



Leicester
City Council

MINUTE EXTRACT

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

Held: WEDNESDAY, 5 FEBRUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Waddington (Chair)
Councillor Sandhu (Vice-Chair)

Councillor Broadwell
Councillor Rae Bhatia

Councillor Valand

In Attendance:

Sir Peter Soulsby – City Mayor

* * * * *

52. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fonseca and Councillor Joel.

53. DECLARATIONS OF INTEREST

Councillor Broadwell declared an Other Disclosable Interest in the general business of the meeting in that she was the Acting Chair of the Leicester Transport Users Union. In accordance with the Council's Code of Conduct, this interest was not considered so significant that it was likely to prejudice Councillor Broadwell's judgement of the public interest. She therefore was not required to withdraw from the meeting.

59. DRAFT GENERAL FUND REVENUE BUDGET 2020/21 - 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed General Fund Revenue budget for 2020/21 to 2021/22. Members noted a summary of revenue budgets for 2020/21 that were relevant to this

Commission's areas of work that had been tabled at the meeting. A copy of the summary is attached at the end of these minutes for information.

The Deputy Director of Finance introduced the report, explaining that the Council had approved a one-year budget for 2019/20, as it had been expected that the system of local government funding would change during that period. It had been announced that there would be three elements to this, namely a "fair funding review" (determining the distribution of funding between councils), a review of business rates retention (to increase the proportion of business rates collected that local authorities could retain), and a review of total government funding. However, due to other national political priorities during the year, all three issues were deferred and would be implemented from 2021/22 at the earliest. Consequently, it was proposed that a one-year budget be agreed for 2020/21.

The Deputy Director of Finance drew attention to the proposed 4% increase in Council Tax for 2020/21, noting that 2% of this was for adult social care funding and the remaining 2% was for general expenditure.

It was recognised that cuts in government funding to local authorities made an increase in Council Tax necessary, but concern was raised at the impact this increase would have on households and the consequent effect on the local economy. As there was a projected £0.7m reduction in spend on the Council Tax Support Scheme, it was suggested that consideration could be given to using the Collection Fund surplus to support vulnerable households, for example by transferring it to the Council Tax Support Scheme.

During discussion on this, Members noted that the Council's policies on the collection of Council Tax were sensitive to those who could not pay what they owed, including strict policies regarding enforcement and the use of bailiffs. However, it was recognised that some people were able to pay their Council Tax but chose not to do so.

The Commission noted from media reports that intensive lobbying was being undertaken by some authorities as part of the "fair funding review" regarding perceived extra costs in rural areas. It was suggested that similar lobbying should be done by urban authorities, to seek recognition of the costs faced by those authorities. The Deputy Director of Finance assured the Commission that opportunities were taken to do so.

The following points also were noted during discussion on the report:

- The proposed budget for 2020/21 included a provision for inflation, as this was an anticipated pressure on the budget;
- Each year an estimate had to be made about what business rate and Council Tax income would be received in the Collection Fund during the following year. Any amount above this was a surplus, but was described as a one-off surplus, as it was not guaranteed that a surplus would be received and, if it was, the amount varied from year to year;

- Reductions in the cost of the Connexions and Education Welfare Services were projected due to continued pressure to devolve funding to schools, who now had to commission their own services. This would have implications for young people not in employment, education or training;
- The Adult Education Grant was not included in the grants referred to under paragraph 8.12 of the report, as those listed were corporate, or had a wide impact on the Council's finances, but the Adult Education Grant was ring-fenced to a specific service;
- Fine income from bus lane enforcement cameras reduced following the initial period after their introduction, as drivers' behaviour adjusted. Previous experience showed that fine income reduced quite quickly, but then stabilised;
- Savings had been made on Highways expenditure, as the Council no longer had to illuminate all bollards. Changes in regulations meant that high luminosity materials could now be used instead, thereby reducing power and maintenance costs;
- The future Revenue Support Grant settlement would arise from the "fair funding review". The Local Government Association had prepared a number of models of the proposals known about so far and figures recently reported in the press were based on those models, but to date no decisions on the review had been taken;
- The uncommitted balance of the managed reserves strategy would be fundamental to managing budget reductions in future years;
- The Council had a detailed treasury management strategy, which was reported annually to Council for adoption;
- At this stage, an Equality Impact Assessment had only been done for the whole budget, as Assessments were made on a scheme-by-scheme basis as they came on-line;
- When submitted to Council for approval, the final report on the General Fund Revenue Budget 2020/21 to 2021/22 would be updated with any new information received in the final Local Government Finance Settlement; and
- Councillors were encouraged to actively participate in the determination of the financial envelopes within which the City Mayor had authority to act.

AGREED:

- 1) That the draft General Fund Revenue Budget 2020/21 to 2021/22 be received; and

2) That the Overview Select Committee be asked to:

- a) support the suggestion that consideration be given to using the projected Collection Fund surplus to support households particularly affected by the proposed Council Tax increase, for example by transferring it to the Council Tax Support Scheme;
- b) support the suggestion that lobbying be undertaken by urban authorities under the government's "fair funding review", to seek recognition of the particular costs faced by those authorities; and
- c) take the comments recorded above into account when scrutinising the draft General Fund Revenue Budget 2020/21 to 2021/22.