

**Our Council Scrutiny Panel - 25 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract**

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

The Finance Business Partner gave an overview of the Council's financial position as detailed in Section 2 of the report and advised the panel that the Council has a legal requirement to set a balanced budget and that the 2020-2021 budget was set without the use of the General Reserves.

The Budget and Medium-Term Financial Strategy (MTFS) 2020-2021 to 2023-2024 was presented to Full Council for approval on 4 March 2020. The Council was able to set a balanced budget for 2020-2021 without the use of General Reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £15.5 million in 2021-2022 rising to around £20 million over the medium term to 2023-2024.

The Finance Business Partner advised the panel that the budget was prepared prior to the Covid-19 pandemic which has had a significant international, national and regional impact. The panel were advised that work has been ongoing across the Council since March 2020 to review corporate resources assumptions, growth and inflation in line with the Five-Year Financial Strategy to support the budget strategy for 2021-2022.

The Finance Business Partner advised the panel that an updated Draft Budget and Medium Term Financial Strategy was published in November 2020 and is attached as an appendix to the main report. The report includes details of the projected financial implications of the Covid-19 pandemic and the next steps that will be taken in order to address the financial pressures faced by the Council over the medium term. The panel were reassured that the Council has a strong track record over many years of managing its finances and outlined the work being done to balance the budget and also respond to the financial impact of the pandemic.

The Finance Business Partner commented that based on current projections of the cost implications of Covid-19 in 2020-2021 there will be a £324,000 cost pressure. This figure does not take account of the impact on the second national lockdown and future Government announcements on its response to the pandemic.

The Finance Business Partner commented on the challenges going forward when considering the impact of Covid 19. The Council is assuming that Government will provide sufficient grant funding to cover the cost of Covid-19 related cost pressures. Assuming this is the case, the budget deficit is estimated to be in the region of £4.5

million in 2021-2022, rising to £19.6 million over the medium-term period. A range of options will be considered to bridge the gap needed to set a balanced budget, for example efficiency targets being allocated to directorates.

However, in the event that sufficient grant funding is not provided to meet the cost implications of Covid-19 then this would have a significant impact on the Council and require a fundamental review of services in order to identify budget production sufficient enough to set a balanced budget. The projected budget deficit in 2021-22 could rise to a minimum of £23.2 million in the event that one-off Government funding for Covid-19 cost pressures is not received. This figure could increase to £40 million over the medium-term period.

The Finance Business Partner invited Director's responsible for services within the remit of the panel to comment on the relevant sections of the budget report.

Claire Nye, Director of Finance, initially briefed the panel on the Government announcement on Spending Review 2020 announced earlier in the day, and the main headlines. Further details of the spending plans will be shared with Cllrs when available. The Council welcomed the Government commitment to provide local authorities with extra funding. Further work will be done to assess if the proposals will be sufficient as more details are expected from Government in the next few weeks.

The Director of Finance commented on the Finance and Corporate Budgets that she is responsible for, and described work done to ensure budgets are managed well by introducing changes to systems that deliver both savings and more efficient services that benefit residents and businesses. The service has invested in changes to achieve efficiency savings into developing new systems and working practices which has helped to reduce budget expenditure and improve outcomes.

Charlotte Johns, Director of Strategy, commented on how the work of her directorate contributes to the delivery of the outcomes referred to by the Director of Finance. Investment in ICT and technology and the use of data and has helped to drive efficiencies across the whole council, to deliver better outcomes and value for local people. The Director of Strategy outlined how work to link performance data and financial reporting is key, and this continues to be a focus of work going forward.

David Pattison, Director of Governance, advised the panel that his responsibilities include Legal and Governance and that the focus of the service was looking to see how to do things differently to achieve the desired outcomes for the City. The service is finding ways to make sure that it can help deliver those outcomes and aspirations. He gave examples of this such as agendas on enforcing car cruising injunctions and also taking legal action against businesses who have not complied with Covid-19 restriction rules. The Director of Governance commented on progress in recruiting apprentices in Legal Services which is part of a policy of growing people in the Council and supporting them to progress their career.

Councillor Louise Miles, Cabinet Member for Resources, commented that a further update on the implications of the spending announcement by the Chancellor can be brought to a future meeting of the panel if that would be helpful.

Resolved:

The panel agreed to note the report.