



Minutes of the meeting of the BUDGET AND RESOURCES SCRUTINY COMMITTEE held on THURSDAY 17 DECEMBER 2020

**Present:** Councillors R Bradburn (Chair), Cannon, P Geary, Gilbert, Long, Rankine, and C Wilson-Marklew

**Officers:** S Richardson (Director of Finance and Resources), A Rulton (Head of Finance), N Hutchin (Head of Finance), L Wheaton (Budget and Financial Planning Manager), D Doherty (Senior Finance Business Partner), E Richardson (Overview and Scrutiny Officer), J Zammit (Business Support Assistant)

**BR21            DECLARATIONS OF INTEREST**

Councillor P Geary advised that he had recently received settlement of a long-standing compensation claim against the Council.

**BR22            MINUTES**

RESOLVED -

That subject to a minor correction to the first paragraph of Minute BR19 (insertion of a missing word) the minutes of the meeting held on 20 October 2020 be signed by the Chair as a correct record.

**BR23            LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22**

The Committee received a presentation from the Director of Finance and Resources on how the Finance Team had used the Government's Spending Review to inform the draft 2021/22 budget proposals, including a 2.5% increase in Council Tax for 2021/22.

He explained that the 2021/22 Local Government Finance Settlement had only been announced at 4.00 pm that afternoon, which meant that he and his staff had not yet had time to do a complete analysis, but they were able to share some of the headline items with the Committee:

- a) a new lower tier services grant of £337k had been announced;

- b) the Council's share of the Covid-19 grant was lower than had been expected, although not all grants had yet been announced;
- c) the deficit in the Covid-19 grant would impact the Medium Term Financial Plan (MTFP) in 2022/23 rather than the coming year;
- d) the unannounced grants were mainly for small sums which were unlikely to make a significant difference to the deficit;
- e) the additional Council Tax precept was solely to cover the provision of Adult Services and would be used to balance that budget;
- f) at present the draft 2021/22 budget balances and the Director of Finance and Resources was confident that that the Council would be able to meet the identified pressures, but the big question was the possible effect on the Council's finances from 2022/23 onwards.

In response to questions from councillors, the Committee also noted that

- a) a more sustainable solution from Government to the problem of funding Adult Services was needed. Regular use of a Council Tax precept was not popular with local authorities and was not particularly efficient;
- b) the current arrangement meant that councils were able to levy a precept of up to 3% over two years. The plan in Milton Keynes was to levy 0.51% during 2021/22 and the remainder in 2022/23;
- c) there were many different government funding streams for 2020/21 to help councils cover additional costs incurred in dealing with the pandemic, including an un-ringfenced grant of £20m, £8m from the Fees and Charges Compensation Scheme (which was about 70% of the Council's losses) and a grant to cover irrecoverable losses on Council Tax and Business Rates, although there was no indication of how much that would be;
- d) the Director of Finance and Resources was confident that the Council would be able to balance its 2020/21 budget and that there would be no need to roll over a deficit to 2021/22;
- e) there had been some underspends in some service areas during 2020/21 and the Council had implemented a number of in-year cost-saving measures as soon as the pandemic hit, which meant that financially the Council was in a better position than it might have been;

- g) the movement from what had been expected when the 2020/21 budget was being prepared was £1.7m. Despite this 2020/21 would balance, although the contingency fund to take into 2022/23 would be considerably less;
- h) a £7m grant for to cover Covid-19 costs had been confirmed for 2021/22, together with an additional £2m compensation to cover lost Fees and Charges. The Council would also receive a Council Tax Support Grant, although there was no indication of how much this would be;
- i) the pressure on the 2021/22 budget was likely to be about £18m over the whole year but there may be further funding available in-year;
- j) the Government had not closed the door on extending any of its support schemes if the pandemic worsened or continued for longer than currently anticipated;
- k) the Council had been able to support voluntary sector organisations affected by Covid-19 during 2020/21, but there no additional proposals to extend this to 2021/22/.

RESOLVED -

1. That the senior members of the Finance Team be thanked for their attendance at the meeting, for putting together a clear and concise presentation at such short notice and for their explanations in response to questions from the Committee.
2. That the whole of the Finance Team be commended for their forward thinking approach to monitoring the Council's finances from the start of the pandemic, which has placed the Council in a much better financial position for 2021/22 than might have been the case, and that they continue with this successful way of working in the future.

## **BR24**

### **SCRUTINY OF REBASED SERVICE AREA BUDGETS FOR 2021/22**

The Committee received a presentation from the joint Heads of Finance on how the Finance Team had rebased the service area budgets and assessed the pressures likely to be faced in 2021/22. The presentation covered the approach to demand budgets, a reminder of core principles, examples from various service areas and the effects of Covid-19 on various income streams.

During the following discussion the Committee noted that:

- a) The cost of Home to School Transport remained an issue;

- b) There had been an on-going dialogue with the providers of care homes in order to keep beds available, but without increasing costs, which could have happened. This had made the rebasing of this budget easier as it was not relying on guesswork;
- c) There was a view that the Council needed to expand the services offered by the Community Alarm Service to help people stay independent in their own homes for longer;
- d) There appeared to a projected underspend of the homelessness and adult social care budgets, whilst there was an increasing spend on children's social care
- e) There was concern about the level of uncertainty created by the pandemic which looked like continuing indefinitely, with the financial crisis it had created going on for much longer than the immediate health crisis;
- f) Some of the Council's regular income streams had been seriously affected by the pandemic and some creative thinking might be needed in order to redeploy assets which were not currently making money, to benefit the Council, local businesses and residents;
- g) Council staff were currently being consulted about changes to working patterns for the future and some innovative ideas were coming forward. However, whatever was agreed upon would not be put into place until all restrictions were lifted;
- h) The key to making working from home effective and of benefit to both the staff involved and the Council was good management, and services would need to adapt to what could become the "new normal";
- i) The demand for adult social care services had not risen by 3% so the Council did not need to take the full, extra 3% precept on Council Tax for 2021/22, keeping the balance in reserve for use in 2022/23 if necessary. The Council had to show that the money had been reinvested in adult social care provision and on what it was spent;
- j) Charging more for services did not necessarily increase income; lower prices could stimulate demand and produce a larger income than a price increase. There was a need to increase demand across the whole economy to get it moving again.

RESOLVED –

1. That the two Heads of Finance be thanked for their comprehensive presentation and clear responses to questions from the Committee.
2. That the Committee reflects on the information in the presentation as a basis for discussion with Cabinet Members during the January Budget Challenge meetings.

**BR25**

**ARRANGEMENTS FOR JANUARY BUDGET CHALLENGE MEETINGS**

The Committee received and approved the proposed arrangements for the January 2021 Budget Challenge Meetings.

RESOLVED –

1. That the Committee notes the arrangements for the January Budget Challenge meetings as set out in the agenda and the proposed timetable circulated separately.
2. That, where time permits, the Committee reviews the content of the report on its work which will be presented to Cabinet on 2 February 2021, at the end of each Challenge meeting

**BR26**

**2020/21 WORK PROGRAMME**

The Committee noted the proposed topics for scrutiny at the March 2021 meeting.

RESOLVED –

That the Committee notes the proposals for the March meeting as set out in the Work Programme, whilst remaining aware that these might change at short notice.

THE CHAIR CLOSED THE MEETING AT 9.07 PM

All the presentations referred to in this document can be found on the Council's Committee Management Information System (CMIS) at: [CMIS: Budget and Resources Scrutiny Committee - 17 December 2020](#)

The recording of this meeting is available to view on the Council's YouTube Channel at: [Milton Keynes Council YouTube: Budget & Resources Scrutiny Committee - 17-12-20](#)