



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the
ECONOMIC DEVELOPMENT, TRANSPORT AND TOURISM SCRUTINY
COMMISSION

Held: THURSDAY, 14 JANUARY 2021 at 4:00 pm

P R E S E N T:

Councillor Waddington (Chair)
Councillor Sandhu (Vice Chair)

Councillor Broadwell
Councillor Fonseca

Councillor Valand

Councillor Porter
Councillor Rae Bhatia

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108. WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting, reminding everyone that this was a virtual meeting, as permitted under Section 78 of the Coronavirus Act 2020, to enable meetings to take place whilst observing social distancing measures.

At the invitation of the Chair, Members and officers present at the meeting then introduced themselves.

109. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Joel.

110. DECLARATIONS OF INTEREST

Councillor Broadwell declared a Disclosable Pecuniary Interest in relation to the general business of the meeting, in that she was a sole trader running a business building and refurbishing electric bikes.

119. DRAFT GENERAL FUND BUDGET 2021/22 AND DRAFT CAPITAL PROGRAMME 2021/22

The Director of Finance submitted the reports which set out the City Mayor's proposed Draft General Fund Budget 2021/22 and Draft Capital Programme 2021/22.

The Deputy Director of Finance introduced the Draft General Fund Budget report, explaining that this year's budget had been set in a time of extreme uncertainty. The pandemic had hit, after dealing with 10 years of severe funding cuts of over £100m government funding. At present, the full extent of spending which would result from the pandemic restrictions was not known and some services may need to be reshaped to best meet the need of the new environment when the pandemic was over.

The government had now published the draft finance settlement for local government. This however was published after the publication of Leicester's draft budget report and therefore the figures in the final report would be subject to some limited change.

It was explained that this year the budget was a one year stop gap budget, as it was unclear as to the ongoing impact of the pandemic, on spending and on the economic downturn. There had been minimal changes to the budget for 21/22 and no further information had been received from government regarding the budget beyond this period.

The Deputy Director of Finance noted that significant amount of funds still needed to be provided for Social Care which included £10m for adult social care and of this, the government only provided £3m. In order to contribute to this gap, the government proposed that the Council increase Council Tax by an additional 3% which would raise £3.6m but would still result in a shortfall of funds. Leicester City Council along with other councils, were still awaiting the social care funding review. Members' attention was drawn to the table on pg. 5 which set out how the draft budget was balanced with the use of £20m of reserves. However, the Council's ability to use reserves was declining. Substantial savings would need to be made to balance the budget in future years.

Comments received from Members of this Committee would then go to the Overview Select Committee and subsequently Full Council 17 February 2021.

Following comments from Members of the Commission, officers provided the following responses:

- Concerns that it was the wrong time to put pressure on people with an increase in Council Tax and as reported the adult social care precept would only raise £3.6m which would not be sufficient for the gap. It was queried also as to why the Council were investing in specific named projects.

Response from the City Mayor:

The difference between the Capital fund and the draft General Fund Budget 2021/22 was clarified. It was confirmed that the investment of some of the Council's capital resources had been used to enable the regeneration of the city and to ensure a continued revenue stream into the future which did have a positive impact into the Council's position with regard to their revenue budget.

The City Mayor noted that he would be happy to talk in detail about the specific project the Member of Commission was referring to, so as to demonstrate what a good proposal it was in terms of the regeneration of the city and also contribution to the revenue fund.

- Clarification was requested relating to the actual figures that the Council had faced as a result of loss/ cut in government funding?

Response from the Deputy Director of Finance:

It was confirmed that the losses had been very significant, but it was difficult to clarify the exact reduction in funding. The Deputy Director of Finance offered to circulate this information to the particular Member following the meeting.

- It was requested to clarify the budget for 2021/ 22, in relation to Economic Development on page 25 of the report?

Response from the Deputy Director of Finance:

It was noted that these were already approved savings as part of previous spending reviews in previous years budgets. In regard to page 25, the Officer clarified the figures were referring to additional income generation from the workspace units.

Response from the Director of Tourism, Leisure and Inward Investment:
The turnover of the economic regeneration service was noted to be quite significant, this reflected that the service had been particularly effective both at generating income from the commercial workspace portfolio and external grants. Hence, the net cost to the Council was noted as relatively small.

- There would be savings from the conservation team of £25k, how?

Response from the Director of Planning, Development and Transportation:

The Council previously had one conservation officer, which increased to two for the purpose of specific projects. One of the posts had now been reduced to part time (at the employee's request) and the £25k was noted as the savings from this job role.

- Comprehensive financial review, how proposing to go about that?

Response from the Deputy Director of Finance:

The Director of Finance would lead on this and would look at projections put forward by the government with regards to future funding, the ongoing implications of the pandemic, and the position of the Council's reserves.

- The budget proposed a 5% increase in Council Tax and noted the groups who would be significantly impacted by this. Is the Council Tax support

scheme robust to meet the increased needs which may come about?

Response from the City Mayor:

The importance of committing to put adequate funds to one side to provide for those in the most need of relief was noted.

Response from the Deputy Director of Finance:

There had seen an increase in demand for Council Tax support this year as a result of the pandemic. There was also a lot of demand for the various Covid-19 support schemes which became available. Since the budget report was published, the government would be making additional funding available to councils.

AGREED:

1. That the report be noted.
2. That the comments made by the Commission be noted.
3. That the Executive be requested to reflect in the final budget report the relief schemes that may be necessary as a result of the Council Tax increase.
4. That the Finance Officers be thanked for preparation of the report.

DRAFT CAPITAL PROGRAMME 2021/22

The Deputy Director of Finance introduced the draft Capital Programme report explaining that the future position remained uncertain both nationally and with the Council's own finances and therefore a one-year skeleton capital programme had been proposed. Much of the spending which took place in the next financial year would be a catch up of the current year's programme.

The proposed Capital Programme 21/22 was in the order of £20m and separately around £58m of works on Council housing and affordable properties which was set out in the Housing Revenue Account Report.

Details of the Capital Fund projects were summarised in the report and the schemes had been noted in different categories throughout the report based on the type of scheme and whether further approvals were required before the commencing of the scheme and where the capital resources to fund the schemes were also included. The Capital Strategy was included as an appendix.

- In regards to spending capital towards housing, it was stated that at a previous meeting it was reported that the government had set out a strategy which meant that the Council was unable to provide houses built to the highest environmental standards due to the costs of building exceeding the rent that the Council receives. Clarification was requested as to why are we not able to build houses to these environmental standards in Leicester?

Response from the City Mayor:

We are seeking to ensure that in the building of properties that we meet

high environmental standards. There were currently a number of discussions as to what were the highest environmental standards. The City Mayor would be happy to report on this matter to the Housing Scrutiny Commission to ensure funds were spent efficiently and properties built with awareness to help tackle climate emergency.

- The Council previously had a proposal to allocate £7m to purchase ex local authority housing, how has this progressed?

Response from the City Mayor:

It was reiterated as to the difference between the two funds and noted that when investments are used wisely it can produce regeneration of the city and produce income which did support the revenue budget.

There was a commitment to increase the availability of Council owned homes and to meet the growing need for people to have decent affordable homes managed by a responsible landlord. As part of this, the Council would be purchasing some already existing properties but also investing substantially in the construction of new properties.

- With reference to two policy provisions identified as part of this programme, £0.5m to assist with Black Lives Matter, what was envisaged?

Response from the City Mayor:

It was noted that the Council wanted to put significant resources into the commitment that was shared to ensure all that could be done to progress the Black Lives Matter agenda in Leicester. That £0.5m would most like go towards enabling an upgrade to the African Caribbean Centre which would allow for it to be even more effective. In order to do this, discussions would take place with the African and Caribbean community to determine what would be the most useful improvements.

- Commercial activity, any plans for using this policy to acquire properties?

Response from the City Mayor:

The City Mayor was determined that the Council should on an annual basis, produce a report in relation to the Council's corporate estate fund as was previously done. It was anticipated that this report would be brought forward in the next few months with a return to this being an annual report to Council.

AGREED:

1. To bring back a future report to the Housing Scrutiny Commission on how the Council was tackling climate emergency when building houses.