

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Budget Setting and Capital Allocations Panel held at Online via the Zoom App on 16 September 2020

Attendance list at end of document

1 Welcome from the Chairman

2 Apologies

Apologies received from Councillor Andrew Moulding.

3 Declarations of interest

Councillor Paul Hayward; personal interest; that amendments to the Council budget may impact on the three parish councils he represents.

4 Terms of reference for the Panel

The Chairman outlined the terms of reference for the Panel:

- To explore suggestions of addressing any budget shortfall that are put forward by the Senior Management Team and other Officers
- To bring forward ideas from the Panel for addressing any budget shortfall
- To consider the justification of spend to save/generate income proposals
- To recommend the pursuit of further investigation to the Cabinet on specific budget items identified.
- To approve a method of allocation and bid prioritisation. Bids are then reviewed against available resources using an agreed allocation framework.
- To undertake regular monitoring of the Council's capital projects.

5 Draft Financial Strategy 2021 - 2031

The Draft Financial Strategy 2021 – 2031 outlined how the Council will structure and manage its finances over the next ten years to deliver services, and the objectives set out in the Council Plan.

The Strategy set out the previous position with background on the approach for delivering balanced budgets through careful financial management and forward planning. Direction was required on the right approach going forward, in balancing future budgets determined by the new Council administration, but also dealing with and recovery from Covid-19.

The Medium Term Financial Plan (MTFP) was explained, and key calculations highlighted included:

- Service budgets, adjusted where there are known demand changes, but not including any growth in service or staffing to the current level with a few exceptions. This includes the commitment to a carbon reduction programme, but the ongoing £323k per annum, although significant, will not meet the requirements alone. External funding will be required and/or reduction of other services to meet the requirement fully;

- Government Funding, with the announcement that a full review of local authority funding is due to be undertaken with effect for 2021/22, as well as the pending white paper on recovery and devolution. The MTFP assumes a fall to baseline funding from 2022/23; taking away any growth in business rates and the end of New Homes Bonus (NHB);
- Business Rate Income, assumed under the existing scheme of 50% retention;
- Council Tax, retaining the annual increase of £5;
- NHB, ending in its current form with the final year providing £0.9m in 2022/23.

The MTFP shows a projected deficit for 2021/22 of £0.694m, which increases annually, reaching £5.653m in 2030/31 as the annual shortfall in budget if no actions are taken to reduce expenditure and or increase income.

The Capital expenditure programme contains only rolling items, or early requests for items. Any additional schemes that come forward must be appraised by the Panel.

In discussing the Draft Financial Strategy, the Panel discussed a general approach, and some specific areas of service delivery and income generation. In concluding that discussion, agreement on the areas for progression were:

- Referring suggestions for improvement to car park tariffs to the Task and Finish Forum already set up to review that income stream, it was thought some options could be considered for the 2021/22 budget to generate additional income whilst safeguarding residents from increases;
- Progress existing reviews already identified by officers to provide savings and/or income generation;
- Consider a consultation exercise to raise awareness of the financial pressures of the Council and obtain feedback from residents on their priorities, and their appetite for a formal referendum on a Council Tax increase above the permitted level;
- Look at examples of other authorities where leisure facilities had been brought back in-house;
- Temporary accommodation solutions, such as investing in accommodation, to be investigated;
- Instigate further work into the commercialisation approach, with the introduction of Task and Finish Forum, to include specifically consideration of the Council's approach to asset transfer to town and parish councils. The intention was not to shift liability, but to assess the value of such assets to determine if there was a more economical and social benefit in each transfer. There was some appetite from local councils to take on some assets and services;
- Investigate the extent and impact of the perceived loophole exploitation of small business rate relief on second homes.

RECOMMENDATION to Cabinet

1. that the debate by the Budget Setting and Capital Allocations Panel on the Draft Financial Strategy 2021 – 2031 is taken into account prior to the strategy being presented to Council;
2. That a Task and Finish Forum be set up on the topic of Commercialisation, to include specifically the issue of asset transfer to town and parish councils.

6 Consideration of how to balance budget for 2021 - 2022

The Panel had discussed in detail the savings and income generation elements listed, in the previous agenda item. The elements were agreed to go forward for further work by officers, and the Panel would be kept informed of progress.

Attendance List

Councillors present:

J Rowland (Chairman)
M Armstrong
P Arnott
J Bailey
D Barrow
K Blakey
P Hayward
S Jackson
G Jung
F King
J Loudoun
P Millar
G Pook
M Rixson

Councillors also present (for some or all the meeting)

B De Saram

Officers in attendance:

John Symes, Finance Manager
Simon Davey, Strategic Lead Finance
Debbie Meakin, Democratic Services Officer

Councillor apologies:

A Moulding

Chairman

Date: