

Meeting of the Budget - Joint Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 26 August 2020,
2.00 pm

Committee Members present

Councillor Graham Jeal (Chairman)
Councillor Bob Adams
Councillor Ashley Baxter
Councillor Helen Crawford
Councillor John Dawson
Councillor Phil Dilks
Councillor Mike Exton
Councillor Paul Fellows
Councillor Gloria Johnson
Councillor Mrs Rosemary Kaberry-
Brown

Councillor Philip Knowles
Councillor Penny Milnes
Councillor Mrs Judy Smith
Councillor Judy Stevens
Councillor Jill Thomas
Councillor Sarah Trotter
Councillor Amanda Wheeler
Councillor Mark Whittington
Councillor Linda Wootten
Councillor Ray Wootten

Cabinet Members

Councillor Kelham Cooke, the Leader of the Council
Councillor Annie Mason, the Cabinet Member for Communities
Councillor Dr Peter Moseley, the Cabinet Member for Commercial and Operations
Councillor Robert Reid, the Cabinet Member for Housing and Planning
Councillor Adam Stokes, the Cabinet Member for Finance and Resources

Other Members present

Councillor Jan Hansen

Officers

Karen Bradford (Chief Executive)
Shahin Ismail (Director of Law and Governance)
Lee Sirdifield (Strategic Director, Transformation and Change)
Gary Smith (Strategic Director, Commercial and Operations)
Richard Wyles (Interim Director of Finance (Section 151 Officer))
Ken Lyon (Assistant Chief Executive, Housing Delivery)
Jo Toomey (Head of Governance)
Zena West (Scrutiny Officer)
Shelley Thirkell (Democratic Officer)

15. Register of attendance, membership and apologies for absence

Apologies for absence were received from Councillors David Bellamy, Pam Bosworth, Nicola Manterfield, Virginia Moran, Charmaine Morgan and Ian Stokes.

16. Disclosure of interests

There were no interests disclosed.

18. Action notes from the meeting held on 14 January 2020

The action notes of the meeting held on 14 January 2020, were agreed as a correct record.

19. Amended Budget Proposals 2020/21

Councillors were provided with a presentation on the amended budget proposals for the current financial year 2020/21.

There was a requirement to review the budget framework due to the Covid-19 crisis and the effect the crisis had on the income and expenditure budgets set by the Council on 2 March 2020.

The presentation captured all the implications that had impacted the Council and provided recommendations for changes, that were to be presented to Cabinet on 8 September 2020 and then Council on 17 September 2020.

The main scope of the amendments was to the General Fund revenue budget, as this area had been impacted upon directly. There was no requirement to propose any amendments to the revenue budget for the Housing Revenue Account, at the present time.

The Government had provided a financial response to the crisis, which was, to date, as follows:

- Financial hardship packages, which totalled £1.675m with an allocation of £924k for a Council Tax Hardship fund. The Council had also been granted a deferral of grant repayments, due from Council Tax, for a three-month period. This deferral had provided some short-term cash flow support.
- Financial support for business within the local authority area; primarily this had been in the form of business rates relief for the hospitality and retail sector and cash grants for businesses, which the Council had administered.

- The business rates reset had been deferred for a further year and would no longer take place in April 2021.
- The Council utilised the Coronavirus Job Retention Scheme where appropriate, specifically for the Arts and Building Control Services.
- Funding had also been received for the re-opening of high streets, homelessness and New Burdens.
- Further funding support packages had been announced by the Government on 2 July 2020, which included; £500m nationally to cover local authority spending pressures, a co-payment mechanism for irrecoverable sales, fees and charges income, phased repayment of Collection Fund and to support councils meet the pressures of irrecoverable tax income.
- On 16 July 2020 it was confirmed that the Council would receive £194k towards spending pressures, based on population and levels of deprivation. The Council would bear the first 5% of losses, compared to its budgeted income. The payment scheme details had been announced since the publication of the report; based on these announcements, it was likely that the Council could receive in the region of £1.4m although the exact amount was.

The Finance, Economic Development and Corporate Services Overview and Scrutiny Committee had been monitoring the fees and charges income since that start of the current financial year 2020/2021; this was to assess the impact of the lockdown restrictions on fees and charges received by the Council.

The first quarter of the current financial year (April to June 2020) had seen an adverse variance of income received, compared to the same period in 2019/20, which was £914,675. The Council relied on fees and charges as a key component of its income structure. It was clear that the true impact of Covid-19 would not be known for many months.

Given the volatility since the start of the financial year, the current budget framework was no longer reflective or accurate of the current demands. In total, 37% of the budget framework required amendment.

The budget had been set by Council on 2 March 2020, was £19.157m; subsequent amendments had been made and approved. Several budgets had been carried over, which had been approved by the Governance and Audit Committee on 13 August 2020. This had increased the budgets for the General Fund to £20.195m, at net cost level.

After applying the confirmed funding contributions received from the Government, the funding deficit was reduced to £2.4m. However, the actual funding shortfall was exposed to ongoing uncertainty.

A statutory requirement for the Council was to provide a balanced budget; it was therefore proposed to utilise the budget stabilisation reserve, in the event the Government co-payment scheme was not sufficient to meet the shortfall.

Use of the budget stabilisation reserve was to be a last resort, with the intention that other cost avoidance and reduction initiatives were to be used in the first instance. Members would be updated on the impact of these measures and any proposals for further changes, that may be needed during the remainder of the financial year.

The budget setting proposals for 2021/22, would commence within the coming weeks; it was noted that the impact of Covid-19 would be ongoing. The medium-term outlook would remain uncertain, for the foreseeable future.

The Chairman invited members to raise questions on the presentation and associated report; this was in two parts, the impact of Covid-19 on the financials to date and the budget going forward.

Financial impact of Covid-19 to date

Members were concerned that the impact of Covid-19 on the Housing Revenue Account Capital Programme had not been sufficiently considered. One Member stated that only 18 of the houses had been built, from a commitment of 70, for the current year and queried whether it was realistic that the investment plans were deliverable. It was advised that 31 of the housing commitments were to be completed; contracts had been arranged to ensure this. There would be an impact on the Housing Revenue Account, however as housing was built, there would be a delay on that impact.

Programmes within the HRA Capital Programme had been detailed within Appendix E of the report, which showed that there had been some deferrals, to later years. As the information had been unintentionally omitted from the agenda pack, officers displayed this section of Appendix E via screen sharing and the Interim Director of Finance presented the information to the Committee.

One Member asked if InvestSK's budget had been impacted by the current situation. Funding for InvestSK had already been agreed and transferred, for the Company to utilise when delivering against its Business Plan. Any discussions with regard to amendments in the InvestSK budget would be dealt with by the Company, separate from the Council's own budget amendment considerations.

Action Point

- **Members requested further information on InvestSK's budget.**

Attention was drawn to Appendix C of the report, Risk Matrix. Members were interested in what the Council would do if Council Tax recovery fell considerably. The Risk Matrix showed that this was at level 9 in risk, with only some tolerance to that risk. It was queried if the Budget Stabilisation reserve would be used, should Council Tax recovery fall considerably. Officers advised that the Council Tax collection fund was a separate fund from the budget. The precept payments that were required to be made to the Police and Crime Commissioner and Lincolnshire County Council were set out in law as a requirement. The Government had allowed councils to manage their deficit over a longer period, for the collection fund. The increase in the number of residents utilising the Council Tax Support Scheme had also reduced the Council Tax base within the District.

Members were concerned about how the residents of South Kesteven had been communicated with throughout the pandemic and asked what support had been offered. Residents and businesses had been contacted directly by officers where possible, rather than via written communication. Feedback from those who had been contacted, had been positive and felt that South Kesteven had been proactive with its support.

A Member asked if difficulties had arisen in rent collection rates. Officers confirmed that a significant detrimental impact was not envisaged for the Council's rental position. Whilst performance figures had not been included within the scope of the current report, a report would be submitted to the next meeting of the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee giving a performance update.

Action Point

- **The performance report submitted to the next meeting of the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee, to be circulated to all Scrutiny Members for information.**

The Budget setting in March 2020 was referenced by Members, specifically £300k of savings to be made in respect of the staffing budget. Members asked if there was an update on any progress that had been made. Officers advised that the proposals for efficiency savings within the Management Team were due to be considered at the October meeting of Council.

It was also queried if non-disclosure agreements were detailed within the Budget and what provision had been made. Non-disclosure agreements were detailed within the Final Statement of Accounts, which were published annually. Any agreements that took place in the financial year 2020/21 would be published in the accounts published in 2021.

Budget going forward

A Member referred to Appendix E of the report, which showed that most capital projects were scheduled to be completed. Concern was raised that the Bourne Corn Exchange was forecasted to spend less than the allocated budget and a Councillor asked why £70k from the Bourne Corn Exchange renovations had been re-allocated to Stamford Arts Centre and why Members local to that area had not been consulted on the matter.

The Cabinet Member for Finance and Resources explained that the initial budget for the programme of works for arts venues was reprofiled when it became clear that the Stamford Arts Centre roof repairs would cost more than had been anticipated. As a more detailed scope of works had taken place, it became apparent that more budget was required to complete the works. Assessment of the renovations of the Bourne Corn Exchange had revealed that the renovation project could be undertaken using a smaller budget, leaving an efficiency saving of £70k available. That budget was then re-allocated to the Stamford Arts Centre project, to help support the works. Officers were asked to provide a list of any changes made to the Bourne Corn Exchange renovation plans.

Action Point

- **A list of any changes made to the Bourne Corn Exchange renovation plans to be circulated to the Committee.**

Further queries were raised regarding the Capital Programme. Members asked if, given the current financial climate, the resurfacing works at Welham Car Park were necessary. It was explained that for safety reasons the works needed to be carried out.

The Budget Stabilisation Reserve was referenced by members, who asked what provision would be made to recoup the reserve, should it be used. It was advised that any gains from the pooling in the Business Rates Retention Scheme could potentially be re-directed to that reserve.

A Member asked if it was realistic that work on the Deepings all-weather pitch could begin in the current financial year. The Cabinet Member for Finance and Resources confirmed that the project was still built into the General Fund Capital Programme for 2020/21. If the anticipated timeframe for the works changed, Members would be notified. It was requested that the question be put forward to the Deputy Leader of the Council for a response outside of the meeting.

Action Point

- **The Deputy Leader of the Council be asked to provide information relating to the anticipated timeframe for the works to be undertaken on the Deepings all-weather pitch**

The Chairman asked what circumstances would need to occur for the Capital Programme to be reviewed further. Officers noted that if the current financial climate, due to the pandemic, deteriorated considerably, further interventions would be considered.

Members were all in agreement that the proposals be put forward, as recommended. Any further points Members had, would be raised at the meeting of Cabinet on 8 September 2020.

20. Close of meeting

The meeting closed at 15:21.