

**MINUTES OF THE SCRUTINY
FINANCE REVIEW GROUP****THURSDAY 25TH JUNE 2020 AT 6.00 PM****PRESENT:** Councillor Young (Chair), Councillors: Franks, Moles, Nicholls, Rivers, Roche, T. Saleem and Waheed**32. MINUTES (REF: 2.1)**

Resolved: That subject to the inclusion of Councillor Skepelhorn being shown as present, the Minutes of the meeting held on the 4th June 2020 be taken as read, approved as a correct record and signed by the Chair.

33. DISCLOSURES OF INTEREST (REF: 3)

Councillors Young, Nicholls, T. Saleem and Waheed advised of a non-prejudicial interest in the Agenda Item 7 due to being Council appointed Directors of LLAL Board and remained in the meeting during the discussion and decision of the item.

34. LIBRARY STRATEGY (REF: 7)

The Senior Integrated Commissioner Manager presented a report, which sought the endorsement of the draft Library Strategy and the recommendations proposed to the Executive prior to its meeting on 29th June 2020.

Members were reminded that locally and nationally, library services were facing challenges to many of its traditional functions. In the context of significant reductions in public spending at Government level that had been exacerbated by the catastrophic implications of COVID-19, the Council could not afford to spend as much on its library service as it had in the past.

He added that the Strategy would be the driver for developing the service to ensure relevance in a digital world, in a context of smaller budgets, increased partnerships, shared services and buildings and consortium working.

The Senior Integrated Commissioner Manager continued that Luton Borough Council had a statutory responsibility to provide a local library service in accordance with the Public Libraries and Museums Act 1964. The Act required that the Local Authority provide a library service that was 'comprehensive and efficient'. However, it was for local decision how the library service best meet this requirement practically, including how many libraries there were, where they were, when they were open, and what each one offered.

He went on to say that the Strategy would define what a "comprehensive and efficient" library service would look like for Luton's residents and those who work or

study here; and maintain the quality of the library service through a model that was best able to achieve this in both the short and the long term.

Therefore, the Executive would be recommended to adopt the modern library strategy, which had been developed in consultation with local people and focuses on:

- a. aligning the Library offer with strong outcomes to benefit communities;
- b. providing sustainable and safe warm spaces for communities to learn and grow;
- c. enhance and increase the digital offer;
- d. co-locating library services with partner organisations so several services to be accessed in one visit;
- e. increasing the use of trained volunteers;
- f. replacing poorly used library collections; and
- g. seeking investment in libraries to instil civic pride through a modern and vibrant offer.

Members of the Finance Review Group commented that strategy did not set out what the vision of what the Library Service would look like or how the service would be delivered. Therefore it was proposed that a reference be sent to the Executive stating:

“That Executive be advised that Scrutiny Finance Review Group noted that the Library Strategy document contains lots of nice sounding phrases but no assurances about the future maintenance or improvement of Luton’s library service.”

The above resolution, being put to the vote, was supported unanimously by all those present.

Resolved: That Executive be advised that Scrutiny Finance Review Group noted that the Library Strategy document contains lots of nice sounding phrases but no assurances about the future maintenance or improvement of Luton’s library service.

35. REVISED EMERGENCY BUDGET REPORT 2020-21 (REF: 8)

The Service Director, Finance & Audit submitted a report on the Revised Emergency Budget for 2020/21, resulting from the fundamental changes caused by the COVID-19 pandemic. The report was supplemented by a presentation.

Due to the Coronavirus there had been a substantial increase in public sector net borrowing and debt and that Government intervention should help prevent greater economic and fiscal damage in the long term. He added that the longer the period of economic disruption lasted, the more likely it was that the economy’s future potential output would be ‘scarred’ (due to business failures, cancelled investments and the unemployed becoming disconnected from the labour market). There would also be an impact on GDP, unemployment, government expenditure and tax receipts. He added that Luton had been badly hit as per Centre for Cities with many companies furloughing staff. Also, Luton was heavily reliant on car industry and aviation.

Members were given a brief overview of the financial impact on the Luton Group:

	£m
Gross Impact	69.70
Government support to date	-11.20
Additional support expected	-6.30
Net additional growth	0.70
Net Impact before LLAL stabilisation plan	52.90
LLAL stabilisation Plan	-30.70
Budget Gap	22.20

The Service Director, Finance & Audit continued that various Budget Assumptions had been made, including the loss of income which represented reduction in areas such as parking, licensing, trading activities, commercial income and other fees and charges. He added that the Costs were based on latest information and on best estimates taking into account the uncertainties and risks associated with COVID -19. Also, Council Tax and Business rates changes reflected the state of the economy and potential for reductions in collection rate, increases in bad debts, and an increase in demands on the Council Tax support scheme. He went on to say that the dividend receivable, reflected the reduction in income projection based on detailed scenario analysis and forecasts of passenger numbers. However, it should be noted that these estimates were based on the best information available and some of the planning assumptions were necessarily based on limited information as the full financial impact of COVID 19 is yet to be felt.

In regards to the Revenue Budget Outturn 2019/20, the overall position showed a net overspend of £0.195million, after deploying the full £5.9m of general contingency and by some one-off gains in the corporate resource accounts relating to borrowing costs, interest earned on investments and capital financing. The key points are as follows:

- Children's and Families Social Care, including Special Educational Needs transport - £4.7million
- Homelessness, £3.5million, with a significant increase in expenditure towards the year end.

There had be a Net reduction £0.7m in the Capital Programme. The revised programme included £64.23m of capital projects postponed to 2021/22 which includes:

- Century Park access road - £45.085m
- Crawley road multi-storey car park - £6.107m
- Town Hall refurbishment- £2.657m
- Vauxhall way improvements - £1.977m
- LBC street lightning led conversion £1.125m
- vehicle and plant replacement programme - £0.7m
- others – £6.58m

He added that additional projects amounting to £63.56m included:

- Vale cemetery extension - £2m

- Waste Transfer Station/Materials Recycling Facilities refurbishment - £1.2m
- contingent labour joint venture - £0.36m
- Additional debenture loans (2020/21 - £60m and 2021/22 - £23m) to LLAL.

There were also huge uncertainties and risks, such as:

- Will the support from central government continue once lockdown is lifted and for how long
- Will the economy be damaged and recovery takes longer
- Impact of unemployment on Council finances
- How the supply chain will react in the medium term
- Demand for services and compliance and regulatory changes will impact on costs
- Impact on Luton 2040 and council service delivery
- Impact on Council income, fees and charges and income from commercial activities including the airport.
- What impact the government debt will have on the next spending review and Council finances
- What is going to be the new normal?

Corporate and Service Directors proceeded to outline proposed savings for each department.

Chief Executive's – final proposals:

- £65k - (2020/21) Non-employee-related budget review -- no impact on service delivery (£46k already built into base budget)
- £30k - (2020/21 and 2021/22) Reduction in provision for apprentices -- three fewer apprentice opportunities (currently vacant) across the department
- £385k - (2020/21 – 2022/23) Fundamental review of structures and activities to rationalise services and realign them to the priorities of Luton 2040 and Future Ready -- net reduction of 8.31 FTE posts
- £500k - Senior Management restructure
- £30k - 25% reduction in design/print/marketing budgets for each department
- £60k - Print savings reductions

TOTAL: £1.004m

Customer and Commercial – final proposals:

- £400k – Council tax reduction scheme (CTR) 2020/21. Already approved and underway
- £194k – Connect2Luton Joint Venture Partnership for contingent labour. Already approved and underway
- £20k - Shared cost 'Additional Voluntary Contribution'. Already approved and underway
- £50k - BTS surplus
- £25k – Digitisation of finance process
- £62k – Reduction in corporate subscriptions

- £52k – Training budget + vacancy deletion
- £50k – Annual leave purchase scheme
- £20k – Cessation of cash kiosks
- £20k – Revenues and benefits contract review (print contract)
- £100k – Review of wider ICT contract / application portfolio management
- £100k – Reduction in bank charges
- £300k - Increased temporary accommodation debt collection
- £24k – BTS medium term contract
- £300k – Customer Services new operating model
- £1,150k – C&C moratorium on recruitment
- £1,111.6k – Workforce reduction (vacancy deletion / voluntary separation - approx. 28 posts)
- £30k– Transfer DBS Service to Joint Venture with Kent Commercial (Connect2Luton)
- £500k – New Council Tax Reduction Scheme proposal for 21/22
- £500k - Transfer of shopping parades from the HRA to General Fund, with GF properties moving to the HRA (subject to appropriate arrangements being reached and consultation with the Tenant Board)
- £150k (one off) - BTS procurement saving on the materials contract starting in Aug 2020 (one year saving but subject to the market and volumes) (not previously counted in the total)

TOTAL = £4.350m

Wellbeing and Public Health – Final proposals:

- £1,171k - Provider services review ASC
- £100k- ASC Chargeable Services Annual Scale of Charges
- £200k- Financial efficiencies to ensure affordability of the Library Service
- £179k - Review of commissioning & quality team
- £175k - Home care charges review
- £20k – Review of Reablement Flats
- £10k - Supported living charges review
- £750k - Travel expenditure from closures
- £200k - Travel costs review
- £500k - Side by Side Programme and ASC restructure
- £50k - Out of Area Supported Living and Respite
- £460k - Implementation of Prepaid Card
- £400k - ASC care packages
- £330k – Residential care inflation
- £525k - Review of non-statutory commissioned providers
- £374k - Commissioning line by line review
- £180K - Mental health social care ELFT contract
- £1,500k - Public Health Service review
- £350k (One-off) - Hold current vacancies while remodelling the team structures (one off for 20/21)

Total = £7.124 (Two Years Cumulative Total)

Place and Infrastructure – Final proposals:

- Green book already approved savings = £2.593m

- £170k - Neighbourhood Enforcement Team
- £183k - Public Protection- Deletion of vacant posts
- £580k Concessionary Fares
- £82k - Major Projects Team
- £126k - Planning policy and Environment – review and rationalisation
- £15k - Moving Ecology to Parks and rationalisation of contracts
- £ 25k - Companion bus passes
- £78.5k Economic Development Team downsizing
- £293k - Highways Maintenance
- £100k - Energy Saving Street Lighting
- £22.9k Emergency Revenue Savings 2020/21- SCP
- £350k Green Garden Waste – increased to reflect experience of other Local Authorities
- 50k - Signs and lines
- £113k - Further vacancy deletions (PCS)
- £100K - additional highways revenue funding reflecting additional government grants for Active Travel and Pot Holes
- £100K – negotiation of waste inflation figure
- £350K – savings from buildings being closed for a number of months
- £120.6k – April and May vacancy employee costs

Total = £ 5.956m

Children's, Families and Education

- £1,493k – Develop Family Resource Service (integrating LR/MCC/EH/FSCS previous proposals)
- £16k - Savings in Local Safeguarding Board budget
- £79k – Service Review-Young people risk of offending (Vacant Posts)
- £100k - Children in need and children looked after resource review
- £270k - Reduce in section 17 financial assistance
- £107k – Base budget review reduction in room hire, catering and members expenses
- £500k (One-off) - Reduction in investment into Children's Social Care (agreed by Exec on 27/4/20 on demand led approach in year only)
- £21k (one off) – Family information service
- £30k (one off) – 14-19 progression and transition service
- £51k (one off) (£19k ongoing) – SEN
- £24k (one off) (£10k ongoing) – Education Welfare Service
- £199k - General Fund education budget review
- £4k – schools traded service course offer
- £50k – Education psychology
- £10k – Virtual school
- £50k – Youth Advice service
- £32k – Admission appeals increased income
- £30k – Elective home education
- £20k in year £52k ongoing – early years
- £75k in year £625k on going – ceasing school meals service

Total = £3.15m (Two years cumulative)

The Service Director, Finance & Audit concluded that in regards to consultation and engagement, the Council would be engaging with the public for several weeks – 1) explaining the situation, 2) petition, 3) getting savings ideas 4) getting views on high-level proposals already published. There had been 500 responses already received and that engagement had been mainly positive and constructive. Key themes/ideas put forward so far:

- Streets and parking – i.e. dim/turn off street lights, stop non-essential road improvements
- Buildings – i.e. more home working, reduce office estate
- Sports, leisure and culture – i.e. review the offer/number of buildings and events
- Parks, open spaces and grass – i.e. have fewer grass cuts / create meadows with wild flowers
- Capital projects – i.e. stop/delay where savings can be achieved
- Pay and Salaries – i.e. freeze recruitment, have fewer higher paid officers
- Finance – i.e. chase all outstanding money owed
- Income generating ideas – i.e. organise fundraising events, establish a lottery fund, trade more
- Community – i.e. get more volunteers to help with street services

Concerns raised by residents included the cutting of services to vulnerable and nervousness about any changes to black bin waste collections. However, there had been some support for reduced garden waste collections.

Resolved: That the Report ((Ref: 8) be noted

36. PROVISIONAL REVENUE & CAPITAL OUTTURN 2019-20 (REF: 9)

The Service Director, Finance & Audit reported on the provisional outturn position for 2019/20, which was subject to Audit, prior to submission to the Executive on the 29th June were it would be recommended to:

- a) note the over-spend of £0.195m reported at the provisional outturn figures for 2019/20, subject to finalising some areas of capital resourcing and treasury management.
- b) approve the budgets requested for carry forward to 2020/21
- c) approve the movements in reserves arising from the outturn position for 2019/20
- d) approve the following items of capital expenditure where 2019/20 spend was in excess of the current budget:
 - PI1, LTP Package for Integrated Transport, £206,000, funded by capital grant
 - PI2, LTP Highway Maintenance, £9,000, funded by capital grant
 - PI52, Library Building Refurbishment, £98,000, funded by capital receipt

Members were advised that the provisional outturn position for 2019/20 after contributions to and from specific operational reserves was a net overspend of £0.195m compared to the annual budget, a variation of around 0.15% on total net expenditure during the year. This was slightly worse position than the small surplus of £0.062m forecast in the year's monitoring up to Quarter 3.

He went on to say that the final overspend was a net position, with significant additional costs incurred for the year across several services, that had been offset by the full use of current year's approved central contingency budgets and some significant short-term and one-off gains in the corporate resource accounts.

The Service Director, Finance & Audit School informed Members that reserves had reduced by £2.4 million in 2019/20, to meet a net overspend of £1.2m on Individual School budgets, plus a £1.2m overspend on the central LEA functions of the budget. He added that £1.1m of the central overspend related to increased costs on high needs education in maintained schools and independent settings, plus the costs of alternative educational provision.

He continued that the monitoring for the General Fund capital programme in 2019/20 predicted a net reduction in spend of £83.289 million for the year compared to the opening programme, £64.200 million of which related to Corporate Projects. He went on to say that the final forecast estimated General Fund expenditure of £174.8 million and HRA expenditure of £23.5 million for the year. Also, the final spend had been a further £39.1 million re-phasing across the General Fund and HRA programmes.

The Service Director, Finance & Audit reported that the main financial risks arising from the 2019/20 outturn position were the continuing high levels of cost in demand-led volatile service areas, most notably for support to children & families and the cost of temporary accommodation, alongside pressures across other several service areas.

Resolved: (i) That Finance Review Group supports the recommendations proposed to the Executive in regards to the provisional outturn position for 2019/20.

(ii) That the Report (Ref: 9) be noted.

37. WORK PROGRAMME (REF: 10)

The Democracy and Scrutiny Officer presented the FRG draft work programme and dates of meetings for 2020-21 and advised the programme would be appropriately amended and updated as resolved by the Committee below.

Resolved: (i) That the FRG Work Programme be noted and approved

(ii) That the following dates for future meetings of FRG 2020-21 be noted:

- 6th August 2020
- 24th September 2020
- 26th November 2020

- 18th January 2021
- 10th February 2021
- 4th March 2021

38. LOCAL GOVERNMENT ACT 1972, PART VA (REF: 11)

Resolved: That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting as it is likely that if members of the public were present during consideration of the Item Ref 12.1, there would be disclosure to them of exempt information falling within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended.

39. PRIVATE MINUTES (REFS: 12.1)

Resolved: That subject to the inclusion of Councillor Skepelhorn being shown as present, the Private Minutes of the meeting held on 4th November 2019 be taken as read, approved as correct records and signed by the Chair.

(Note: (i) The meeting ended at 8:35pm.

(ii) Date of next meeting: 6th August 2020.)