

**MINUTES OF A VIRTUAL MEETING OF THE
COMMUNITY AND CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
HELD ON 13 OCTOBER 2020 FROM 7.00 PM TO 9.06 PM**

Committee Members Present

Councillors: Guy Grandison (Chairman), Shirley Boyt, Clive Jones, Abdul Loyes and Alison Swaddle

Officers Present

Callum Wernham (Democratic and Electoral Services Specialist) and Graham Ebers (Deputy Chief Executive)

Executive Members Present

John Kaiser (Executive Member for Finance and Housing)

38. APOLOGIES

An apology for absence was submitted from Paul Fishwick, Emma Hobbs, and Graham Howe.

Caroline Smith attended the meeting as a substitute for Paul Fishwick.

Chris Bowring attended the meeting as a substitute for Graham Howe.

Pauline Helliar-Symons attended the meeting as a substitute for Emma Hobbs.

39. DECLARATION OF INTEREST

There were no declarations of interest.

40. APPOINTMENT OF VICE-CHAIRMAN

Guy Grandison proposed that Emma Hobbs be appointed as Vice Chairman for the remainder of the municipal year. This was seconded by Alison Swaddle.

RESOLVED That Emma Hobbs be appointed as Vice Chairman for the remainder of the municipal year.

41. PUBLIC QUESTION TIME

There were no public questions.

42. MEMBER QUESTION TIME

There were no Member questions.

43. MTFP 2021-24: STRATEGIC OVERVIEW

The Committee received a report, set out in agenda pages 5 to 16, which gave a strategic overview of the Medium Term Financial Plan (MTFP) for 2021-24.

John Kaiser (Executive Member for Finance and Housing) and Graham Ebers (Deputy Chief Executive) attended the meeting to answer Member queries.

Graham Ebers stated that Wokingham Borough Council (WBC) remained the lowest funded Unitary Authority per head of population. The revenue support grant received by WBC not totalled £0, and as Council Tax was now considered a resource WBC was now seen as a highly resourced Local Authority. Graham stated that WBC needed to continue

to make representations to MPs and the Government to ensure that WBC was adequately funded to cover the costs of statutory service delivery.

Graham stated that the impact of Covid-19 (C-19) would not fit neatly into one financial year, and therefore the cost implications needed to be looked at on a more medium term level. The expectation was that the adult social care precept would be allowed once more due to the financial pressures related to this service as a result of C-19. The Children's Services department was still in the process of achieving a "Good" OFSTED rating, with expenditure being detailed within the MTFP, and detailed bids would be received by the Committee in the coming weeks and months. The 21st Century reorganisation had saved £3m per annum in efficiency savings and staffing reductions. Graham stated that the government's consultation proposals regarding housing numbers would, if approved, place significant budgetary pressure on WBC in addition to increasing demand on all of our services. Graham added that the MTFP was a work in progress plan, and urged all Members to make representations to MPs and the Government for a fair 4 year Local Government finance settlement.

John Kaiser stated that last year was the first year where the draft MTFP had received detailed consideration by the Community and Corporate Overview and Scrutiny Committee. John added that a similar approach would be taken this year, and he hoped for productive and positive discussions to take place. Much work had already been undertaken in order to achieve a balanced budget, and a portion of the 2021/22 budget would be funded by WBC's reserves in addition to the awaited Local Government finance settlement for the upcoming year. John stated that although WBC's reserves were at a safe level, there were many unknowns that needed to be considered this year as these were unprecedented times.

Graham Ebers stated that Resources and Assets were due to make large savings in 2020/21, which would allow for the budget submissions from that year be an overall net saving compared to the previous year. WBC had now engaged in a commercialisation programme, which looked at a variety of areas such as early intervention, prevention, and demand management. WBC's asset stock would be evaluated, and further options to utilise technology within business operations would be investigated. Graham stated that the current prediction of £1.689 million budget variance would look to be addressed via efficiency savings, with the fall back of using reserves in the worst case. WBC would have exceeded the balancing of the budget by approximately £2m for 2020/21, however there was a carryover of £3.5m from the previous financial year. Graham was of the opinion that WBC were in a positive position in the medium term, however this had to be viewed in the context of a series of unknown factors.

Graham Ebers stated that every 1% of Council tax that was not collected amounted to an approximate loss of £1.17m to WBC, and a 99% collection rate had been assumed within the MTFP. Similarly, a 99% collection rate had been assumed for the collection of business rates, and every 1% of business rates that were not collected amounted to an approximate loss of £0.526m to WBC. With the Government furlough scheme coming to an end, WBC needed to be mindful of the potential additional demand on our services and resources, in addition to a possible loss in the income collection rate. With the Local Government finance settlement unknown, and items such as the public health grant, new homes bonus, community infrastructure levy (CIL) and Section 106 (S106) facing an uncertain future, the MTFP needed to be viewed within the context of this uncertain future.

John Kaiser stated that all rough sleepers who wished to accept WBC's offer to find them accommodation had been taken off of the street, and there was a strong desire to maintain this. Members and officers recognised the costs and pressures placed on individuals and families within the Borough, and WBC did not want to add to the woes of these individual and families. John added that it fell on all Members and officers to allow rough sleepers to continue to have access to suitable accommodation.

During the ensuing discussions, Members raised the following points and queries:

- Were the projected £200k savings as a result of commercialisation net savings after the cost of employing the staff involved in the project? Officer response – Yes, the £200k savings were a net saving. The persons working on this project were from the Chartered Institute of Public Finance and Accountancy (CIPFA), who had a considerable knowledge base and worked with a wide range of Local Authorities.
- Was the Council Tax collection rate prediction to optimistic? Executive Member and officer response – WBC was currently achieving a 98.5% collection rate. Letters had been sent out to approximately 2000 residents, 1000 of which had now agreed a restructure. Of the other 1000 residents, further correspondence would be sent to try and agree a restructure. Including where a restructure had been agreed, WBC was currently 0.2% above our collection rate target. The Government had extended the period for Local Authorities to address their collection rate figures to 3 years. In addition, the MTFP assumed a modest 1% increase in the Council Tax base, which would be higher in all likelihood.
- What was the Council Tax base increase in the previous year? Officer response – This would be checked and an answer provided to the Committee.
- How much was C-19 costing each directorate specifically? Officer response – This was set out within the revenue monitoring report that is received periodically by the Executive Committee, with the next report due in October. There would be quite a number of special items within the MTFP as these would help address short term issues with one off funding.
- What was seen as an adequate level of reserves, and how was this defined? Officer response – There was no exact science to a safe level of reserves, but in general an adequate level of reserves would cover all medium and high risks, and this was deemed to be around the £10m level for WBC. The figure of £10m was at the more prudent end of the scale, and anywhere significantly below £7m would become a concern. The general fund balance was predicted to be at around the £7m level at the end of the financial year, and this budget sought to restore that to some degree.
- Were there any costs associated with the new income streams, both proposed and implemented? Officer response – If capital costs were involved, these costs would form part of the capital programme. The return from the scheme must recover the capital costs and exceed this value to appear as an income stream and therefore a saving line within the MTFP.
- What would the financial effect be should the CIL and S106 calculations be changed? Executive Member response – If changes were made to CIL or S106, appropriate infrastructure would still need to be delivered to accommodate any new dwellings. It could be a possibility that it was the responsibility of the developer to provide the

infrastructure in future, however it would preferably continue to be delivered by Local Authorities as it gave us more control.

- What were the areas of growth within Children's Services, and how was any overspend within this service taken into account? Officer response – The detailed bids would be provided at a future Committee meeting, however in general a large part of the growth was needed to continue the journey to a "Good" OFSTED rating. There was not a significant level of overspend within Children's Services this year, and any overspend was valuable information for future years' budget setting.
- Were the suggested saving from the Council Tax reduction scheme ambitious considering the current economic circumstances? Executive Member and officer response – The suggested savings were based on current data, and this was subject to change. There was no intention to reduce access to this scheme for those who needed it, and the proposals were currently out for consultation and a more positive announcement was hopefully forthcoming. There was no expectation for the costs of C-19 to fall upon those who could least afford it within the Borough.
- What was an average amount of money received through CIL and S106 in an average year? Executive Member and officer response – This figure differed between financial years, as it was linked to housing numbers and specific projects. On a very rough estimate, approximately £100m-£120m could be received over a 3 year period.
- Was there any prediction as to the 4 year Local Government finance settlement value? Officer response – Officers were presuming a replication of the last one year financial settlement for the next financial year. Beyond this, it was almost impossible to assume a longer term funding figure, and it was more important than ever for WBC to continue to make representations to MPs and the Government to ensure that ongoing funding covered the basic costs associated with running a Unitary Authority.
- What was the view on Local Authorities commercially investing, and did this bring about value to WBC? Executive Member response – There had been a lot of bad press surrounding this issue due to a number of Local Authorities who were aggressively pursuing this as a funding strategy. WBC had a very prudent approach to this strategy, which amounted to approximately 8% of the investment compared to the most involved Local Authorities investment patterns. WBC were investing to resource and deliver local affordable homes, whilst receiving a modest investment to help resource other Council services.
- Had there been any change regarding the discussions around a negative revenue support grant for WBC? Officer response – WBC had won this argument thanks to strong representations to MPs and the Government. However there was a concern that the effects of a policy such as this could be seen within the future 4 year settlement, and therefore strong representations needed to continue.
- Should a negative revenue support grant be implemented, would almost all Services be funded via Council Tax? Officer response – Should WBC had lost the negative revenue support grant argument, we would have headed towards a 100% Council Tax funding programme. Having won that argument, approximately 85% of Council Services were funded by Council Tax.

- What were the predicted reserve levels in 2021/22? Officer response – This was expected to be in the region of £10m, however as previously stated this was subject to change due to unprecedented times.
- Any reductions of the reserve fund would trend it towards potentially concerning levels, and it was therefore crucial that the Committee assessed the deliverability of proposals and the impacts of any savings. Executive Member response – WBC must act responsibly, as we have a duty of care to our residents via delivery of statutory services. The intention at the moment was to end this financial year with a reserve balance of approximately £7m, and then increase this value to £10m in the following financial year.
- Children’s Services had been overspent in recent years. Were WBC more confident of less overspend in this area in the upcoming financial year? Executive Member response – Children’s Services were on the journey to achieve a “Good” OFSTED rating, and it was now felt that the Service was in a position to recognise the costs of Service delivery with less reliance on supplementary budgets.
- Was there anything that the officers and Executive Members wanted from the Committee specifically, in order to help scrutinise the MTFP proposals? Executive Member and officer response – For context, a £13m funding gap was present at the start of this year’s budget formulation, however via the Corporate Leadership Team and Member engagement this figure now sat at £1.7m, which was significantly better than the situation faced by some Local Authorities. In essence, it was incredible that officers and Members had reached this point. It was hoped that the Committee would continue to engage in respectful questioning and Scrutiny, in order to identify productive areas of exploration.

RESOLVED That:

- 1) John Kaiser and Graham Ebers be thanked for attending the Committee;
- 2) Detailed bids related to each Service Directorate be provided to the Committee at future meetings;
- 3) Executive Members and Officers be invited to attend the appropriate Committee meetings to assist the Committee with their review of each Service area’s growth and savings proposals;
- 4) The Council Tax base increase figure for the previous year be provided to the Committee.

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