

**Children and Young People Scrutiny Panel – 11 November 2020  
Draft Budget and Medium Term Financial Strategy  
2021-2022 to 2023-2024 Report  
Minute Extract**

James Barlow, Finance Business Partner, presented the report and referred the panel to recommendations asking for comments on the draft budget medium term financial strategy and also the budget issues relevant to the remit of the panel. The comments will be included in a report to Scrutiny Board after they have been approved by the Chair and Vice Chair as part of the response to the annual budget scrutiny for their consideration.

The Finance Business Partner outlined the key parts of the draft budget medium term financial strategy report budget 2021-2022 to 2023-2024 and stated the Council has a legal requirement to set a balanced budget each year.

The Council was able to set a balanced budget for 2020-2021 without the use of General reserves which was approved by Council on the 4 March 2020 and at that time it was noted that budget reductions totalling £15.5 million were required in 2021-2022 of £15.5 million rising to around £20 million over the medium term to 2023-2024.

The Finance Business Partner commented that the budget was prepared prior to the Covid-19 pandemic. The pandemic has had a major impact on Council.

The Finance Business Partner outlined details of the net revenue expenditure budget for the Council was £248.2 million for the 2020-2021 and the report outlined the budgets for those services relevant to the remit of the panel and referred to the chart which gave a breakdown of annual expenditure.

The Finance Business Partner commented on the various one-off grants the Council has received to date to support the costs of Covid-19 and that these grants were considered to sufficient to support the costs in the short-term with a small shortfall of £324,000 (2020-2021). This figure does not include costs arising from the second national lockdown and further restrictions.

The Finance Business Partner commented on the main assumptions underpinning the report and the expectations of future government announcements in December 2020 about any additional funding that will be given to local authorities to help meet costs associated with second lockdown.

The Finance Business Partner outlined the estimated updated budget deficit without the impact of Covid-19 was £4.5 million in 2021-2022. However, if the Council does not receive funding from the government to cover costs pressures and lost income relating to Covid-19 then the budget deficit is estimated to be in the region of £23.2 million for 2021-2022, rising to £40 million over the medium- term period to 2023-2024. In the event that Government do not provide sufficient funding to support these pressures, the Council would need to undertake a fundamental review of all services to identify savings would be needed to set a balanced budget.

The Finance Business Partner commented on the expenditure and income figures detailed in the report for the service.

Emma Bennett, Director of Children's Services, commented on the strategic vision for supporting children and young people within the City and the priorities for the service. The panel were briefed on the publication of the Relighting Our City recovery plan. The plan details the response by the Council to the challenges to the City arising from the pandemic. The panel were also briefed on specific areas of work aimed at creating and promoting more opportunities for children and young people in line with published strategic priorities.

The panel were invited to give feedback to Cabinet on the Draft Budget and Medium-Term Financial Strategy 2021-2022 to 2023-2024.

The panel queried the Council's approach to commercialisation and the work being done to boost social value contracts and encouraging the use of local services and local businesses to help retain more spending within the City.

The panel also queried the Council's procurement strategy and in particular work done with neighbouring authorities to negotiate better value when contracting for services or goods.

The Director of Children's Services commented on the contracting work undertaken regionally and sub-regionally to procure and commission services to help reduce costs, for example, there is regional framework for residential placements for children and young people. In addition, there is also a regional framework for foster placements and supported accommodation for care leavers which is helping to reduce costs. The Director of Children's Services gave other examples of joint work being done with neighbouring authorities to reduce costs.

The panel queried the impact of the recent announcement about the vaccine on the future assumptions about the budget challenges detailed in the report. The Finance Business Partner commented that impact on current budget assumptions will depend how the vaccine programme is rolled out and other linked factors. The Council will continue modelling work based on different scenarios of the Government's response to Covid-19 when assessing the impact on future finances and specifically a decision by Government about whether it will fully fund the additional costs resulting from Covid-19. The service will continue to monitor policy changes in relation to Covid-19 or Government policy and will adjust the budget assumptions as necessary. At the date of drafting the Council is waiting for a decision on future Government grants to local authorities, which is expected in December 2020.

The panel queried the possibility of using Council reserves to meet the budget shortfall. Alison Shannon, Chief Accountant, commented that the Council is confident of being able to manage the projected budget shortfall of £4.5 million due to work being done to identify efficiencies. However, the projected shortfall with Covid-19 of £23.2 million for 2021-2022 would need a fundamental review of all services.

The Chief Accountant commented that the key cost pressure is the impact of Covid-19 on the Council was the reduction in income, particularly in the collection of council tax and business rates. The use of reserves is a last resort and the Council is working hard to avoid the need to consider this option.

**Resolved:**

The panel agreed the recommendations set out in the report.