

**BUDGET SCRUTINY PANEL
4TH JANUARY 2023**

PRESENT: The Chair (Councillor Charles)
The Vice Chair (Councillor Popley)
Councillors Miah and Parsons

Councillor Barkley (Deputy Leader of the Council
and Cabinet Lead Member for Finance and
Property Services)
Councillor Poland (Lead Member for Public
Housing)

Director Finance, Governance and Contracts
Head of Finance
Director Commercial and Economic Development
Director Housing and Wellbeing
Democratic Services Officer (SW)

APOLOGIES: Councillor Seaton

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

15. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 13th December 2022 were confirmed and signed.

16. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

17. DECLARATIONS - THE PARTY WHIP

No declarations were made.

18. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions were received.

19. INFORMATION ON THE GOVERNMENT FINANCIAL SETTLEMENT

The Director of Finance, Governance and Contracts (S151 Officer) provided a verbal update on the financial settlement from government. The Director of Finance, Governance and Contracts and the Head of Finance assisted with the consideration of this item.

The following summarises the key points and the discussion:

- i. The Council had received a provisional financial settlement from government on the 19th December 2022, which was in line with predictions outlined in the draft budget. A final settlement would be confirmed in February 2023, and it was unlikely there would be any changes made to the provisional settlement.
- ii. The core spending power suggested in the provisional settlement was in line with predictions; £18.1m versus 17.3m in 2022/23.
- iii. It was anticipated that Business Rates retentions would be slightly better than anticipated in the draft budget, although this would not have a significant impact on Council finances. Initial estimates suggested that the Council would likely be required to use reserves of around £1.7m, as opposed to the £1.9m estimated in the draft budget, although it was noted in the detailed calculation that the retention was still required.
- iv. The settlement covered one year of Council finances and there was some indication that subsequent financial settlements would be similar. The 2024/25 financial year was the final year of the current spending review period and it was difficult to make predictions on settlements after the period had ended.
- v. It was expected that there would be an overspend on operational expenses on the General Fund for 2022/23. Income from interest receivable and the outturn on Business Rates was expected to be better than anticipated in the original budget and so this would likely mitigate the overspend.
- vi. It was highlighted that the outturn in June 2023 was significant as there was a possibility that it would be better or worse than initially anticipated, and this would have an impact on the balance sheet for the following year.
- vii. Some of the government grants received by the Council in previous years would not be offered in the 2023/24 period. The New Homes Bonus had been reduced substantially but a funding guarantee of £2.3m had been included within the provisional settlement leaving totality of government grants similar to previous years.

RESOLVED that the Budget Scrutiny Panel notes the information provided.

Reason

To ensure members of the Budget Scrutiny Panel were informed about the financial settlement from government.

20. REVIEW OF SPECIFIC BUDGET ELEMENTS

Cabinet Lead Members and Officers attended the meeting to assist with the review of specific budget elements. The Director of Commercial and Economic Development, the Director of Finance, Governance and Contracts (and S151 Officer) and the Head of Finance assisted with the consideration of this item.

The following summarises the discussion:

- i. The commercialisation reserve was intended to mitigate risk as changes occurred over time. Commercialisation reserve funding would only be used in specific events, such as if a tenant did not renew a contract and therefore there was no rental income from the property or if there were requirements for refurbishment. Funding could also be released if the risk profile had significantly reduced (for example, long-term letting). It was highlighted that any release of funds from the Commercialisation Reserve would be transparent and subject to committee approval. The decision-making process on the release of funds from the Commercialisation Reserve would only be triggered following the events specified.
- ii. The Commercialisation Reserve was entirely separate from the General Fund and earmarked for the commercialisation portfolio as outlined.
- iii. The calculations on the release of funds was based on CIPFA modelling. The detail of these calculations and a business case would be included in any committee reports required to release funds from the reserve. The S151 Officer would lead the process of establishing the figures required in the event that funding release was triggered.
- iv. It was suggested that balances associated with the Commercialisation Reserve could be included within reports submitted to the Audit Committee to enable members to be better familiarised with the Commercialisation Reserve.

RESOLVED that the members of the Budget Scrutiny Panel note the information.

Reason

To ensure members of the Budget Scrutiny Panel were informed on specific budget elements.

21. BUDGET SCRUTINY PANEL DRAFT REPORT

The Budget Scrutiny Panel draft report was considered with a view to agree a final version for submission to the Scrutiny Commission at its meeting on 9th January 2023 (item 8 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts (S151 Officer) and the Democratic Services Officer assisted with the consideration of this item.

- i. It was agreed that the first observation in the draft report of the Budget Scrutiny Panel be removed as it was considered to be too strong a statement for the Budget Scrutiny Panel to make.
- ii. It was agreed that the foreword of the report included more content on the cost-of-living crisis and an indication that the Council was mindful of the circumstances of residents. It was suggested that more information be included on the ways that the Council was supporting residents, including the resources available.
- iii. It was agreed that the wording in the paragraph detailing observation two be changed as follows; *“The Budget Scrutiny Panel wishes Cabinet to ensure that use or release of the Commercialisation Reserve is appropriate at the point in time and that appropriate governance around that decision is in place.”*
- iv. It was agreed that the wording in the paragraph detailing observation three be changed as follows; *“The Budget Scrutiny Panel wishes to reinforce the importance of the focus of reducing the structural deficit, to produce a long-term, sustainable and balanced budget and to provide a platform for the Council to take opportunities to further enhance services in the future. The Council has a significant structural deficit which requires addressing and the panel believe that this task should be undertaken with urgency and priority. By addressing these matters, the panel feels that we will be better placed to serve our local community with a long-term strategy that is viable and fully costed.”*
- v. It was agreed to include a recommendation that the panel proposes the development of a brief summary or ‘dashboard’, to provide a general indication of the Council’s finances be made available to all Councillors on a regular basis. It was suggested that this summary document be included within each committee agenda. It was highlighted that a report was submitted to each meeting of the Finance and Performance Scrutiny Committee on a quarterly basis which detailed the information requested. It was recognised that there would be a significant amount of work required to develop this proposal and so it was considered that the final agreement be made outside of the panel report.
- vi. It was agreed that these changes be made and following this, the draft report be circulated to members of the panel to make final comments and

suggestions with a deadline. The report would then be published as a supplement to the Scrutiny Commission agenda for the meeting on 9th January 2023. The changes to the draft report highlighted in the meeting were to be confirmed outside of the meeting, following final consultation with the members of the panel and the Chair.

RESOLVED

1. That the changes as outlined in the meeting be made to the draft report and that the updated draft report be circulated to members of the panel for comment.
2. That following (1), the report of the Panel be submitted to the Scrutiny Commission at its meeting on 9th January 2023.

Reasons

1. To ensure the panel report accurately reflects the observations and recommendations of the Budget Scrutiny Panel.
2. To enable the Scrutiny Commission to consider the report, with a request that it be recommended to the Cabinet at its meeting on 9th February 2023.

NOTES:

1. No reference may be made to these minutes at the Council meeting on 23rd January 2023 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. The following Budget Scrutiny Panel Members, Lead Members and Officers attended the meeting virtually; Councillor Popley, Councillor Poland, Councillor Barkley, the Director of Commercial and Economic Development, the Director of Housing and Wellbeing and the Head of Finance.