



Minutes of the meeting of the BUDGET AND RESOURCES SCRUTINY COMMITTEE held on TUESDAY 20 OCTOBER 2020

Present: Councillors R Bradburn (Chair), Akter, 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), B Lewis (Head of Property and Facilities) P Beer (Estates Lead), E Richardson (Overview and Scrutiny Officer), S Pitkin (Business Support and Civic Events Manager)

BR15 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

BR16 MINUTES

RESOLVED -

That the minutes of the meeting held on 15 September 2020 be signed by the Chair as a correct record.

BR17 IMPACT ON COUNCIL FINANCES DUE TO REDUCTIONS IN INCOME 2020/21

The Committee received three presentations from the Finance Team which set out:

- i. how the work to develop the 2021/22 budget would be carried out and the challenges this posed;
- ii. the effect of Covid-19 on parking income; and
- iii. the impact of Covid-19 on the Collection Fund, which records the income and expenditure relating to Council Tax and Non-Domestic Rates.

The Committee then discussed these with the Finance Team, noting that:

- i. 2021/22 Draft Budget Development:
 - a) Income generation was becoming increasingly important to local authorities although this did expose them to the risks associated with recessions;
 - b) Local authorities could not trade to make a profit but could generate sufficient surplus to cover the costs of delivering any particular service and to invest in improvements to that service. Any plans to generate income in this way would need to be looked at on a service by service basis;
 - c) Although the Government had announced an extra £1bn funding for local authorities, there were no details as to how this would be allocated between authorities, whether the same criteria would be used as last time or if there would be any strings attached as to what it could be used for. The Local Government Association and the Government were currently in discussions about the allocation;
 - d) Depending on the size of Milton Keynes' allocation and provided there were no strings attached as to its use, it was proposed that this money would be used, first and foremost, to balance both this year's and next year's budgets. Then if there was anything left over, a decision as to what to use it for would be made;
 - e) Non-essential spend by council departments for 2020/21 had already been stopped and the savings identified taken out of the base budget for future years, details of which would be in the draft budget proposals presented to Cabinet in December;
 - f) In a normal year any one-off windfall from the Government would be used to fund one-off items in the budget. However, 2020/21 was far from normal and government grants were being used to mitigate costs and lost income in order to balance the budget. Anything left over would give the Council a choice as to the spend next year;
 - g) The Council also had the option to save the money in 2020/21 and use it in a future year to balance the budget over the medium term.

ii. Parking Income:

- a) Currently the Parking Reserve Fund was at zero, as the money had been used for the installation of the new parking ticket machines in CMK during 2019/20;
- b) After the deduction of management costs, any surplus parking income was used for improving off-street parking, supporting public transport (eg bus subsidies), environmental improvements and highway improvements;
- c) The Council had received a parking income support grant from the Government, but this was only for 2020/21 – it was not ongoing funding for next year;
- d) This year's parking trends were being used to formulate the estimates of parking income for the 2021/22 budget;
- e) The figures for direct parking income and the government support grant would be shown as separate lines in the 2020/21 Period 6 Budget Report being presented to Cabinet in December.

iii. Council Tax and Non-Domestic Rates (NDR):

- a) Council Tax and NDR were the Council's most significant sources of income in the General Fund budget and also the most difficult to predict, with the level of NDR income being even more difficult to predict than Council Tax;
- b) The anticipated £4.5m 2020/21 Council Tax deficit could be spread across the next three years at a rate of £1.5m per year to even out the burden;
- c) There was a baseline for NDR income, and depending on how much they normally collected, councils either had a tariff or a top-up figure linked to NDR;
- d) Councils, such as Milton Keynes, which collected more than the Government estimated they needed to balance their budgets were subject to a tariff payment back to the Government, whereas those councils which collected less, received a top-up payment;
- e) The level of both the tariff and the top-up rose by inflation each year. Changes to the baseline figure only happened if the Government decided to do a reset. The baseline was not affected by a reduction in NDR income;

- f) Local authorities were responsible for covering the first 7.5% drop in income in NDR below the baseline, below that the Government would pick up the balance;
- g) When in use, occupiers of commercial premises were responsible for the payment of NDR. If a property became vacant then no rates were chargeable for 3-6 months, depending on the property type. After that, if a property remained vacant, the owner was responsible for the payment of NDR;
- h) Milton Keynes Council had benefited over the years from running a substantial surplus on its NDR and would therefore have to lose a very substantial amount of NDR income before it started to have any major problems in this area.

RESOLVED -

1. That the senior members of the Finance Team be thanked for their attendance at the meeting, the clarity of their presentations and their explanations in response to questions from the Committee.
2. That the Finance Team continues to monitor closely the level of the Council's income from all sources, particularly parking income, which appears to be the income stream currently most affected by the Covid-19 pandemic.

BR18

ASSET RATIONALISATION OF OPERATIONAL PROPERTY

The Committee received a presentation from the Estates Lead officer setting out plans for an asset rationalisation programme in respect of the Council's operational property portfolio. The presentation covered the Council's Corporate Property Strategy (164 properties) and its strategic themes, what the issues were in managing these properties, draft plans for an asset rationalisation programme, the type of assets involved, the different phases of the plan and what they involved and a brief overview of the Council's commercial property portfolio (201 properties).

The Committee then discussed the proposed programme with the Head of Property and Facilities and the Estates Lead officer noting the following key points:

- a) The Property Team were starting to work with the Adult Social Care Team to assess what facilities / properties they needed in order to deliver their services to local residents and what a future Adult Social Care model might look like;

- b) Possible provision of housing by the proposed new Local Housing Company had just been cited as an example; offering the possible development sites mentioned in the presentation to the Housing Revenue Account for council housing was another option. The Property and Estates team had a responsibility to achieve the best value from the site for the Council, but the provision of sufficient council housing was also a priority;
- c) The way individuals, including a significant number of council staff, worked was changing and there could well be risks and impacts on both staff and the Council. The Property and Estates Team were currently working with HR to assess the needs of staff across the Council, as increased working from home became the new normal;
- d) Work styles were changing, and it was hoped to eventually focus all council services in the Civic Offices once social distancing rules were eased and capacity could be increased. However, it would no longer be possible for all staff to be in the office all the time;
- e) An equality impact assessment on the benefits and risks of long term working from home would be included in a future update of the business case;
- f) The Team were looking at the small number of buildings, which were unlikely to re-open once normality returns. These were predominantly administration / back-office services, rather than front line services, which could be easily moved elsewhere;
- g) Careful decision making, in consultation with the services concerned was needed. A more sustainable approach to the use of buildings was needed. Options on the co-location of services which fitted together would be explored, such as a children's centre and a library during the day which could then be used for local community events in the evening;
- h) Different areas of Milton Keynes could well have different needs. There was no one-size fits all solution but if the Council got it right, it would be possible to make savings without any loss of service provision. The aim was to have the right buildings in the right place with the right maintenance programme.
- i) The maximum sustainable percentage of reactive to planned maintenance was 70% reactive maintenance to 30% planned

maintenance. Reactive maintenance costs above this level were expensive, and ideally needed to be much lower than 70%.

Finally, the Committee raised concerns about selling surplus buildings too soon without exploring the possibility of using them to generate income. In response to a query about acquiring additional property for income generation purposes, the Head of Property and Facilities confirmed that if the Council was ever in a position to do that, then any such acquisitions would be in the borough.

RESOLVED –

1. That the Head of Property and Facilities and the Estate Lead officer be thanked for their interesting and informative presentation on how the Council plans to asset manage its operational property portfolio, scrutiny of which is a new area of work for the Committee.
2. That the following recommendations be considered when further work is done to develop the Business Case for the Asset Rationalisation of Operational Property:
 - a) That all options for the provision of affordable / council housing be considered when the future of the 3 potential development sites referred to in the presentation is being assessed;
 - b) That a full assessment of the risks and benefits to both the Council and its staff be carried out before the possible modal shift to long-term working from home becomes a reality;
 - c) That the necessary measures to ensure effective management of staff who opt to work from home on a regular basis, in order to get the best from staff and provide staff with the best working experience possible, be in place before working from home becomes an established norm for council staff;
 - d) That as part of any rationalisation of the Council's property portfolio, the effect of the loss of facilities be considered very carefully and that the co-location of affected facilities be used as mitigation when a property is disposed of;
 - e) That the Council considers discussing with its partners, such as the NHS or third sector organisations, the possibility of co-location of services and a linked property strategy, which would benefit both the residents of Milton Keynes, the Council and its partners.

3. That given the anecdotal evidence from across the Council about different experiences of home working, both positive and negative, the Chief Executive be asked to review the long term implications of extensive and extended use of working from home as the main operational model of the Council, reporting back to this Committee in 6 months' time, with an assessment of those implications.
4. That further scrutiny be carried out by the Committee once the next phase of the Asset Rationalisation Business Case has been completed and the programme updated.

BR19

CABINET INVESTMENT PROPOSALS 2020/21

The Committee received a short presentation from the Head of Finance setting out the current position of the one-off Cabinet investment proposals which had been approved as "Annex W" of the 2020/21 budget. The presentation was accompanied by a detailed spreadsheet which clearly indicated which projects had had their funding reduced, where funds had been re-allocated, revised amounts, what had been spent so far and any outstanding business case balances. Each item on the schedule had been individually reviewed by the Cabinet and political decision made as to what could either be reduced or cut altogether and what was essential with which to proceed.

RESOLVED –

That the Head of Finance be thanked for her concise report on the progress of the 2020/21 Cabinet Investment Proposals (Annex W).

BR20

2020/21 WORK PROGRAMME

The Committee was asked to note the change in date for the December meeting and the provisional dates for extra meetings in January 2021 and advised that these changes would be formally approved by the Scrutiny Management Committee at its meeting on 18 November 2020.

RESOLVED –

1. That the Committee notes the change of date for the December meeting from 8 to 17 December in order to facilitate the start of the challenge process to scrutinise the draft 2021/22 budget proposals.

2. That the Committee also notes the proposed additional meeting dates provisionally arranged for 14 and 26 January 2021.

THE CHAIR CLOSED THE MEETING AT 9.30 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 - 15 September 2020](#)

The recording of this meeting is available to view on the Council's YouTube Channel at: [Milton Keynes Council YouTube Channel](#)

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