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**EXCERPT FROM THE MINUTES OF THE  
BUSINESS AND TRANSFORMATION SCRUTINY PANEL  
HELD ON 1 DECEMBER 2020**

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**BTSP.73/20      BUDGET 2021/22**

**(a) Minutes of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel**

The excerpts of the minutes of the meetings of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel held on 19 November 2020 and 26 November 2020 respectively were submitted for consideration and were noted.

**(b) Budget Update – Revenue Estimates 2021/22 to 2025/26**

The Corporate Director of Finance and Resources submitted report RD.32/20 providing a summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and forecasts up to 2025/26 for illustrative purposes. The base estimates had been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan approved by Council on 8 September 2020.

The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved, details of which were recorded at Section 1.3. A summary of the outstanding key issues, together with the resource assumptions was also provided at Section 4. Details of the COVID-19 income and budget monitoring shortfalls were documented at paragraph 5.9. Potential new spending pressures which fell within the remit of the Panel were set out on the agenda.

The Executive had on 9 November 2020 (EX.122/20 refers) received the report and resolved:

“That the Executive:

- (i) Noted the revised base estimates for 2020/21 and base estimates for 2021/22;
- (ii) Noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken;
- (iii) Noted the initial budget pressures, bids and savings which needed to be taken into account as part of the 2021/22 budget process;
- (iv) Noted the review of the earmarked reserves as outlined in paragraph 9 and Appendix F”

In considering the report Members raised the following comments and questions:

- How would the recent news regarding high street shops moving into administration affect the city centre income shortfall figures?

The Corporate Director of Finance and Resources clarified that the city centre property income shortfall in the report referred to a specific property with the assumption that the funding gap would

be replaced by funding received from the Borderlands Project. With regard to the current situation on the high street there would need to be an assessment of the rental income and business rates income for the city centre. If the loss of income was as a direct result of Covid-19 discussions would take place with the MHCLG regarding emergency funding to compensate for the loss of income.

- The leisure industry was key for the health and wellbeing of the city, was there any projections on the impact of Covid-19 to GLL and was there any national support available for the leisure industry?

The Deputy Chief Executive explained that GLL had received some government support and the City Council had supported them locally. GLL had not submitted any further requests for support, however, the situation would be carefully monitored.

- How would the shortfall in industrial estate income be managed and was it possible to target the marketing of vacancies to those companies which remained in high demand to encourage them to locate to the City and grow their business.

The Corporate Director of Finance and Resources responded that the shortfall in industrial estate income had been the result of the disposal of an asset and the loss of income following the disposal. She agreed that the income for the industrial estates needed to be monitored to establish the reason for loss of income.

At the request of a Member the Corporate Director of Finance and Resources agreed to liaise with Property Services to provide a private report to a future meeting of the Panel on the Gateway 44 project focussing on the income and the companies involved.

In response to a question the Deputy Chief Executive confirmed that the digital banner had received sufficient income to pay for the first banner and raised some additional income.

RESOLVED – 1) That the Panel endorsed the Revenue Estimates 2021/22 to 2025/26 (RD.32/20)

2) That a private report providing an update on the Gateway 44 project, its income and the companies involved in the project be submitted to the Panel at its January meeting.

## **(c) Review of Charges**

### **(i) Community Services**

The Deputy Chief Executive presented Report CS.30/20 and addendum setting out the proposed fees and charges for 2021/22 relating to those services falling within the Community Services Directorate.

The charges highlighted within the report would result in an anticipated income level of £2,518,400 against the MTFP target of £3,006,000 which represented a shortfall of £487,600 against the MTFP target.

The Executive had on 9 November 2020 (EX.123/20) received the report and resolved:

“That the Executive:

1. Had reviewed the proposed charges as set out in the body of Report CS.30/20, the Addendum and relevant appendices with effect from 1 April 2021, noting the impact those would have on income generation as detailed within the report.
2. Made the report of proposed charges and the Addendum available to relevant Scrutiny Panels for their review and comment.”

A Member raised concerns regarding the impact of some of the waste services charges on households that were struggling financially. He asked the Executive to look at the charges and consider if there would be any scope for flexibility to assist those that could not afford the charges.

The Member also asked that the Executive reconsider the introduction of a pest control charge for dealing with rats. This was a key public health area and he asked the Executive to consider the impact of people being unable to meet the pest control costs.

RESOLVED – 1) That the Charges Review report 2021/20 – Community Services (CS.30/20) be received.

2) That the Executive be asked to give further consideration to the introduction of the pest control charge for dealing with rats and the impact it would have if households could not meet the charge.

3) That the Executive be asked to look at introducing some flexibility for waste service charges to assist households that were struggling financially.

## **(ii) Economic Development**

The Corporate Director of Economic Development submitted Report ED.38/20 setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate.

The proposed charges in relation to Planning Services included Development Control income; Building Control income; and Local Plan income.

Acceptance of the charges highlighted within the report would result in an anticipated level of income of £595,200 against the Medium Term Financial Plan target of £637,000.

The Executive had on 9 November 2020 (EX.124/20) received the report and resolved:

“That the Executive agreed for consultation the charges, as set out in Report ED.38/20 and accompanying Appendices, with effect from 1 April 2021; noting the impact those would have on income generation as detailed within the report.”

RESOLVED – That Charges Review report 2021/22 – Economic Development (ED.38/20) be received.

## **(iii) Governance and Regulatory Services**

The Corporate Director of Governance and Regulatory Services submitted Report GD.48/20 concerning the proposed fees and charges for areas falling within the responsibility of the Governance and Regulatory Services Directorate.

The report set out the proposed charges relative to Environmental Health and Housing; Homeless, Prevention and Accommodation Services; and Legal Services. The introduction of the proposed charges was forecast to generate income of £845,300 in 2021/22 as summarised in the table at Section 5.9.1 of the report.

The Executive had on 9 November 2020 (EX.125/20) received the report and resolved:

“That the Executive agreed for consultation the charges as detailed within Report GD.48/20 and accompanying Appendices, with effect from 1 April 2021; noting the impact those would have on income generation as detailed within the report.”

RESOLVED – That the Review of Charges 2021/22 report – Governance and Regulatory Services (GD.48/20) be received.

#### **(iv) Licensing**

The Corporate Director of Governance and Regulatory Services submitted Report GD.54/20 setting out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance and Regulatory Services Directorate. The Corporate Director of Governance and Regulatory Services advised Members that the Regulatory Panel had responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013, which fell to the Executive.

The Executive had on 9 November 2020 (EX.126/20) received the report and agreed:

“That the Executive:

1. Noted the charges which were considered by the Regulatory Panel on 14 October 2020, with the exception of charges under the Scrap Metal Dealers Act 2013.
2. Approved the charges detailed at Appendix A under the Scrap Metal Dealers Act 2013 with effect from 1 April 2021..”

RESOLVED – That the Review of Charges 2021/22 - Licensing Report (GD.54/20) be received.

#### **(d) Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26**

The Corporate Director of Finance and Resources submitted report RD.33/20 detailing the revised Capital Programme for 2020/21, now totalling £19,390,400, together with the proposed method of financing; and highlighting an underspend of £714,250 against the profiled annual budget. Also summarised was the proposed programme for 2021/22 to 2025/26 in the light of the new capital proposals identified, together with the estimated capital resources available to fund the programme.

Section 4 provided details of the current commitments and new spending proposals. Any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.

In addition, a summary of the estimated resources compared to the proposed programme year on year was set out at Section 6 of the report.

The Executive had on 9 November 2020 (EX.127/20) received the report and resolved:

“That the Executive:

- (i) Noted the revised capital programme and relevant financing for 2020/21 as set out in Appendices A and B to Report RD.33/20;
- (ii) Had given initial consideration and views on the proposed capital spending for 2021/22 to 2025/26 given in the report in the light of the estimated available resources;
- (iii) Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

In considering the report Members raised the following comments and questions:

- Was the Corporate Director of Finance and Resources satisfied that the level of borrowing/cumulative deficit was sustainable? Were there risks involved and would the Council need to reduce borrowing levels in the future ?

The Corporate Director of Finance and Resources explained that, due to the lack of grant funding, should the Council want to invest in new assets or infrastructure then the borrowing requirement would need to be considered. A number of internal options were considered before borrowing was undertaken and the Corporate Director of Finance and Resources had to ensure prudent and affordable borrowing. She informed the Panel that the Public Works Loan Board (PWLB) had recently announced a reduction in borrowing rates which would be beneficial to the borrowing costs built into the budget.

- Would the funding for the ICT Infrastructure be sufficient given the new ways of working?

The Corporate Director of Finance and Resources responded that there was provision for IT within the budget, however, service reviews would have to be undertaken to identify potential savings. She reminded the Panel that the new Head of IT was now in post and her first priority was to review the IT Strategy to identify needs and how efficiencies could be generated.

- The Health and Wellbeing Scrutiny Panel discussed the gap in the budget in terms of resources to address the Climate Change Action Plan. A Member asked if comparison work with other authorities was taking place to understand what resources were being invested to meet their targets and what the City Council could learn from other authorities.

The Corporate Director of Economic Development assured the Panel that comparison work was being undertaken. She explained that it was a complicated process as each authority had their own targets and plans and they varied significantly. Work was being undertaken to identify short and long term actions and the impact on the MTFP.

RESOLVED – 1) That the Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26 (RD.33/20) be received.

2) That a report be submitted to a future meeting of the Panel setting out the comparison work that has been undertaken with other authorities in addressing their climate change targets.

### **(e) Corporate Assets – 3 Year Repair and Maintenance Programme 2021/22 – 2023/24**

The Property Services Manager presented report GD.52/20 setting out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the three year period

2021/22 to 2023/24, required to ensure that the legal responsibilities of the City Council were met. It also provided a progress update on building maintenance.

The Executive had on 9 November 2020 (EX.128/20) received the report and resolved:

“That the Executive approved:

1. The three-year revenue maintenance programme set out in Appendix A to Report GD.52/20 as part of the budget process.
2. The 2021/22 capital budget of £250,000 as part of the budget process.
3. The List of capital projects selected to meet the allocated capital budget of £250,000.”

The Panel discussed the maintenance of assets and the Property Services Manager explained that the current allocation in the planned maintenance capital programme included an additional £100,000 allocated to further address maintenance backlog. He added that it was not possible to increase resources so the programme of works targeted the most urgent work and further enhancements would be carried out within the limits of the available resources.

The Property Services Manager reported that there had been some delay in the maintenance works due to Covid-19 and some work would move into the next year’s programme if necessary. The Corporate Director of Finance and Resources added that the maintenance budget that was not used could be carried forward through the usual Council processes with the agreement of Council.

RESOLVED – That the Corporate Assets 3 Year Repair and Maintenance Programme 2021/22 – 2023/24 (GD.52/20) be received.

#### **(f) Treasury Management Quarter 2 2020/21 and Forecasts for 2021/22 to 2025/26**

The Corporate Director of Finance and Resources submitted report RD.34/20 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management estimates for 2021/22 with projections to 2025/26, and set out information regarding the requirements of the Prudential Code on local authority capital finance.

The Corporate Director of Finance and Resources reminded the Panel that the announcement by the PWLB regarding borrowing rates would significantly alter the figures in the report during the budget process. The base Treasury Management estimates for 2020/21 with projections for 2024/25 were set out at Appendix C.

The Executive had on 9 November 2020 (EX.129/20) considered the report and resolved that Report RD.34/20 be received and the projections for 2021/20 to 2025/26 be incorporated into the Budget reports considered elsewhere on the Agenda.

RESOLVED – That the Treasury Management Quarter 2 2021/22 and Forecasts for 2021/22 to 2025/26 (RD.34/20) be received.

#### **(g) Local Taxation 2021/22 – 2025/26**

The Corporate Director of Finance and Resources submitted report RD.35/20 considering aspects of Local Taxation decisions which needed to be made as part of the Budget process for 2021/22 onwards.

The Corporate Director of Finance and Resources outlined the various considerations, including the levels of Council Tax for the City Council (including Parish Precepts), Council Tax Surplus calculations, Council Tax Base calculations, Local Support for Council Tax (LSCT), and Business Rate Retention (including Pooling arrangements). A summary of the assumptions made was also provided at Section 4.

The Executive had on 9 November 2020 (EX.130/20) received the report and resolved:

“That the Executive:

1. Noted the contents of Report RD.35/20 including the current assumptions built into the MTFP with regard to local taxation issues;
2. Approved, for recommendation to Council as part of the budget process, the 2021/22 Local Support for Council Tax scheme as set out in paragraph 2.4.
3. Approved the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2021/22 subject to the continuing involvement of the other partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.”

The Panel supported the commitment to the current statutory default Council Tax Reduction Scheme and asked if there was government funding available to support the Scheme should there be a significant rise in applicants.

The Corporate Director of Finance and Resources explained that the MTFP included the cost to deliver the Scheme based on the current case load and council tax. There had not been a significant increase in applicants to the Scheme to date and she agreed to circulate the exact figures.

The Corporate Director reminded the Panel that monthly Covid-19 returns were submitted to the MHCLG regarding costs, income shortfalls, arrears on council tax and business rates and the number of CTRS applicants and this information was factored into the emergency funding provided by government.

RESOLVED – 1) That the Local Taxation 2021/22 – 2025/26 report (RD.35/20) be received.

2) That the Corporate Director of Finance and Resources provide Panel Members with further information on the number of applications for the Council Tax Reduction Scheme.