

# **Minutes of the Public Accounts Select Committee**

## **Tuesday, 2 February 2021 at 7.00 pm**

Present: Councillors Patrick Codd (Chair), Tauseef Anwar, Jim Mallory, Paul Maslin, Joan Millbank, Bill Brown and Sophie Davis

Apologies: Councillor Alan Hall

Also present: Councillor John Muldoon, Councillor James Rathbone, Councillor Luke Sorba, Councillor Chris Barnham (Cabinet Member for Children's Services and School Performance), Councillor Paul Bell (Cabinet Member for Housing & Planning), Councillor Chris Best (Deputy Mayor and Cabinet Member for Health and Adult Social Care), Councillor Brenda Dacres (Cabinet Member for Safer Communities), Councillor Amanda De Ryk (Cabinet Member for Finance and Resources), Mayor Damien Egan (Mayor), Timothy Andrew (Scrutiny Manager), David Austin (Director of Corporate Resources), Suki Binjal (Director of Law, Governance & HR), Tom Brown (Executive Director for Community Services), Kathy Freeman (Executive Director for Corporate Resources), Pinaki Ghoshal (Executive Director for Children & Young People), Salena Mulhere (Assistant Chief Executive), Katharine Nidd (Strategic Procurement and Commercial Services Manager), Kevin Sheehan (Executive Director for Housing, Regeneration & Public Realm), Selwyn Thompson (Director of Financial Services) and Kim Wright (Chief Executive)

### **1. Minutes of the meeting held on 3 December 2020**

- 1.1. Resolved: that the minutes of the meeting held on 3 December 2020 be agreed as an accurate record.

### **2. Declarations of interest**

- 2.1. There were none.

### **3. Responses from Mayor and Cabinet**

- 3.1. The Chair of the Committee welcomed the responses from Mayor and Cabinet – members asked that officers provide additional details in their answers to questions later in the agenda about the actions being taken to control over spending.
- 3.2. Resolved: that the responses from Mayor and Cabinet be noted.

### **4. Budget cuts**

- 4.1. Kathy Freeman (Executive Director for Corporate Resources) introduced the report – setting out the financial situation facing the Council – the following key points were noted:
- Before the announcement of the local government funding settlement – officers anticipated a gap of more than £50m in the Council's finances over the next three years (with £34m of this being in 2021-22).
  - The £34m gap for 2021-22 included £10m of savings required to address persistent and recurring overspending.
  - The headline from the provisional settlement announced in December was better than expected.

- Confirmation had been received regarding additional funding available for social care as well as the Council's ability to increase Council tax to fund cost pressures in social care.
- The impact of the settlement means that there is a revised budget gap of £28m as opposed to £34m for next year.
- A number of cuts have already been through the pre-decision scrutiny process and on to Mayor and Cabinet.
- Additional cuts of £15m were being presented to scrutiny – with £13m identified for next year (bringing the total to £28m).
- The impact of the pandemic is still significant and having an ongoing impact on the Council's finances.
- There are also ongoing risks to the Council's ability to deliver the agreed savings.
- There are ongoing uncertainties around the funding available from government in the medium term.

4.2. Kathy Freeman responded to questions from the Committee – the following key points were noted:

- The Council has £150m of earmarked reserves. The current projected overspend to the end of the year is approximately £3m, which would have to be drawn from the non-earmarked reserves of £20m – however – this is contingent on the receipt of grant funding and spending to the end of the year.
- The collection of council tax and business rates had been impacted by the pandemic.
- Officers recognise the pressures in the Children and Young People's directorate budget.
- £35m of cuts would need to be delivered in the coming year (including £7m of cuts that had been paused due to the pandemic). The Council is putting in place a robust, risk based programme management approach to implementation of the cuts.

4.3. Pinaki Ghoshal (Executive Director for Children and Young People) outlined the approach being taken to ensure that the equality impacts of the cuts were being monitored and mitigated (where possible).

4.4. In response to a question from the Committee, Pinaki Ghoshal confirmed that updates on the impact of budget cuts could be brought to the Committee on a regular basis.

4.5. Pinaki Ghoshal also responded to questions about proposed cuts to funding for children and adolescent mental health services (CAMHS) – the following key points were noted:

- The Council anticipated increased investment from the NHS into CAMHS.
- Investment by the Council is being targeted to early support for families and young people.
- A process is being put in place to activate contingency measures to support CAMHS, should this be needed as a result of increased referrals.

4.6. In Committee discussions (including consideration of the specific cuts assigned to the Committee) the following key points were also noted:

- The process being followed to ensure that the identified cuts would be delivered was welcomed.

- Members asked questions about the decision making for the proposed cuts to children's mental health services (C22 – reduction to the generic Council funded children and adolescent mental health service (CAMHS) provision).
  - Members noted their displeasure at the government pay freeze for public sector workers.
  - The support for good contract management and efficiency.
  - The risk of cuts not being delivered.
- 4.7. Councillor Sorba (Chair of the Children and Young People Select Committee) addressed the Committee – outlining the CYP Committee's concerns about the proposed cuts to mental health services for children and young people – particularly in relation to the damaging impact of the pandemic. Cllr Sorba recommended that the Public Accounts Select Committee endorse a proposal to draw on the Council's un-earmarked reserves in order to avoid making the proposed cuts to these services.
- 4.8. Councillor Chris Barnham (Cabinet Member for Children's Services and School Performance) addressed the Committee regarding the cuts to CAMHS provision – highlighting the Council's long term support for mental health services and the actions being taken to support children, young people and families. He outlined a plan to hold funding in contingency to fund potential issues as they arose.
- 4.9. Councillor John Muldoon (Chair of the Healthier Communities Select Committee) addressed the Committee – highlighting the Council's corporate policy to 'insource' services where possible and comments made in the Committee's written referral.
- 4.10. Councillor James Rathbone (Vice-Chair of the Safer Stronger Communities Select Committee) addressed the Committee – restating the challenging financial situation facing, which had resulted in the proposals for cuts. He also noted the importance of considering the equalities implications of the proposed cuts.
- 4.11. Councillor Anwar asked that his opposition to the CAHMS cuts proposal (C22) be noted.
- 4.12. Resolved: that the Committee refer its views to Mayor and Cabinet as follows –
- The Committee reiterates its concerns about the challenging financial situation facing the Council and it is aware of the difficult task facing officers in identifying and delivering cuts.
  - The Committee notes the views of the select committees but it recognises the need to make the cuts as proposed.

## **5. Council budget 2021-22**

- 5.1. Mayor Egan addressed the Committee – noting the challenging financial situation facing the Council following more than ten years of austerity. He highlighted that the Council's budget was half of what it was in 2010 and that there were now 1000 fewer members of Council staff. Whilst lamenting the need to make cuts and set a balanced budget he also outlined some of the successful work carried out by the Council in restrained circumstances.

5.2. Kathy Freeman presented the budget report – the following key points were noted:

- There is a legal requirement for the Council to set a balanced budget.
- The impact of the pandemic had been significant on the Council's finances.
- The figures in the report are based on the provisional local government settlement.
- The fair funding and business rates reviews have been delayed – and the medium term financial strategy (whilst prudent) could not account for significant swings in funding.
- The Council's general fund budget would be a net requirement of £243m in 2021-22 (which would incorporate cuts of £28m from two rounds of cuts proposals).
- It is proposed that there be a council tax increase of 4.99% (including a 3% increase to fund social care).
- The Council will continue its prudent approach to treasury management.
- The capital programme is proposed to be £184m in 2021-22.
- Work is taking place to enable the Council to recover from the pandemic – whilst ensuring financial resources are used effectively to support the recovery of the whole borough.
- A number of spending controls are in place to tackle overspending pressures.
- Funding had been set aside for service development, transformation and the delivery of cuts proposals.

5.3. Kathy Freeman responded to questions from the Committee – the following key points were noted:

- End of year overspending (currently projected to be £3.2m would have to be taken from un-earmarked reserves).
- Funds had been set aside for risks and pressures (which had been the case for a number of years – as outlined in the medium term financial strategy). This was not a 'contingency fund' to cover unachieved cuts.
- Councils are funded on the basis of the census – which did not take account of the changes in population between censuses.
- There were potential benefits from the business rate pool when things were going well. In the context of the pandemic (and associated financial risks) the Council was in a better position out of the pooling arrangements.
- There remained risk and uncertainties in achieving the plans set out in the budget.

5.4. Resolved: that the Committee refer its views to Mayor and Cabinet as follows –

- The Committee acknowledges the difficult circumstances facing the Council – and it commends the work of officers in responding to the pandemic – whilst also managing critical services and identifying additional cuts to budgets.
- The Committee believes that the hard work and dedication of Council officers in developing the 2021-22 budget should be recognised and praised.

**6. Select Committee work programme**

6.1. Tom Brown (Executive Director for Community Services) responded to questions from the Committee about the adult social care review. He noted that the review had commenced – and that a paper would be presented to the Healthier Communities Select Committee at the end of February.

6.2. Resolved: that the process for prioritising the work programme be noted.

The meeting ended at 21:20

Chair:

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Date:

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