

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

1 SEPTEMBER 2020

PRESENT:

Councillors Spruce (Chairman), Gwilt (Vice-Chair), Norman (Vice-Chair), Ball, Checkland, Grange, Greatorex, A Little, Matthews, Warfield, Westwood and White.

(In accordance with Council Procedure Rule No.17 Councillors Cox, Eadie, Lax, E. Little, Pullen, Smith and Strachan attended the meeting).

42 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S. Wilcox.

43 DECLARATIONS OF INTEREST

Councillor Grange declared a personal interest as a member of Friends of Friary Grange.

Councillor Checkland declared a personal interest as having dealings with Friary Grange Leisure Centre and Friary School in the past.

Councillor White declared a personal interest as a Member of Staffordshire County Council.

Councillor Greatorex declared a personal interest as a Member of Staffordshire County Council.

44 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were circulated. It was asked if a press release had been released regarding the Council's commitment to minority group inclusivity and it was reported that due to a change in Head of Service and the appointment of a new Communications manager, this had not been completed yet but was still a priority.

It was also asked if the O&S Coordinating Group would meet before its next scheduled meeting in November to discuss O&S involvement in the Covid-19 recovery plan. It was reported that an earlier date was being sought.

RESOLVED: That the minutes be signed as a correct record.

45 WORK PROGRAMME

The work programme was considered by the Committee. It was requested that an item on LEP governance be added to the work programme however it was noted that this was on the programme for the Economic Growth, Environment & Development (Overview & Scrutiny) Committee (EGED O&S) to consider as part of their remit. Similar, an item on the Lichfield BID was requested but it was noted that it was the remit of the EGED O&S to consider however it was important to gather learning from the Lichfield BID experience to help benefit the upcoming Burntwood BID. It was noted that as the government had announced their Devolution White Paper, the situation may change and there may be a need for a joint O&S Committee and this could be discussed at the Coordinating Group. It was noted that the

Money Matter Financial Performance report would be a briefing papers sent to Members in the usual manner.

RESOLVED: That the work programme be noted and amended where required.

46 MEDIUM TERM FINANCIAL STRATEGY 2020-2025

The Committee received a report on the draft Medium Term Financial Strategy (MTFS) for 2020-2025 which took into account the all reports that had been approved at Cabinet and Council but refreshed to remove the previous financial year and add the new financial year of 2024/25 as well as refresh and update assumptions to reflect the latest information available. It was noted that this year, in addition to the inherent uncertainty related to the Local Government Financing Regime, there was added uncertainty related to COVID-19 and changes to the Planning system and the introduction of the Devolution and Local Recovery White Paper. It was also noted that the report showed a project plan to enable the start of budget consultation for 2021/22.

It was reported that the Covid-19 pandemic had created an environment of uncertainty however it had also changed how the Council had worked and approached its finances. It was noted that over £20m of support had been granted to businesses and residents and overcome the challenges to remote working and with minimal impact. The Cabinet Member wished to thank all Officers in the Finance, Revenues and Benefits and Economic Development teams for their continual hard work in this area. This was also echoed by the Committee.

It was reported that the guiding principles of the previous budget of still delivering value with a diminishing budget must remain and although the Fair Funding Review and Business Rates Review had been deferred, they had been replaced by the impact of the pandemic. It was reported that there had been a number of funding streams promised by the government to recover some of the losses experienced, it was on a cost sharing basis. It was noted that the full impact was unquantifiable as it would be governed by the recovery phase and what happens in the future however a best attempt had been made with a figure of between £1.3m and £4.3m estimated. It was reported that the transfer to General Reserves as reported in February would now be unlikely.

It was then reported that there would be a change to the MTFS given the changes to the Public Loans Board regime and the impact it had on the Property Investment Strategy, it was proposed to take out the £45m capital investment and debt as it did not give a true picture given the Strategy as envisaged could not now be implemented.

The Head of Finance and Procurement then gave a presentation giving updated information from the report as well as details of the uncertainty of the financial environment. It was reported that there would be another one year settlement for 2021/22 and so following years would be a judgment based using the best information available. It was reported that there were a number of government plans that could affect the MTFS including the Planning White Paper, Devolution and Local Recovery White Paper as well as a Draft Waste Management Plan. Some Committee members felt that these changes were not best timed by the government and there were concerns it could be change for change sake. The Committee thanked the Head of Finance and Performance for his presentation.

It was requested that wording in one of the Budget Principles be amended to state that reorganisation of staff be considered rather than growth or to look at the alternative approach of apprenticeships. It was asked given the pay award of 2.75% for 2020/21 whether the assumption made of 2% in later years was realistic. It was reported that the assumption would be held under review at this time to allow for relevant information such as the projected level of inflation to be identified. Regarding the Hardship Fund, the impact and potential loss of Council Tax income compared to support will always be greater however not all the hardship

funds had been taken up and so it was asked if there would be a request to pay back that underspend or whether it could be kept to mitigate the losses experienced. It was reported that a number of the grants were subject to claw backs however the application criteria had been changed where possible to ensure as many businesses and people could access that help and prevent having to give funds back to the government. It was asked if local MPs had been lobbied to ensure all leisure centre losses due to Covid-19 would be covered and all funding be available for those in need and it was reported that a letter had been sent from the Leader of the Council and the Cabinet Member to them on this matter.

It was asked if the Council would be reimbursed for the Business Rate and Council Tax Collection fund losses. There were three aspects to the losses, firstly any Business Rate reliefs to the leisure, hospitality and nursery sectors required by the Government would be fully reimbursed by Section 31 grant, secondly any reduction in collection would create a deficit in 2020/21 and the Government was going to allow this to be spread over a three year period rather than a single year and thirdly the Government had indicated that in the forthcoming Spending Review there would be support for Council Tax and Business Rate collection reductions.

Risk was then discussed especially cash flow and it was asked if there were any concerns and it was reported that there were none at this time due to the money market funds, level of reserves and help from government. The risk of Section 114 notice was discussed although noted that it was not a high risk for Lichfield District Council, it was asked how the Council was monitoring the risk over investments held in other Council's and it was reported that there were no immediate concerns as Arling Close do their own assessments and close monitoring of the press and Local Government media to pick up on those authorities that start to declare issues and the S114 Notice process now expects authorities to engage with the Ministry of Housing, Communities and Local Government at the earliest opportunity before a notice is required to identify all options available to prevent the issue of a S114 Notice.

It was asked if the funds on green energy were income or expenditure. It was reported that it was for moving the energy tariff to a green tariff and so was a cost. There was concern that the spending gap was increasing in future years and so it was questioned if the Property Investment Strategy was failing to generate any income. It was also noted there would be no Capital Programme budget for developing prosperity from 2021/22 onwards and it was again questioned if spending in this area could help decrease the funding gap. It was reported that even with the contribution from the Property Investment Strategy, the MTFS had a funding gap from 2021/22. It was highlighted that capital investment funded by debt focussed on 'Place Shaping' activities where a return was ancillary to the investment would still be able to be funded by borrowing provided by the PWLB and so discussions are underway on how to now address the situation.

RESOLVED: 1) That the contents of the Draft MTFS and the timetable for its further development be noted; and

2) That the views given by the Committee be considered as part of its development.

47 STRATEGIC PLAN OUTTURN 2016 TO 2020

The Committee received a report on the final outturn of the council's performance as at the end of March 2020, which was noted to be the end of year position and the final year of the previous strategic plan and had been delayed from summer due to difficulties in obtaining information on Corporate Indicators and some projects. It was reported by the Cabinet Member that in the future, it was proposed to use the Council's performance reporting systems to produce more up to date reports. He undertook to update the Committee on progress in bringing this in. The Committee welcomed this proposals as it would allow the

Committee to help provide input into targets and slippage for key projects. Officers were commended on their work delivering so many of the projects and it was noted that those that could not were mostly due to delays outside their control with a few relating to the pandemic response

There was some concern around affordable homes as it was mostly likely to be behind target. There was also concern that with the Planning White Paper and potential loss of quality homes.

It was asked for more information on those delayed projects which were not due to Covid-19 or other issues out of the Council's control and this was agreed to send this information to the Committee at a future meeting. It was noted however that the report did not cover the March and September 2020 period, except where expressly stated in the report, so there would be some items that will have progressed but officers may not have had capacity to provide that information yet due to other priority work. It was reported that the new Strategic Plan was now focused on the very high level actions that have a significant impact and although target dates may change throughout the life of the plan, there was a robust process to amend these dates and providing the information to Members on these decisions and outcomes. It was agreed that there was not an infinite resource so this more narrowed down priority list should help ensure there are completions and the key actions are prioritised.

RESOLVED: That the views expressed by the Committee are considered further where necessary by Officers and the Cabinet.

(The Meeting closed at 7.28 pm)

CHAIRMAN