

## **Minutes of the Public Accounts Select Committee Wednesday, 17 March 2021 at 7.00 pm**

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

Also present: Councillor James Rathbone, Councillor Amanda De Ryk (Cabinet Member for Finance and Resources), Timothy Andrew (Scrutiny Manager), David Austin (Acting Chief Finance Officer), Stephanie Fleck, Kathy Freeman (Executive Director for Corporate Resources), Pinaki Ghoshal (Executive Director for Children & Young People) and Selwyn Thompson (Director of Financial Services)

### **1. Minutes of the meeting held on 2 February 2021**

- 1.1 Resolved: that the minutes of the meeting held on 2 February 2021 be agreed as an accurate record.

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

- 2.1 There were none.

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

- 3.1 Resolved: that the response from Mayor and Cabinet be noted.

### **4. Financial forecasts 2020-21**

- 4.1 Kathy Freeman (Executive Director of Corporate Resources) introduced the report – the following key points were noted:
- The update incorporated information regarding: the general fund; dedicated schools grant; housing revenue account; collection fund and an update on the capital programme.
  - The previous financial update to the Committee (as part of the budget setting report) indicated that the Council was overspending the general fund budget by £3.2m. This was revised in this report to £2.6m.
  - Officers had been working hard to contain spending pressures and control costs.
  - As at the end of January 2021 – the overspend had been reduced to £1.8m. This was the result of a number of factors – including increased grant funding – but also due to the financial controls that had been put in place.
  - The position of the collection fund remained a significant risk. There were currently shortfalls of £6.8m relating to business rates and £4.2m of council tax collections.
  - It was anticipated that the collection fund shortfall could be as high as £20m.
  - The financial position was changing rapidly and the Council continued to receive additional grant funding – but also faced new responsibilities and pressures.
  - The current positive position of the general fund likely masks the longer term issues facing the Council – particularly in relation to the wider economic challenges facing local business, communities and residents.

- Significant risks remain in a number of areas, including: uncertainty over funding from the clinical commissioning group for hospital discharges; commercial waste collection and new responsibilities relating to public health (specifically test and trace and contained outbreak funding).
- There are also pressures in the dedicated schools grant relating to a marked increase in pupil numbers and the high needs block.
- It is likely that capital fund spending will not meet the revised budget.

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

- Adult social care was underspending its (non-covid related) budget by £1.1m – however, the service benefited from Better Care and Improved Better Care grant funding.
- Sadly, additional income in the bereavement service is as a result of the pandemic.
- Test, track and trace as well as outbreak control and general public health related spending as a result of the pandemic have been added as additional council responsibilities by the government as part of a recent update on public health funding.
- This year's allocation of covid related expenditure for Public Health had been in excess of £6m – the existing allocation for next year (including new responsibilities) is currently £500k.
- The Children and Young People directorate's cash limit budget for 2021-22 is £58.4m (additional information would be provided following the meeting on the specific social care budget).
- The government is recognising up to 75% of shortfall on business rate collection. On council tax – the government is not going to recognise the shortfall.
- A great deal of work is taking place to allocate costs to the correct grants and budgets.
- There are extensive and burdensome government monitoring and reporting requirements related to the distribution of covid related grant funding. Limited funding is available to meet the costs of new burdens.
- The Council would change as a result of the pandemic – work is ongoing to develop the recovery programme- both on an operational and a strategic level.

4.3 Pinaki Ghoshal (Executive Director for Children and Young People) addressed the Committee regarding overspending children's services – the following key points were noted:

- A lot of work had been carried out in children's social care to control overspending. The current projected (non-covid related) overspend was £4.4m, which had continued to decrease over a number of months.
- Much of focus had been on placement costs. Work had been carried out to improve social work practise – which was reducing the number of children and young people in the care system.
- There had also been a reduction in residential placements – and the costs associated with residential placements.
- Work had been carried out with the clinical commissioning group to correctly attribute costs for children with health and care needs. Work was also taking place to attribute education costs to the dedicated schools grant.
- Costs were also being reduced for young people leaving care and the children of people seeking asylum - by ensuring funding was channelled from the correct sources.

- The Council was reducing its dependency on agency social workers and building a sustainable work force for the longer term.
  - Work was also taking place to improve the culture of the children and young people directorate and improve the focus on spending and costs.
- 4.4 In Committee discussions – the following key points were also noted:
- Members praised the work of officers in their efforts to control overspending.
  - Members noted the new responsibilities being placed upon councils – specifically referring to test and trace and the poor performance of central government contracts with private providers to meet the stated aims of the programme - as well as the considerable waste of public money this had entailed.
  - Members highlighted the extent of consistent overspending in the children’s social care budget.
- 4.5 Resolved: that the Committee refer its views to Mayor and Cabinet as follows-
- The Committee is concerned about the additional Public Health responsibilities that are being placed on the Council as a result of the COVID-19 pandemic. In particular, Members are dismayed (but unsurprised) to learn that the Government intends to place further test and trace responsibilities on councils without, it appears, the requisite funding to carry out this work.
  - Committee members note the reports of the very large amounts of funding made available to private companies to run the national test and trace system – which appears not to have been a success.
  - The Committee is also concerned about the burdensome (and unfunded) monitoring and reporting requirements for existing grant funding, which are placing significant strains on Council officers’ time and resources.
  - The Committee recommends that further consideration should be given to lobbying the Government on the equity of its funding decisions and its extensive requirements for recording, monitoring and reporting.

## **5. Audit Panel update**

- 5.1 Kathy Freeman introduced the report - providing a summary of the work of the Audit Panel in the previous year. She noted the impact of the pandemic on the work of internal audit function.
- 5.2 Councillor Rathbone (Chair of the Audit Panel) addressed the Committee – thanking officers for their support over the past year and recognising the valuable contribution of the Panel’s independent members. He also noted that the Council had been able to meet its primary financial reporting deadlines (in contrast to some comparator authorities) but that the Panel had some concerns about the Council’s core financial systems, which it was challenging and monitoring.
- 5.3 Resolved: that the report be noted.

## **6. Select Committee work programme**

- 6.1 The Committee reviewed the completed work programme for 2020-21 and recommended that items on: adult social care; reporting and monitoring the

financial implications of the covid recovery plan; the finances of the public realm division; children's social care; income generation and commercialisation and business rates be put forward as suggestions for the 2021-22 work programme.

The meeting ended at 8.30 pm

Chair:

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Date:

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