committee who had met on 28 November 2022 and they had agreed to put an item on their work programme for early in the new year relating to post pandemic impacts of COVID on young people in relation to mental health and childrens' welfare. This was welcomed. The Chair said they were also trying to develop a healthier communities' strategy and had asked that each Borough and District look at putting together a health & wellbeing plan which could feed into the same agenda to ensure all residents are being looked after. The Chair said he would be talking to the Leader about this and it would be coming to a future O&S meeting for discussion as it could be formulated in to our local plan. The Leader confirmed he would welcome this as LDC had looked at a Health in All policy previously and it would be good to revisit this and proceed.

26 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

The Assistant Director - Finance & Commissioning, Mr Thomas, gave a brief update via a presentation on the policy statement received from the government yesterday and explained that the settlement was due to be released w/c 19 December now looking likely to be 21 December. However, he felt this policy statement was helpful and covered 2 years giving firm figures for 2023/24 and the principles for 2024/25.

The key elements of the Policy Statement were explained:-

- Funding reforms have been pushed back to 2025/26 at earliest;
- New Homes Bonus will be retained for at least 1 year and a further consultation will take place;
- A New Funding guarantee – gives each council at least 3% increase for two years excluding any decisions on council tax increases and use of reserves – additional grant;
- Business Rates pools will continue into 2023/24 and in to 2024/25 as well;

- Ministers have “noted” that local authority reserves have increased significantly in recent years and want local authorities to apply these to funding pressures;
- In 2024-25, the introduction of the Extended Producer Responsibility for packaging (pEPR) scheme will have an impact on both local authority revenues and potentially costs as well. Ministers will consider whether these should be factored into the settlement in 2024-25.

Mr Thomas said the good news was that the assumptions used in the draft MTFS were consistent with the announcements in the policy statement and graphs were presented showing the Pre Settlement MTFS central scenario Total Funding compared to Approved Budget and Pre Settlement MTFS central scenario Funding (Surplus) or Gap. It was noted that the Council was due to get £3.6m & £3m more in funding which is positive and gave options to fund priorities for the council and meant no budget gap for 2023/24 & 2024/25.

The Chair explained that the purpose of this meeting was to discuss and get a better understanding of what the council was trying to do with the budget and discuss the priorities members felt were important to the residents of the Lichfield District. The Chair had also invited members to have a look at the new budget simulator ([Lichfield District Council - Budget Simulator \(lichfielddc.gov.uk\)](https://www.lichfielddc.gov.uk)) which had been trialled this year for members of the public to look at and set their own budgets and list their priorities. It was envisaged the committee could look at this together after the MTFS discussions and offer any solutions going forward to generate more income rather than relying on the council tax base.

Questions/comments were discussed:-

- 1) 6% increase in funding from government – how is this calculated?
- 2) On Extended Producer Responsibility – if this comes in, would the result be fewer recycling credits?
- 3) It was noted in respect of reserves, members have never found it non-transparent at LDC so not an issue for this council - always been very clear.
- 4) In respect of the changes for recycling because of our shared waste service – will we expect all councils to be involved in the consultation as we cannot be the only shared service.
- 5) Business Rates figures – differences revealed in figures now state that the revenue remains revenue neutral, would it be wise to quote sector as impact on increase revenues.
- 6) How much is housing stock impacting the figures?
- 7) Predicted council tax base figures were discussed and debated and Mr Thomas said he would share the calculation with members of the committee and pass on to Cabinet also as anything we can do this year would help not put the additional costs pressure on to residents at the worst possible time.
- 8) Autumn Statement – grant funding growth was queried.
- 9) One-off services grants and lower tier services grants were discussed and explained by Mr Thomas.
- 10) Improvement Relief 2024 – The affect of this for LDC was clarified.
- 11) Capital Investment and Levelling up fund – still awaiting result of this – did we consult with other boroughs and discuss with MPs – if we were unsuccessful, what then?
- 12) An explanation of the extra cost for borrowing in the MTFS reflects the original £5m the council committed to support a leisure centre.
- 13) Budget lines – assumption we will get a dividend from Latco approximately £100,00 per year; cinema in budget on neutral line and being assessed by consultant that this is a true reflection.
- 14) With the government now saying that housing numbers will not be mandatory but advisory – what potential difference could that make to LDC?

The Committee then looked at the new budget simulator ([Lichfield District Council - Budget Simulator \(lichfielddc.gov.uk\)](https://www.lichfielddc.gov.uk)) together. The Leader thanked Anthony Thomas, Tracy Cross and all the teams who were involved in devising this tool as a lot of hard work had gone in to

producing it so quickly which formed part of the budget consultation process this year. It was felt to be a very useful exercise to see where residents want more investment or less investment. The fact that the budget consultation had taken place in advance of several government announcements was discussed and a tolerance in the figures was used to demonstrate the simulator. It was raised that the outcome column only showed one result, i.e. what it would mean when that clearly was not the case. This was noted, but it was agreed the simulator had meant there had been greater engagement with residents as approximately 1000 responses had been received to date with the closing date being tomorrow (approximately 200 responses was usual). It was noted that the 5% increments was limited but it was felt it did give an indication of what the affects of increasing and decreasing budgets would be. It was agreed this was a tool to be used together with members knowledge/experience and opinions and could be improved and built upon next year. It was noted that a summary of the results would be provided in an evaluation of the simulator and would be available at January's O&S meeting and Cabinet and Council meetings thereafter. It would also be shared with residents. It was noted that approximately 60-70% of the budget was providing statutory services.

The Committee considered the options in the MTFs to reduce the funding gap but felt a lot more data was needed before any firm decisions could be made. The potential for freezing the Council Tax again was made; the increase in the garden waste collection prices +2024 was discussed but it was felt this needed to be looked at very carefully as there was a danger that the black bins would be used by residents causing a lot more fees to the council on the tipping gates. A staggered increase was suggested but a lot of data was needed as no one knew what the environment would be like at that time. It was agreed this needed to be addressed before the window opens for 2024/25 collections and it was asked if we could learn from other councils.

Members discussed the potential windfall monies (£3m) from the beneficial settlement re: this year and next years funding settlements. It was suggested this money should be earmarked for the new Leisure Centre project to reduce the amount of external borrowing as interest rates would need to be considered. It was noted this is what the residents of Lichfield district wanted and had waited for and the other alternative projects were not dependent on this funding and members agreed that whatever saved the most money and took pressure off other projects would be beneficial. The Leader said the results of the levelling-up bid were expected this year and he was hopeful but gave his assurance that even if this bid was not successful the new Leisure Centre would be happening; it would just mean another way of funding would have to be sought.

The Committee thanked Mr Thomas for the specific updates and it was agreed that further discussion would take place at January's meeting when more data was available and the simulator summary had been received.

RECOMMENDED:-

(1) The Committee noted the latest Revenue Budget projections and scenarios pending the Provisional Local Government Finance Settlement;

and

(2) The Committee provided views on the options identified in the report.

27 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt

information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

IN PRIVATE

28 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING

The Confidential Minutes of the previous meeting held on 17 November 2022 were agreed as a correct record.

(The Meeting closed at 7.35 pm)

CHAIR