

Overview Scrutiny Committee

Thursday, 11 February 2021

7.30 pm

Present:

Cllr Jordan Meade (Chair)
Cllr Steve Thompson (Vice-Chair)

Councillors: Conrad Broadley
Leslie Hills
Emma Morley
Elizabeth Mulheran
Peter Scollard
Gurjit Kaur Bains
Brian Francis

Sarah Parfitt Director (Corporate Services)
Lisa Nyon Assistant Director (Corporate Services)
Chris Wakeford Committee Services Manager
Clive Boorman Technical Services support Officer

26. Apologies

An apology for absence was received from Cllr Alan Ridgers and Cllr Christina Rolles; Cllr Gurjit Bains and Cllr Brian Francis attended as their respective substitutes.

27. Minutes

The minutes of the meeting of the Overview Scrutiny Committee held on 19 November 2020 were signed by the Chair.

28. Declarations of Interest

No Declarations of Interest were made.

29. General Fund Budget Setting 2021/22

The Assistant Director (Corporate Services) presented the Committee with the draft budget and proposals for 2021/22. The report contained the General Fund Revenue and Capital Estimates for 2021/22, as well as the revised estimates for 2020/21 and longer term budget projections, as set out in the Council's Medium Term Financial Plan. The Assistant Director (Corporate Services) advised that the pandemic had created new challenges for the future sustainability of the Council, which had been compounded by the ongoing and prolonged uncertainty around the future funding of local government. Members were advised that the format of the budget report included a covering summary report which outlined the budget setting context and proposals with a series of appendices providing the detail.

The Assistant Director (Corporate Services) highlighted the following points:

- Appendix 2 - The budget had been prepared on the basis of the Provisional Local Government Finance Settlement announced on 17th December.
- Similarly to last year, this was a one year only settlement pending the outcome of the Spending Review and Fair Funding Review.
- There had been a number of cuts to local government funding over the last 10 years and attention was drawn to the table under point 3 of Appendix 2 showing that there has been no increase in the business rates baseline this year. However, there was a continuation from last year of Government eliminating 'negative Revenue Support Grant' for Gravesham and this was budgeted to be £244k. In addition, the provisional settlement had introduced a new Lower Tier Services Grant intended to ensure that no lower tier council had a decrease in spending power. For Gravesham, the provisional settlement indicated that this grant would be £126,260.
- The graph in point 11 of the report showed the assumed increase in Core Spending power for 2021/22 of 1.4% This assumed a rise in Council Tax receipts which had been reflected by the Medium Term Financial Strategy.
- The Council had secured indicative New Homes Bonus funding for 2021/22 of £311,050. This was below the level of funding that was previously in the Medium Term Financial Plan due to there being only 55 net additions to the housing stock of the Borough due to the pandemic, less than the 167 net additional homes needed to be delivered to meet the 0.4% national baseline.
- This had resulted in an increase of Core Spending power per dwelling in the Borough of c.2% or £252. This is the sixth lowest in Kent.
- With regards to Business Rates for 2021/22 Gravesham would continue to be part of the Kent pool.
- The current Medium Term Financial Strategy covered the period to 31 March 2021 and in the absence of any certainty from the Government on local government funding, it had been decided that the Council would produce another one year Medium Term Financial Strategy, effectively a holding statement, until the outcomes of the Spending Review, Fair Funding Review and Business Rates reforms were known.
- In relation to the Council Tax charge - the Provisional Finance Settlement announcement had indicated the continued flexibility for district councils in setting Council Tax levels by permitting district councils to raise Council Tax by 2% or up to and including £5 (whichever was higher) without triggering the requirement for a referendum. Therefore, the budget had been prepared on the basis of a £4.95 or (2.3%) increase, taking the Council's element of the charge from the current level of £208.08 to £213.03.
- It was proposed that working balances remain at £5.25m, this comprised of minimum working balances of £2m and General Reserve of £3.25m.
- The draft Capital Programme for 2021/22 was expected to cost £52.3m. The main items being works for the St Georges Shopping Centre of £5m, Elizabeth Huggins Cottages £2m and The Charter £27m.

The Director (Corporate Services) confirmed that she was confident about the budget proposals which once again had been built in the face of a lack of longer-term funding arrangements plus ten years of sustained cuts and the effects of the pandemic. However, she noted that whilst it had been difficult the Council was still in a strong position because of work undertaken previously and the budget continued to deliver the Council's objectives and support local employment opportunities. However, the impact of Covid had resulted in a budget gap of £2.6m emerging in 2025/26 in the Medium Term Financial Plan.

The Director (Corporate Services) and the Assistant Director (Corporate Services) fielded questions from the Committee and highlighted the following:

- The draft budget and proposals for 2021/22 is proactively brought to the Overview Scrutiny Committee to ensure transparency and enable members to ask questions.
- Employee costs have increased; mainly due to the salary increase for those who earn £24,000 and below and the Kickstart scheme that helps young people get back into work and develops skills. The Kickstart Scheme is fully funded by government and this will offset the expenses.
- A number of budget lines have additional expenditure and it is expected that grants will help to offset this.
- The Director (Corporate Services) will provide the Committee with further detail of the £1million movement in salaries outside of the meeting.
- The Assistant Director (Corporate Services) will provide the Committee with further detail on the running expenses, outside of the meeting.
- Policy announcements by Central Government about longer term funding for local government will influence when the MTFs can move from a one year plan to a longer term plan. These announcements could take effect from 2022, but may not happen before 2023.
- The Council received £1.8million to help us meet additional expenditure pressures from Covid-19. There are some direct costs to the council from Covid but we cannot underestimate the Council staff time in delivering a local response e.g. community support, delivering food, delivering medicines, grants for businesses, test and trace payments etc. as well as continuing to deliver essential council services. The funding is welcome but hasn't fully reflected the resources the Council has put into the response at the detriment of other services or projects being progressed.
- A lot of officer time is being spent on the vast number of returns submitted to the Government.

Resolved that the Committee note the General Fund Budget Setting 2021/22 report and appendices.

30. Housing Revenue Account Budget Setting 2021/22

The Assistant Director (Corporate Services) presented the Committee with the draft revenue and capital estimates for the Housing Revenue Account in 2021/22 and the following key points were highlighted:

- An income of 28m and expenditure of £29m.
- As per the Spending Review announcements on public sector pay in November, the budget reflected no inflationary increase for 2021/22 with the exception of those earning less than £24k per annum who would receive a pay increase of at least £250.
- A budget of £200k had been provided to support a planned review and restructure of housing services.
- Service charges had increased to a level capped at CPI +1 (1.5%) bringing the average service charge to £3.72.
- The Council would continue with the Housing Capital Programme set out in 2020-21 which had been severely impacted by the pandemic. The programme for the year

was estimated at £20.8m with the focus being to maintain current housing stock and deliver on the new build and acquisitions programme.

The Director (Corporate Services) and the Assistant Director (Corporate Services) fielded questions from the Committee and highlighted the following:

- The Director (Corporate Services) will check the percentage increase is correct on page 244, point 28.
- The Director (Corporate Services) will check if Arnold Avenue should be included in the New Build and Acquisitions Programme on page 271, point 5.
- Interim housing for the homeless – where we are unable to house persons requiring temporary accommodation, Bed and Breakfast (B&B) is one option but is not really suitable. The Council anticipates a reduced level of requirement for temporary accommodation which be used to offset the costs of the premises moving forward, alongside Housing Benefit.

Resolved that the Committee note the Housing Revenue Account Budget Setting 2021/22 report and appendices.

31. Maritime Strategy Review - Oral update

The Chair provided the following update:

- Ten evidence gathering sessions have been held
- The Sub-Group have developed twenty-three recommendations.
- A draft report is being prepared for consideration by the Committee at its next meeting on 4 March 2021

The Chair thanked Chris Wakeford, Committee Services Manager and the IT / Digital Teams for their work in supporting the review.

Close of meeting

The meeting ended at 8.16 pm