



SCRUTINY COMMISSION – 14 SEPTEMBER 2020

MEDIUM TERM FINANCIAL STRATEGY UPDATE

MINUTE EXTRACT

The Commission considered a report of the Director of Corporate Resources which provided an update on the 2020/21 revenue budget and capital programme monitoring position and set out the proposed approach for updating the Medium Term Financial Strategy (MTFS) for 2021 to 2025. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Chairman welcomed to the meeting Mr J. B. Rhodes CC, the Cabinet Lead Member for Finance and Resources.

In introducing the report, the Director of Corporate Resources used a power point presentation to highlight the key issues and a copy of that presentation is filed with these minutes. The Director emphasised the following key points:

- i) The position now outlined showed an in-year overspend of £18million which was a reduction from the previous forecast. However, given the volatility of the situation it was difficult to forecast precisely the likely year end impact. If the overspend was maintained at this level the use of the General Fund could be avoided which would be a significant achievement;
- ii) Whilst noting the impact of Covid 19 on the budget it was important not to lose sight of the other significant budget pressures facing the Council in particular around SEN and Children Social Care budgets. The Government had indicated it was reviewing SEN funding, but the outcome of that review was yet to be published and the indications were that this could be delayed until later in the year;
- iii) The Government had not progressed their commitment to Fair Funding and implementation had been delayed until at least April 2022. In addition, given the recent decision by the Government to

pause the need for payment of business rates there was some concern about the risk to authorities continuing to pursue business rate retention as a funding stream in the long term;

- iv) The Comprehensive Spending Review would provide the earliest indication as to whether the Government would make additional resources available to local government. Given the significant pressures across all Government Departments the likelihood of additional resources was felt to be remote.

Regarding the Capital Programme the Director outlined the changes that had been made so that resources could be released to underwrite the overspend in the current year. This included removing the requirement for funding of the Lutterworth Development Spine Road. Members noted that the position on this would be monitored and looked at again if the Council were to be successful in obtaining other government funding for the scheme.

In response to questions the Director and Cabinet Lead Member advised:

- a) The reduction in funding of School Accommodation related to a reduction in forward funding of schemes and greater reliance on developers building directly. This was a review of funding approach for schemes several years in the future rather than a change to planned places;
- b) Further investigations were being undertaken in relation to Zouch bridge including going out to competitive tender with a view to reducing costs. Works on the bridge were not likely to start this year as previously planned;
- c) All Departments had been asked to look at how additional savings could be delivered to meet the financial gap in the MTFs. These discussions had just started, and it was noted that given the significant financial savings already delivered the task ahead would be challenging. The Director, however, pointed out that the experience gained from working with Newton Europe to develop a new Target Operating Model for Adult Social Care had shown that there were still areas of the Council which might benefit from a new approach and to that end Newton Europe had been asked to work

with staff in Children Social Care on processes and demand management.

Members of the Commission noted the challenges facing the Council and commended the Director of Corporate Resources and other officers for their work and effort to ensure financial sustainability.

RESOLVED:

- (a) That the update on the 2020/21 revenue budget and capital programme monitoring position be noted;
- (b) That the proposed approach and timetable for developing and rolling forward the MTFS for 2021 to 2025 be noted.

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