

OVERVIEW AND SCRUTINY COMMITTEE

20 JANUARY 2021

Present: Councillors Davies (Chair), Levane (Vice-Chair), Battley, Beaney, Bishop, Cox, Edwards, Lee, Rankin, Turner and Webb

65. APOLOGIES FOR ABSENCE

None

66. DECLARATIONS OF INTEREST

Councillor	Item	Interest
Webb	4.	Personal- Is an ESCC councillor. ESCC currently help administer the councils pension scheme

67. MINUTES OF THE PREVIOUS OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED- (Unanimously) that the minutes of the meeting held on the 9 December 2020 be approved.

68. DRAFT BUDGET AND CORPORATE PLAN UPDATE 2021-22

The Managing Director was unable to attend the meeting but had recorded a video prior to the meeting. Apologies for absence were conveyed along with looking forward to receiving the committee comments on the draft corporate plan refreshed key activities and the draft budget.

The Managing Director would have liked to have seen the draft budget papers presented in a more accessible manner as requested last year. This has not been possible this year due to the pressures of COVID-19. It remains an aspiration for next year's budget.

This has been an unusual year for the council and all processes of the council have been affected by this including the development of the draft corporate plan updates and the draft budget. The Managing Director drew attention to the hard work of all officers and particularly the Assistant Director, Finance and Revenues, and their team. They have had to administer the COVID-19 grants which has required a massive amount of officer time and hard work. Officers have been working long hours in order to get the money into the community. There are concerns about the workload and the on-going expectation being placed on these teams.

The Finance and Accountancy team have been concurrently working with the External Auditors who are undertaking the audit of last year's final accounts. This process has experienced delays due to COVID-19 impact. They are also monitoring, assessing and supplying the detailed weekly/monthly returns to government to provide evidence of our financial situation and to support our compensation claims for lost income. The

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Managing Director is grateful for the Assistant Director, Finance and Revenues and their team's commitment and dedication.

The Chair thanked the Managing Directors contributions to the meeting and invited the Assistant Director, Finance and Revenues to speak on the draft budget.

The Assistant Director, Finance and Revenues recognised the hard work of officers in their team but also those throughout the council and our community. The draft budget had been put together in unusual circumstances and is complex. There are some corrections needed for spelling errors and there will be further updates for the figures before the report goes to Cabinet. The draft budget is based on the provisional settlement figures from the government. If these figures change the budget will also need to be amended accordingly. There has been financial support from the government to help with the impact of COVID-19 that has helped put the council in good position. The council's treasury management and reserves have helped with the current situation. Other councils without this have not fared as well, and this has been a challenging period for many people and organisations.

Councillors commented that the government money had helped but the complexities in funding from the changes to tiers had made the work harder. The council should be celebrated given what we have achieved based on continued lower government funding and the current staffing levels. The council is still operating with a deficit and government funding has helped with the loss of income caused by COVID-19. It is hoped that the government will provide additional funding for further losses. Councillors were concerned that the deficit would increase despite this financial support and the impact this would have on the council.

The Deputy Leader commented that it had been a remarkable year in terms for local government and officers had made remarkable achievements. The council is in an odd position where it will be facing deficit but still looking for opportunities in the future for the town. People in the town are suffering huge losses and it should be celebrated how the community came together to help people during the COVID-19 crisis. However, peoples good will shouldn't be relied upon to always help. The local voluntary sector is still keen to work with the council during and after the pandemic. Long term there needs to be a structural approach to government funding for residents lives to get better. The council will continue to follow the corporate plan whilst focussing on COVID-19 recovery efforts.

The Chair asked that if the deficit projection for 2024 is £2.5million, if there is no increase to structural funding would the council still exist?

The Assistant Director, Finance and Revenues advised that the projections are based on what the council will be receiving as a settlement this year. Settlements are agreed on a year by year basis and this makes it hard to make accurate future projections and to plan for future projects. The council could still be subjected to pressures because of the COVID-19 pandemic. Unemployment rates and homelessness rates are expected to rise and there will be additional costs associated with this. There are still opportunities involving transformation and regeneration that will work to ensure the councils future.

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The Councillors would have liked the budget to have been formatted into a more accessible format. To help with Overview and Scrutiny's work they would like to see the corporate plans 6 areas of work to have a financial amount attached to each. This would help Overview and Scrutiny to monitor the council's activity. The Assistant Director, Finance and Revenues advised that it wouldn't be possible to achieve this year, but next year's ambition is that the budget would be in a more accessible format for the public.

Councillors asked about the reduction in the capital spending budget. Will anything that has been planned for not go ahead? Have the schemes that the council has borrowed money for been successful or is the reduction a result of poor performance?

The response was that the government has changed the rules for borrowing due to concerns about other councils borrowing large amounts. The Public Works Loans Board had changed the interest rates and the rules for borrowing. As a result, the council has had to modify the schemes that it can invest in. There is a risk with borrowing money for schemes, but this does need to be undertaken to help with the deficit.

Councillors asked about the pension provision and the council's deficit. The pension relies on good performing investments in order to prevent the council's deficit growing further. They also asked about how the growth in staff due to the street cleansing operation would affect this. Would this lead to any staff redundancies?

The Assistant Director, Finance and Revenues advised that there is a redundancy identified and some growth items to maintain or extend transformation activity. In terms of pension a deficit would be expected if there was a reduction in equity values. Currently the projections for pensions see the situation getting better over the next 25 years and there is a benefit being seen from the investment policy.

Councillors asked about the recovery plans post COVID-19. The business grant and furlough schemes will eventually end. This has the potential to see lots of people unemployed and they will be looking to the council for help and support. The Leader responded that recovery plans were currently being formed and the desired outcome will be to have a good future for people of our town. The council is prepared to work with other organisations to achieve this as well as lobbying government for the additional funding. The Leader recognises the impact of COVID-19 in the community from those who are struggling day to day through to those who have lost loved ones to the virus. Regeneration projects are very important in helping with this and the Leader hopes that all councillors will continue to support this.

Councillors spoke of the impact of unemployment and the increasing demand for the Council Tax Reduction scheme and the associated increase in costs. There is also a prediction that the business rate collections will fall. There is some contingency for this within the budget and government funding is helping with this.

Councillors raised about the increased costs of homelessness and how the potential selling of council land can affect the building of much needed affordable housing?

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There is a large concern about the growing costs for homelessness and the solution to lower these is the provision of affordable housing within the borough. The large costs relate to temporary accommodation and the availability of affordable accommodation for people to move into. The selling of council land to developers can potentially speed up the process of the building of affordable properties. The council can gain control of what's built based on conditions of sale. The ideal would be that the council would build the accommodation, but this isn't always possible to do this quickly in order to meet current demand. The monies from these sales could go into other investments which would benefit residents.

Councillors asked about the additional COVID-19 financial support given to the leisure facilities by the council. They recognised the importance this service plays in the physical and mental health of residents.

The initial funding only covers a short period of December to March. It was thought that the leisure facilities would be open now. Government grants for supporting this differ depending if the service is run in house by the council or out of house. The levels of funding for Hastings are lower but it was noted that for the council to take this service back in house would cost more than the financial support that has been given. It is hoped that the government will offer a compensation scheme to cover these costs.

Councillors asked about the one-off payment of £50,000 for the cleaning of the public toilets.

This money has been used for enhanced levels of cleaning in response to COVID-19 and public safety. There is the potential for the costs to reduce depending on the levels of additional cleanliness needed.

RESOLVED- (Unanimous)

- 1. That the comments of the Budget Overview and Scrutiny Committee on the draft budget and corporate plan update be referred to Budget Cabinet on the 8th February 2021.**

Reasons for Recommendations

1. To ensure the Overview and Scrutiny Committee's comments can be considered by the Budget Cabinet, prior to recommendations being made to the Full Council.

(The Chair declared the meeting closed at. 7.41 pm)