

Meeting of the Budget - Joint Overview and Scrutiny Committee

Wednesday, 13 January 2021, 2.00 pm



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Meeting held virtually, via Skype

Committee Members present

Councillor Graham Jeal (Chairman)
Councillor Bob Adams
Councillor Ashley Baxter
Councillor John Cottier
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 Virginia Moran
Councillor Susan Sandall
Councillor Judy Stevens
Councillor Jill Thomas
Councillor Hilary Westropp
Councillor Amanda Wheeler
Councillor Mark Whittington
Councillor Linda Wootten
Councillor Ray Wootten

Cabinet Members

Councillor Kelham Cooke, the Leader of the Council
Councillor Barry Dobson, the Deputy 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
Councillor Rosemary Trollope-Bellew, the Cabinet Member for Culture and Visitor Economy

Other Members Present

Councillor Jacky Smith
Councillor Sue Woolley

Officers

Chief Executive (Karen Bradford)
Interim Director of Finance (Richard Wyles)
Director of Law and Governance (Shahin Ismail)
Director of Commercial and Operations (Gary Smith)
Head of Finance (Alison Hall-Wright)
Acting Principal Democratic Officer (Shelley Thirkell)
Democratic Officer (Naomi Page)

20. Register of attendance, membership and apologies for absence

Apologies were received from Councillors Bellamy, Crawford, Manterfield, Morgan, Trotter, Ian Stokes and Mrs Judy Smith.

Councillor Jacky Smith, a non-Committee Member, was present at the meeting and advised the Chairman that she would be available to substitute in the place of one of the Conservative Members who had given their apologies. Following advice from Democratic Services and group leader consent, the Chairman agreed for the substitution to take place. It was confirmed that Councillor Jacky Smith would be substituting for Councillor Nikki Manterfield, for this meeting only.

A Point of Order was later raised regarding this substitution (see Minute 25, Any Other Business).

21. Disclosure of interests

No interests were disclosed.

22. Action notes from the meeting held on 26 August 2020

The action notes of the meeting held on 26 August 2020, were agreed as a correct record.

23. Updates from the previous meeting

A Member referred to the action point raised at the previous meeting in relation to the Deepings all-weather pitch and asked if the Deputy Leader could provide an update on the status of the project.

It was confirmed that a topographical survey was being carried out and plans were in the development stages to identify an appropriate location for the pitch. The Chief Executive confirmed that an update from the Head of Leisure could be circulated to Members.

Action

- 1. An update to be circulated to Members on the progress of the Deepings all-weather pitch project**

24. Budget Proposals 2021/22 and Indicative Budgets for 2022/23 and 2023/24

The Chairman confirmed that the discussion would be divided into six sections; the national context and built-in budget proposals, Company funding

proposals, Council Tax proposals, Housing Revenue Account proposals, Capital and Reserve Movements and Fees and Charges.

The National Context and Built-in Budget Proposals

The Cabinet Member for Finance and Resources introduced the report by explaining that the proposals put forward were based on the most current information available regarding Government settlement information. Due to the ongoing impact of the Covid-19 pandemic, the proposals were subject to a degree of volatility and were being monitored and reviewed by the Cabinet Member and the Interim Director of Finance on an on-going basis.

The Interim Director of Finance explained the decision timeline for the Budget proposals. The indicative proposals had been considered by Cabinet at its meeting on 12 January 2021. The public consultation would begin on 13 January 2021 and end on 26 January 2021. Feedback received from the public consultation would be considered by Cabinet at its meeting on 2 February 2021, along with any recommendations from Budget Overview and Scrutiny. A meeting of full Council would be held on 1 March 2021 to set the Council Tax level and approve the Budget.

Members received an overview of the indicative funding levels for 2021/22 and were given the opportunity to ask questions regarding the funding position for the General Fund and the key budgetary proposals for 2021/22.

Referring to the proposal to increase parking charges, several Members queried the thirty pence proposed increase for Stamford and asked why it was higher than other towns in the District. The Interim Director of Finance explained that the Fees and Charges Policy, adopted by the Council in March 2020, made provision for a distinction between charging for services in different areas of the District depending upon service demand and service provision.

The Committee considered options to offset the financial impact on the Budget proposals if the parking charge increase in Stamford was reduced to twenty pence. Officers explained that there had been some additional funding within the Government settlement, that was not anticipated at the time the proposals regarding car parking charges were developed. It was projected that there would be a reduction in the Council's income budget of an estimated £60k per annum which, if supported, could be offset against the additional funding.

A Member put forward a suggestion for a car parking reimbursement scheme to be introduced in collaboration with local shops in Council-owned car parks. The Chair requested that the Cabinet Member responded to this request outside of the meeting to further explore this option.

A proposal was put forward for £9k to be included within the Budget to part finance a road cleaning service in Bourne. It was confirmed that the Councillor

who put forward the proposition would meet with the Cabinet Member for Commercial and Operations and the Leader of the Council, to discuss the details of the proposal and explore options. The Cabinet Member explained that the preferred solution would be to make use of the services already in place by the Council and seek to make improvements where necessary.

Members of the Committee suggested that the Ward Member Grant Scheme be retained at £1,000 per Member. The increase from £500 to £1,000 per member was introduced by the Leader during the 2020/21 in order to enable additional funding support to be given to communities impacted by the pandemic. Members discussed the potential options to fund the proposal.

As the Council was currently in a forecast deficit position for 2020/21, it would not be possible to roll over any unutilised funds from the current Ward Member Grant Scheme in the Budget. The Chairman requested that further work was undertaken to explore whether retaining the £1,000 provision for the Grant Scheme was achievable, without adversely affecting the Council's outturn position.

A question was raised in relation to the Grantham Cinema and University Centre. Officers were asked if the Budget proposals had been affected by the impact of Covid-19, in particular the anticipated revenue for the premises. It was explained that there were no legacy costs pertaining to the cinema complex, as it had been funded from the Council's reserves. A lease arrangement was in place and was being honoured by both parties.

Recommendations

- **The Budget Overview and Scrutiny recommends to Cabinet that the proposed car parking charge increase for Stamford is reduced to twenty pence, to be offset using part of the Government settlement**
- **Members recommend that further consideration be undertaken to investigate the possibility of retaining the Ward Member Grant Scheme at £1,000 per Member for 2021/22**

Actions

1. **The relevant Cabinet Member to provide a response to the suggestion to introduce a parking cost reimbursement scheme in Council-owned car parks**
2. **Councillor Philip Knowles to meet with the Cabinet Member for Commercial and Operations and the Leader of the Council to explore options for improved street cleaning in Bourne**

Company Funding

The Interim Director of Finance introduced the section of the report outlining the funding proposals, for Council-owned companies. Members were advised that a financial review would be required for the LeisureSK Ltd management fee paid by the Council, as the original funding figures built into the budget were based on Covid-19 recovery and lifting of restrictions from January 2021. The continuation of a national lockdown would impact the finances of leisure centres and it was expected that the management fee would be increased within the 2021/22 financial year.

The following queries were raised by Members:

- a) Why were there no revenue implications built into the budget for Gravitas Housing Limited and how would the Council benefit from the sale of any properties at Wherry's Lane, Bourne? It was explained that the capital receipts from the properties sold would be received by Gravitas Housing Limited, although the Council would continue to receive commercial loan repayments from the Company.
- b) Was there an expectation that the Wherry's Lane project would result in a dividend for the Council? Officers explained that the shift in the housing market since the project was first commissioned meant that the projected financial forecast was changing. It was therefore too soon to predict what profit, if any would be derived from the scheme.
- c) Why had the funding for InvestSK Ltd been reduced? This was attributed to a shift in focus for the Company, which had resulted in a reviewed staffing structure and a reduction in its remit.
- d) The Chairman asked if work had been undertaken to understand the Council's maximum exposure if LeisureSK Ltd did not receive discretionary rate relief and was not able to open for trading in the 2021/22 financial year. The Company Directors were currently reviewing this, with several scenarios being modelled.
- e) Information was requested to show the reconciliation between the EnvironmentSK Ltd Business Plan, previously approved at the Companies Committee and the information shown in Table 6 of the report.

Action

- 3. Information to be provided detailing the reconciliation between the EnvironmentSK Ltd Business Plan and the ground maintenance fees paid by the Council, as outlined in Table 6 of the report.**

Council Tax Proposals

Members were informed that the budget proposals put forward were based on the adoption of a £5 (per Band D property, with other bands affected proportionately) increase in Council Tax for 2021/22. The Council Tax options were currently subject to public consultation and a survey had been promoted

via local media outlets to seek residents' opinions. A Councillor asked what proportion of residents would see the full impact of a £5 increase, should this proposal be adopted. The Interim Director of Finance confirmed that over 70% of the district's residents lived in Band A, B and C properties and would incur a smaller increase if the proposal was approved.

Councillor Mrs Rosemary Kaberry-Brown left the meeting at 15:47.

Housing Revenue Account

The Cabinet Member for Finance and Resources introduced the section of the report on the Housing Revenue Account (HRA). It was explained that the Consumer Price Index (CPI) which contributes towards the level of the rent increase was 1.2% lower than the year before, meaning the overall rental income due for 2021/22 was over £1.1m less. This would have a detrimental impact on the HRA 30 year financial business plan.

The HRA Business Plan would see a lower income projection over the medium term against a backdrop of increasing expenditure and was not able to present a balanced budget beyond one year, based on current information. The Interim Director for Finance outlined the challenges faced by the HRA budget and explained that significant work would need to be undertaken over the coming months to address these issues and ensure a financially sustainable outlook.

One Member expressed their support for the development of a three-year Capital Programme and asked if further details of the schemes could be provided. The Cabinet Member for Housing and Planning confirmed that internal groups, such as the Housing Board, were working to ensure that plans were put in place to ensure delivery of the Programme. The Chairman requested that the Cabinet Member provide a statement to the Committee explaining in further detail, the Capital Programme plans, before the end of February 2021.

Members enquired as to the purpose of the Housing Board. The Chief Executive explained that this was a group created to assist in improving the governance arrangements and holding teams to account for the delivery of the HRA Capital Programme. Members asked for the Terms of Reference and minutes of the group's meetings be circulated.

Actions

- 4. The Cabinet Member for Housing and Planning to provide a statement for Members of the Committee on the plans for the implementation of the three year HRA Capital Programme (before the end of February 2021)**

5. The Terms of Reference and minutes of the Housing Board meetings previously held to be circulated to Members

Reserves and Balances

The Interim Director of Finance gave an overview of the Budget position of the reserves and balances, highlighting the need for any use of the Budget Stabilisation Reserve for the current financial year to be kept to a minimum, in anticipation of the continued financial pressures over the coming years.

One Member asked for an explanation of the purpose of the Invest to Save reserve. Officers explained that it had been established by the Council to fund projects that needed up-front funding during the financial year, to enable the Council to respond to opportunities when they arose, without the need to wait for the annual budget cycle. A non-key decision was required by the Cabinet Member for Finance and Resources for the reserve to be used. Responsibility for the delivery of anticipated savings would fall under the individual service areas and would be captured in the monitoring reports considered by the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee.

Fees and Charges and any other questions

The Committee were informed that the fees and charges proposals outlined in the report were primarily formed on an inflation and cost recovery basis in accordance with the Fees and Charges Policy. Members referred to comments made earlier in the meeting in relation to the difference between charges in different towns for services such as car parking and market stall trading opportunities. The Committee were reminded that the Towns within the District had varying demands for these services, the Fees and Charges Policy made provision for these differences, to be reflected in the budget proposals.

The Chairman requested that the recommendations and actions agreed by Members, be considered by Cabinet on 2 February 2021 and then recommended to full Council, for approval.

25. Any other business which the Chairman, by reason of special circumstances, decides is urgent

Councillor Phil Dilks raised a Point of Order in relation to the substitution that had been allowed at during Item 1 (Register of Attendance). He explained that the substitution had not been made in line with the Council's Constitution; notice of a substitution should be made prior to the commencement of the meeting. The Chairman thanked Councillor Dilks for raising the point and confirmed that this information would be followed up after the meeting had closed.

26. Close of the meeting

The meeting closed at 16:50.