

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

27 JANUARY 2021

PRESENT:

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

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

56 APOLOGIES FOR ABSENCE

Apologies were given by Councillor Gwilt and White.

57 DECLARATIONS OF INTEREST

There were no declarations of interests.

58 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were circulated and subject to the inclusion of Cabinet members in attendance and a typo, were agreed as a correct record. It was asked if there was any update to the funding availability for the Test and Trace support scheme and it was reported that the Council had received a second tranche of money for payment for self isolation so will have sufficient funds to carry on the discretionary scheme and meet statutory requirements through to the end of April but will be reviewed constantly.

RESOLVED: That the subject to amendments, the minutes be agreed as a correct record.

59 WORK PROGRAMME

The work programme was considered and it was requested that, dependant on the outcome of the Committee Review, an item be added to review the Constitution and specifically the Scheme of Delegation in light of concerns of the processes followed with a recent sale of land. It was reported that a separate external investigation had been commissioned for that matter however it was noted that if the Committee structure were to change, it would require substantial amendments to the Constitution.

RESOLVED: That the work programme be noted.

60 MEDIUM TERM FINANCIAL STRATEGY (REVENUE AND CAPITAL) 2020-25

The Committee received a report on the Medium Term Financial Strategy (MTFS) for the period 2020-25. It was reported that there was a statutory duty to set a balanced budget and to calculate the level of Council Tax for the district. It was also reported that the Chief Finance Officer (Head of Finance & Procurement) had a duty to ensure all figures provided for estimating and financial planning were robust and stand up to Audit scrutiny.

It was reported that guiding principles had been previously approved by Council on 15 October 2019 to guide the preparation and development of the MTFS.. It was noted that there had been a large reduction in planned contributions towards general reserves due to the

projected impact on the pandemic. It was reported that the Council would be able to set a balanced budget for 2021/22 and in the central scenario, with the use of general reserves would also be able to continue to do so up to 2024/25. It was noted that the MTFS had been subject to budget consultation and the results were contained within the report.

It was reported that the government provisional finance settlement for 2021/22 had been published on 17 December 2020. It was noted that given the level of uncertainty presented by the pandemic, it was for the second year running a one year settlement as projected in the report to the Committee on 19 November 2020. It was also noted that there would be no negative revenue support grant for 2021/22.

The Committee received a presentation from the Head of Finance and Procurement and it was reported that the government used the concept of Core Spending Power to determine the notional level of funding available to each Local Authority to deliver services. It was reported that Core Spending Power consisted of Council Tax income (based on government assumptions), Retained Business Rates (the government baseline excluding growth) and core grants (including New Homes Bonus). It was reported that since 2011/12 that the proportion of Core Spending Power funded by Council Tax would increase from 46% in 2011/12 (with a low point of 42% in 2013/14) to 62% in 2021/22. The increased funding of Local Government services through Council Tax was presenting issues for the Government with a similar increase in different areas producing very different levels of income even though the same services were required to be delivered. This issue was something the Government would need to address moving forward as part of Local Government Finance Reforms. Core Spending Power comparisons with nearest neighbour authorities for 2021/22 was provided and it was noted that Lichfield was funded by 67% Council Tax, 19% by Business Rates and 14% by other grants which was similar to the average of all Districts (63%, 24% and 13%) and that would provide assurance that we were not an outlier in terms of the potential impact on funding levels that could result from finance reforms.

The key headlines of the MTFS was then reported to the Committee including how the assumptions were formulated, the Provisional Finance Settlement in more detail and the recommendation of a £5 increase in Council Tax. The funding gap for 2022/23 based on a central scenario was also reported but it was noted that c60% of the Funding Gap could be attributed to Covid-19 assumptions such as an ongoing impact on sales, fees and charges income such as car parking which have a high degree of uncertainty.

An outline timetable for Local Government Finance Reform was reported including potential dates of each element although these dates are subject to significant uncertainty with the pandemic which will present the Council with ongoing financial planning uncertainty..

It was asked if there was any news of Negative Revenue Support Grant being cancelled and it was reported that it had been abated again for this 2021/22 settlement. The reasons for its introduction in the first place was reported i.e. a number of Councils no longer had any Revenue Support Grant to reduce as a result of national funding reductions. It was noted that external Local Government Finance experts believed that the principles used in its calculation would form some part of the funding regime moving forward. Therefore a reduction in the Baseline Funding Level for Retained Business Rates had been assumed in the MTFS from 2022/23 onwards.

There were differing views regarding the recommended £5 increase in Council Tax with some feeling that it helped keep the budget balanced and now knowing the value of Council Tax in the overall mix of the Council's funding of services. Others however felt there should be more consideration of the struggles and uncertainty of residents during the pandemic also and felt uncomfortable in raising Council Tax when there are reserves and there would be a balanced budget. It was noted that 99% of budget consultation responses stated that delivery of services was important to them and so it was felt that where spend could be preserved to provide these services, it should be and this would require the increase in Council Tax. The

ongoing funding gap was also noted as well as Lichfield District having a lower than average Band D Council Tax.

The Capital Receipts were discussed and it was asked why there was a gap between the District Valuer's assessed value of Netherstowe and Leyfields to the budget as set out in the Capital receipts because inflation and indexation would be expected to increase the receipt with the passage of time. It was reported that the estimate was likely a prudent one based on a value at a point in time. However the detailed information was not available and a commitment was provided that it would be provided to the Committee after the meeting.

It was asked why the revenue budget investment in the Developing Prosperity Strategic Priority was reducing year on year. It was reported that the Strategic Priority was presented as net income and this position was largely attributable to income from car parking. The budgets assumed no f increases in car parking charges, an ongoing impact on income from the pandemic and costs would increase so overall, the net income figure would reduce each year. It was felt that there should be some further investment in projects that to develop prosperity. A commitment was provided to the Committee to provide the detailed financial information by activity that was attributed to this Strategic Priority.

There was some disappointment in the return rate from the consultation which resulted in a 0.2% representation of the population and it was asked what value this gave. It was reported that there is a legal requirement to undertake budget consultation however there had been an impact from the pandemic in terms of improving engagement although there had been extensive communications encouraging people to respond. It was noted that best responding questionnaire was only 2-3% and so response numbers were always traditionally low in the district.

RESOLVED: That the Cabinet consider the comments and suggestion made on the following items

- 1) The 2021/22 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of £11,951,000 and proposed level of Council Tax (the District element) for 2021/22 of £185.07 (an increase of £5.00 or 2.78%) for Band D equivalent property;
- 2) The MTFS 2019-24 Revenue Budgets;
- 3) The MTFS 2020-25 Capital Strategy and Capital Programme;
- 4) Requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the Chief Finance Officer's report on the robustness of the Budget and adequacy of Reserves;
- 5) The 25 year financial planning; and
- 6) The results of the Budget Consultation.

61 REVIEW OF COMMITTEE MEETINGS

The Committee received a report from the Committee Review Member task group that was created at the last Strategic (Overview & Scrutiny) Committee to investigate options to support effective decision making better use of the resources available especially with Overview & Scrutiny. It was noted that a large amount of research was carried out by the Task Group and

they came to a unanimous view which was set out in their findings and gave recommendations based on them. It was reported that it was felt that a single Overview & Scrutiny Committee with a wider use of Task Groups would deliver a more efficient and effective function.

The Committee were in agreement with the suggestions of the Task Group and thanked them for their work over an intensive period of time.

It was requested that there be some flexibility written into the Constitution regarding this new structure as there may be need for small adjustments if issues arise and it would prevent constant Council approval. It was agreed that a review of the new structure would be beneficial and that this should be after the next Local Election.

It was asked that there be clear and explicit ways of measuring the success of the new structure and it was agreed to hold another Task group meeting to consider this further before proceeding to the next step of Cabinet consideration.

The Committee also agreed that the removal of Parish Forum and District Board from the list of Constituted Committees and be held in a more informal setting would be of benefit not just for the Council but those external attendees.

RESOLVED: That the following recommendations be presented to Cabinet and then Council

- 1) That Parish Forum is removed as a constituted committee and become informal meetings to aid information flow and training;
- 2) The District Board is removed as a constituted committee. Any statutory function carried out by this meeting is delegated to officers and relevant, plans and decisions notified to Cabinet members and committees where appropriate;
- 3) That the structure for Overview & Scrutiny be changed to a single Overview and Scrutiny Committee; and
- 4) That the Overview & Scrutiny Committee consider items earlier on to aid policy development and review whether stated outcomes from decisions, strategies and policies have been achieved via effective use of member task groups;
- 5) That clear role descriptors and mandatory training is developed for scrutiny chair, vice chair and task group chair roles and used to ensure effective recruitment and performance; and
- 6) That an Independent Review Panel (IRP) is commissioned to assess the Special Responsibility Allowance (SRA) payable to any roles affected by this review.

62 CORONAVIRUS (COVID-19): RECOVERY PLAN SCRUTINY

The Committee received a report on the Council's Covid-19 Recovery Plan updating them on the activity and ongoing issues around recovery and provide a narrative regarding the progress and achievements against the plan developed and issued in May 2020. It was reported that whilst this had been a significant body of work, the longer term impacts of the pandemic on both the authority and the district as a whole were yet to be fully quantified.

The recovery plan was split into four areas of focus; maintaining key services; helping those in need; supporting our businesses and keeping you informed and to support scrutiny of the

plan, and due to its broad and overlapping nature, each committee dealt with relevant topics and areas under their remit.

The Leader of the Council answered questions and advised on matters raised.

The Committee commended Cabinet and Officers in getting grants distributed quickly and efficiently to support businesses and individuals without duplicating the national system.

It was noted that there was some kickback regarding the Covid-19 crisis and the government advice given and that there should be awareness of this in case it caused some issues.

It was asked if those Officers who were required to work from the District House felt safe and not resentful against those working from home. It was reported that all staff had a suite of resources available to support their health either physically or mentally. It was reported that many working from home were missing being in the office. It was also reported that the asymptomatic testing was being promoted especially for those working in the office and all testing had been carried out at the depot. It was noted that additional pressures had been put on some Officers with childcare and home-schooling and the Council was being as flexible as possible whilst still delivering services and where there were gaps, expectations were being managed and if required additional resources considered.

It was asked what had been planned going forward as there was more than likely further fallouts expected for example in retail and redundancies. It was reported that there were several strands of activity taking place now that would help prepare for what may happen in the future. It was reported that retail vacancy rates were low compared to nationally with high business start up rates and employment rates although that did not mean being complacent. It was noted that the Economic Development team were still being reactive to still get those grants out where needed but in the future the Council will need some strategy to deal with things coming forward however there wasn't available resource and "fighting the fires" was still priority.

RESOLVED: That the report be noted.

(The Meeting closed at 7.30 pm)

CHAIRMAN