

FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE

Monday, 18th January, 2021
Time of Commencement: 7.00 pm

Present: Councillor Mark Holland (Chair)

Councillors:	Bert Proctor	Mike Stubbs	Graham Hutton
	Gillian Burnett	Paul Waring	Sarah Pickup
	Andrew Fear	Amelia Rout	David Grocott

Officers:	Sarah Wilkes	Head of Finance
	Geoff Durham	Mayor's Secretary / Member
		Support Officer
	Martin Hamilton	Chief Executive

Also in attendance: Portfolio Holder for Finance and Efficiency

Note: In line with Government directions on staying at home during the current stage of the CV-19 pandemic, this meeting was conducted by video conferencing in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

1. **APOLOGIES**

There were no apologies.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF A PREVIOUS MEETING**

Resolved: That the Minutes of the meeting held on 14 December be agreed as a correct record.

4. **REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2021/22**

The Portfolio Holder for Finance and Efficiency, Councillor Stephen Sweeney introduced a report on Revenue and Capital Budgets and Strategies for 2021/22.

Councillor Sweeney stated that the current pandemic was continuing to present challenges to the Council's financial position through a mixture of lost income and additional costs. However, it was forecast that the Council would achieve a balanced outturn for the year 2020/21. Support from Central Government of £4.5m to compensate the Council during Covid-19 had been unprecedented and had massively impacted on meeting current and future pressures. Further support had been promised for the first quarter of 2021/22 – this was money that the Council was not expecting, therefore, seventy five percent of any income losses by the Council in the first quarter of the next financial year would be recovered.

Councillor Sweeney made reference to a £1.275m budget gap which had been mentioned at Cabinet and a previous meeting of this Scrutiny Committee. The budget gap had now been filled via an Efficiency Board who came up with a feasible and sustainable solution. There was also a 'One Council' programme between 2021-23 to redesign the organisational structure, processes and technology, underpinned by changes in culture, leadership and governance which was expected to save £195,000 next year and £922,000 at the end of the three years and every year afterwards once completed. Staff related efficiencies would save £599,000 with no redundancies. The Council Tax increase for 2021/22 would be £5 which worked out at 10p or less for 81% of Borough households. There was also receipt of £250,000 contribution to the Borough Growth Fund to enable continued investment in sustainable environment projects during the term of the Medium Term Financial Strategy. There was an increased level of reserves from £1.548m to £3.1m which would help to safeguard the long term financial resilience and reflect any additional risks that the Council might become exposed to.

The Capital Programme for 2021/22 had £4.6m for the refurbishing and reopening of Kildgrove Pool. Councillor Sweeney thanked the MP's for their support and the Government for Listening. The LGA was thanked for putting Newcastle's case forward and the Council's Finance team who had achieved an unqualified audit report through very trying times. Councillor Sweeney stated that this was a robust and realistic budget.

Councillor Hutton asked for this Committee's thanks to be passed to the Finance team and the Chief Executive for their hard work. The Chief Executive and Head of Finance were in attendance who would pass thanks on to the staff.

Councillor Stubbs referred to the provisional outturn forecast and asked for the total that was being forecasted as being overspent in this financial year. The Council's Head of Finance, Sarah Wilkes stated that in period 9, the overspend was just under £400,000 which was forecasted for the year. A £408,000 tranche of money had been received in respect of Covid-19 and would cover the shortfall.

Councillor Pickup asked if there had been any changes to the report since the last time that it was brought to this Committee, in terms of Government funding or other priorities of the Council. Councillor Sweeney advised that the recent bad weather had impacted on the forecast but the £408,000 extra funding from the Government would clear the deficit for the year leaving a balanced set of accounts. Sarah Wilkes advised that when the report was previously brought to this Committee and taken to Cabinet, an overspend of between £350,000 -£365,000 was forecast which had now increased to around £400,000 due to additional expenditure around waste collection during the bad weather. Additional agency staff were required plus overtime for the Council's Waste Operatives who were out collecting on New Year's Day.

Councillor Stubbs referred to the Council Tax increase of 2.49%. Given that the County Council were increasing theirs by 5% and the Police and Crime Commissioner by even more than that, was the Council comfortable that the increase in combined Council Tax by anything up to 10% was feasible in current times. Councillor Sweeney stated that the Borough's contribution was justifiable. No tax increase was welcome but 10p or less for 81% of households was a good outcome.

Councillor Stubbs fully accepted the explanation but added that local town Councils were freezing their precepts to try and balance the impact on the local community and he felt it strange that the Borough Council was choosing to increase Council Tax.

Councillor Sweeney stated that he was comfortable, for the services that were provided by the Council, to propose an increase of less than 10p per week.

Councillor Fear agreed with Councillor Sweeney stating that no increases were welcome, however, there was a large difference between Town/Parish Councils and Borough Councils in terms of the services provided. Councillor Fear asked if, with no Council Tax increase, there would be a shortfall which would mean fewer services being offered.

Councillor Hutton was linked to three Parish Council's and stated that one of those would be increasing its precept. There were also differences in the precepts of Parish Councils which ranged between £20 and £50. Therefore it was difficult to compare even with similar institutions. Councillor Hutton stated that the Council should be setting a balanced budget.

Councillor Sweeney stated the Council Tax would raise £187,000. Without this, the Council would have less money to provide services for its residents.

Councillor Paul Waring stated that, if no increase was made in the current year, it would store up problems in the future where, if repeated could lead to a huge increase at some point and was therefore the responsible thing to do.

Councillor Stubbs stated that services would not need to be cut. There was a line in the budget with £250,000 – the Borough Growth Fund which would wipe out the need to increase Council Tax and leave a surplus.

The Chair asked Councillor Stubbs to confirm his comment, that the Borough Growth Fund would be slashed to nothing. Councillor Stubbs stated – for one year, it was a priority not to pass on expenses to the local community.

Councillor Waring stated that the last thing he would be getting rid of was the Borough Growth Fund because that was the future of the Council and would give the ability to minimise the charges to all residents in the future.

Councillor Proctor stated, at this moment in time, this level of increase was appropriate and the Council would be somewhat irresponsible to have no increase whatsoever.

Councillor Stubbs stated that you should speculate to accumulate but said that, looking at the two figures, there would still be a surplus of £63,000 to invest in the Borough Growth Fund. For one year, the £187,000 could be taken out of the Borough Growth Fund. Councillor Stubbs said that he would be intrigued to know how much was still in the Growth Fund from last year and was the Council expecting to spend what was left plus the extra £250,000 budgeted for this year. He asked if a breakdown could be provided, broken down by budget lines to show where it would be spent.

Sarah Wilkes stated that she would pull together a summary of the Borough Growth Fund and circulate it to Scrutiny Members to review. The Borough Growth Fund for 2020/21 had earmarked £100,000 for the Environmental Sustainability Strategy and £100,000 to the 'One Council' programme so there was £50,000 in the Fund that was not earmarked for anything in 2021/22 at present

Councillor Stubbs asked if the £200,000 was part of the 2021/22 budget. This was confirmed as being the case. Councillor Stubbs asked for a list of what was spent from the total budget in this calendar year and what would be rolled forward.

- Resolved:**
- (i) That the progress on the completion of the Revenue and Capital Budgets and updated MTFS Funding Strategy for 2021/22 (Appendix 1) be noted.
 - (ii) That the updated Medium Term Financial Strategy 2021/22 to 2025/26 (Appendix 2) be noted.
 - (iii) That the strategy for ensuring a balanced revenue outturn position for 2020/21 be noted.
 - (iv) That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2021/22 of £5 per Band D equivalent property be noted.
 - (v) That the risk assessment at Appendix 3 and S151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2021/22 be noted.
 - (vi) That the draft Flexible Use of Capital Receipts Strategy (Appendix 6), updated for 2021/22, be noted.
 - (vii) That the draft Capital Strategy (Appendix 7) for 2021-31 be noted.
 - (viii) That the draft Treasury Management Strategy (Appendix 8) for 2021/22 be noted.
 - (ix) That the draft Investment Strategy (Appendix 9) for 2021/22 be noted.
 - (x) That the draft Budget and Council Tax proposals be referred to Finance, Assets and Performance Scrutiny Committee for comment before the final proposals are considered at Cabinet on 3 February 2021.

5. SCALE OF FEES AND CHARGES 2021/22

Consideration was given to a report regarding the scale of fees and charges for 2021/22. The Chair advised that this report had a confidential appendix and if it could be discussed without going into detail, the meeting would not have to go into closed session at the end.

Councillor Sweeney introduced the report stating that, this year, all parking charges had been frozen to encourage people to come into the town centre. Everything else in the report was as normal.

The Chief Executive, Martin Hamilton pointed out that the fees for J2 were not set but were delegated to be set following some review work which was being undertaken in order to look at how it would be re-launched post Covid.

Councillor Stubbs asked if the £5000 charge to Elections was a full charge or a deposit. Martin Hamilton confirmed that it was a deposit. Councillor Stubbs asked that this be clarified in the fees and charges and asked if it had been set nationally? This was confirmed to be the case – associated with Police and Crime Commissioner Elections.

Councillor Rout stated that she would be interested to see the fees and charges for J2 when they were available and was pleased that the parking charges had been frozen.

Councillor Sweeney concluded that all aspects of parking charges had remained the same for example £1 after 1pm to encourage people into the town centre.

- Resolved:**
- (i) That the fees and charges proposed to apply from 1 April 2021, as set out in Appendix 1 be noted.
 - (ii) That following the completion of a review of Jubilee 2 by Alliance Leisure, the Executive Director (Commercial Development & Economic Growth) in conjunction with the Portfolio Holder (Leisure, Culture and Heritage be delegated authority to implement a revised membership pricing structure and offers to attract new memberships.

6. WORK PROGRAMME

The Chair stated that there had been discussions about the Work Programme at the previous meeting and asked if there were any changes or new issues that Members wished to raise. None were raised.

Resolved: That the Work Programme be received.

7. PUBLIC QUESTION TIME

There were no public questions.

8. URGENT BUSINESS

There was no urgent business.

9. DISCLOSURE OF EXEMPT INFORMATION

The meeting did not go into closed session as the confidential appendix was received as printed.

10. SCALE OF FEES AND CHARGES 2021/22 - CONFIDENTIAL APPENDIX

Resolved: That the confidential appendix be received.

CLLR MARK HOLLAND
Chair

Meeting concluded at 7.32 pm