

### **Draft Budget and Medium-Term Financial Strategy 2021-2022 to 2023-2024**

#### **Scrutiny Board Minutes, Tuesday 8 December 2020**

The Chair welcomed Cllr Louise Miles, Cabinet Member for Resources and Alison Shannon, Chief Accountant to the meeting. Cllr Miles introduced the Draft Budget and Medium-Term Financial Strategy Report for 2021-2022 to 2023-2024. It was confirmed that the draft report had already been considered by the other scrutiny panels and comments from the panels were included with the paperwork.

Section two of the report provided an overview of the Council's financial position and showed that the Council had set a balanced budget for 2020-2021 without the use of general reserves and was reported to Council in March. 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.

It was important to note that the budget was prepared prior to the Covid-19 pandemic. At the time of reporting to Council, the full impact of Covid-19 was not known and the impact on both the finances and operating environment could not have been foreseen. The Covid-19 pandemic had a significant international, national and regional impact, and would continue to have, significant financial implications for the Council.

Work had been ongoing across the Council to review corporate resources assumptions, growth and inflation assumptions and income generation opportunities in line with the Five-Year Financial Strategy to support the budget strategy for 2021-2022 and future years, whilst also detailing the emerging pressures that the Council currently faced in response to the Covid-19 pandemic.

On the 11 November an update was provided to Cabinet on the financial strategy, progress against the deficit and how the Council had responded to the pandemic including the projected financial implications of the pandemic against the one-off grants that had been awarded to the Council. However, following announcements made by Government it has been assumed that sufficient grant funding would be provided to cover the cost pressures arising as a result of the Covid-19 pandemic. Taking this into account, the 2021-2022 projected budget deficit stood at £4.5 million rising to £19.6 million over the medium term. In the event that the Government did not provide sufficient grant funding to meet the cost pressures arising as a result of the Covid-19 pandemic, the 2021-2022 projected budget deficit would be in the region of £23.2 million rising to £40 million over the medium term. This would have a significant impact on the Council and result in the Council undertaking a fundamental review of all services in order to identify budget reductions sufficient enough to set a balanced budget.

The Chair thanked the Chief Accountant and the Cabinet Member for the report.

The Board considered that this was a difficult situation and hoped that the Government would be able to cover the costs associated with the pandemic.

The Board requested information in relation to the current rate of Council tax and business rate collection and any impact that this may have on the Council's current assumptions. It was stated that these could be circulated by email after the meeting but that there was a reduction to the normal levels of income generated and that at this stage there was a forecast of around a £15 million reduction which the Government had indicated could be spread across three years and that grants of up to 75% of the irrecoverable loss would be available and that work was continuing to review this forecast. This was a very hard area to forecast as businesses and residents were struggling and the full impact of the pandemic was as yet unknown.

The Council was keen to support as many of its residents and businesses as it could and a lot of work was being carried out in relation to this. An update would be brought before the Cabinet in January on the matter. The Cabinet Member confirmed that many ongoing conversations were happening with local businesses and citizens through a number of avenues including the recently launched Talk to Us campaign. The number of welfare support officers had been increased and the voluntary sector were also playing an important part in reaching and advising citizens and businesses. The Council remained under a statutory obligation to bring in business rates and Council tax but were also aware of the increase in applications for universal credit and wanted to help wherever possible.

The Board thanked all of the officers and front-line staff who were working to keep citizens safe and requested to know what additional updates would be made available to ensure that all of this work was kept on track and monitored.

It was stated that there were already good controls in place in relation to finances which had been embedded into the ongoing Covid work. Good work was being carried out with budget holders across the Council, working together to understand where the pressures were. The biggest challenge was forecasting going forward as so much was still unknown. Monthly returns were being sent to the Government to further try to understand the situation as a collective whole. When compiling budgets, officers were also aiming to separate out the base budgets and the budgets associated with the pandemic whilst also remaining aware of how these interacted. There was also work to be carried out to monitor and report on all of the different grants and the criteria associated with them. The Cabinet Member confirmed that she would be happy to bring a report on any of the above areas to Scrutiny Board should it be requested.

The Board praised the work that had been and continued to be carried out by Public Health in the City but there were some concerns raised as to the impact of the cost of all of the work that had been carried out and requested assurance that support to vulnerable individuals were not lost sight of.

The Cabinet Member assured the Board that if there were vulnerable residents already known to the Council and if they fell into arrears with areas such as Council tax then the Council would reach out to them through their existing support workers to help and support them.

The Board expressed some concern that not all of these people would be previously known to the Council and that due to the pandemic may be experiencing issues for the first time and would not know how to access the necessary services.

The Cabinet Member offered to provide copies of the new materials to the Board including leaflets about the Talk to Me campaign.

The Board thanked the Council staff who had been managing the grants from the Government and getting them out to the businesses.

The question was raised as to whether there were any staff shortages due to Covid that were impacting on services. It was stated that careful management of service delivery was crucial to manage this and that there would certainly be staff self-isolating or unable to work due to the pandemic.

The Chair of the Health Scrutiny Panel informed the Board that there would be an item in relation to mental health at the next Health Scrutiny Panel meeting on 14 January 2021 which was a public meeting.

Resolved: That the report be agreed and all comments noted.