



Scrutiny Committee

16:30 to 18:40

4 February 2021

Present: Councillors Wright (chair), Carlo, Fulton-McAlister (M), Giles, Grahame, Manning, McCartney-Gray, Oliver, Osborn, Ryan, Sands (S) Sarmezey and Thomas (Vi)

1. Public questions/petitions

There were no public questions or petitions

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED, to approve the accuracy of the minutes of the meeting held on 21 January 2021.

4. Scrutiny committee work programme 2020-21

Members discussed the topic for the March meeting of the scrutiny committee and it was agreed that the committee would consider the Procurement Strategy before it was taken to cabinet in April.

RESOLVED to add pre-scrutiny of the Procurement Strategy to the scrutiny committee work programme 2020-21

5. The council's 2021-22 budget

(Councillor Kendrick, cabinet member for resources and Councillor Waters, leader of the council, were present for this item).

The cabinet member for resources presented the report. He said that the administration had worked to protect frontline services and had avoided the need for service cuts. A further £11.8m would be needed in savings by 2025-26. The council continued to offer a 100% council tax reduction scheme.

The interim director of resources and section 151 officer said that it had been another challenging year, especially as councils were only receiving one year settlements. There would be a push to return to three year settlements as the one year process made budgeting very difficult. The council had been provided with a one off payment of £3m to cover financial pressures stemming from the Covid-19 pandemic.

There was a structural gap of £2.2m but the budget being presented was a balanced one. She was proposing an increase in the prudent minimum reserve levels to £5.1m to cover day to day risks, although over the medium term, the council would be working on smoothing.

She highlighted the addition of the risk reserve which acknowledged that the council would have challenges which were currently unknown. A business change reserve had also been built into the budget to address changes in pressures on local government and investing in people.

A member asked whether any thought had been given to how to engage with public on such a complex document. The director of strategy and culture said that the council had received its largest ever response to a budget consultation and that it had been a high level, thematic consultation. There were no questions about reshaping frontline services but if changes were to be made there, more consultation would be undertaken prior to any redesign of services.

A member referred to the integrated impact assessment and said that the line on financial inclusion was marked as neutral but the interpretation was that the budget was having a positive impact in this area. The interim director of resources and Section 151 officer said that the assessment gave an overarching view and as the budget was not impacting frontline services, it was marked as neutral for that section.

In response to a member's question on the best mechanism for funding for local government, the interim director of resources and Section 151 officer said that overall, the approach to funding must be clear and transparent and should be a system that gives better flexibility for local democracy.

A member said that the criteria for investing in and assessing assets were strong on making sure that money was safe before looking at yield but there should be some criteria to ensure that spending was compatible with the values of the council. The interim director of resources and Section 151 officer said that the council managed cash flow rather than holding money. Safety was the primary focus as interest rates were so low.

Members discussed the General Fund.

The chair referred to the proposed income for parking at the council's parks and asked if the impact of increased parking on verges had been considered. The interim director of neighbourhoods said that the figures in the report were a prudent assumption and that these factors would be considered before seeking approval for such a scheme.

A member highlighted option 8 on page 69 of the agenda papers which referred to the potential sale of 2-3 community centres. The income generation was modest but the proposal had wider implications for the local community. She asked if there were any

background papers available to members on these proposals. The interim director of neighbourhoods said that there would be some consultation on the proposals taken forward including more detailed papers. The figures were an assumption at the moment which had been calculated around commercial activity at some of the centres and the centres would be consulted with to understand options and reports would be taken to cabinet in due course. By way of a follow up comment, the member said that she would like to see this option dropped from the budget papers. The leader of the council said that principle of income generation were to be explored first and the council was looking at a range of options to generate income in order to protect services. The approval of the recommendations in the budget papers would allow an opportunity to look at the proposals in more detail.

A member referred to page 50 of the agenda papers and asked how reserves would be used. The interim director of resources and Section 151 officer said that there was an additional reserve being proposed which would be a business change reserve to invest for change and better outcomes for the council, which may not necessarily be savings.

In response to a member's question, the chief executive said that the council was going through a restructure with the directors being reduced to three posts and additional heads of service being appointed. Once the new structure was in place, the council would review how services could be better delivered. There were investments being made in technology and vacant posts would always be reviewed.

Members considered the options set out for the Housing Revenue Account (HRA).

A member asked about retrofitting of council houses and whether the reserves for upgrading current stock were sufficient to meet carbon reduction targets. The interim director of neighbourhoods said that there was some work to be done around housing need. The current strategy was a balanced one as the council was looking to have properties that were energy efficient. Observations from elected members and tenants were always welcome and all opportunities were being investigated.

By way of a follow up question, a member asked what the council's ambitions were for retrofitting and carbon future proofing of housing stock. The interim director of neighbourhoods said that part of the insourcing of asset management would make this task easier. There was a plan to balance what the council could afford to do and to ensure that neighbourhoods were fit for the future. The director of place said that the council had set out an ambitious agenda with its Environmental Strategy with an action plan in place to help with the journey to carbon neutrality by 2030. The environmental standards of new homes would be looked, not just retrofitting. The council had received some funding for such projects and was expecting an increase in government funding to encourage local authority investments in this.

A member referred to the council's asset portfolio and asked if it would be reviewed. She said that some assets could be sold on the open market rather than refurbished and asked when new assets were purchased, if repair and maintenance costs were included in budgeting. The interim director of resources and section 151 officer said that an asset management review was due. It was important that short term needs could be addressed so it was appropriate to set aside funds to do this. In terms of commercial properties, the Public Works Loan Board criteria had changed but this did

not stop regeneration work in the local area with investments made in existing assets to ensure returns.

By way of a follow up question, a member said that with the changes to the Public Works Loan Board (PWLB) and the council needing to make a three year business case but only receiving one year settlements from the government, would this make it more expensive to undertake similar projects in the future. The interim director of resources and section 151 officer said that projects would not be funded through the PWLB but there was no action to be taken on the current portfolio regarding this. In response to a follow up question, the interim director of resources and section 151 officer said that the government was looking for clear political priority when considering lending money and the council would use the 2040 City Vision and Asset Management Strategy to provide purpose for investment.

Members discussed Treasury Management.

A member said that he wanted to add a fourth criteria to the Treasury Management investment policies with the addition of 'social value.' The interim director of resources and the section 151 officer said that she could ask the council's treasury management advisors to research this.

Regarding the chief finance officer statement, a member asked for more detail on the statement that the chief finance officer had reservations about delivering the capital strategy. The interim chief finance officer and section 151 officer said that she had to start planning the capital programme in advance of setting the budget. Work had been undertaken on the programme throughout the year and there needed to be a 'line in the sand' which had been drawn prior to the third national lockdown. There was the potential for slippage around the programme as the council had been restricted on what it could do due to the pandemic.

RESOLVED to ask cabinet to ask the council's treasury management advisors to research and investigate the addition of 'social value' as a fourth criteria of the treasury management investment policies.

CHAIR