

**BUDGET AND
PERFORMANCE PANEL**

6.10 P.M.

17TH JUNE 2020

PRESENT:- Councillors Adrian Duggan (Chair), Tim Dant, Roger Dennison,
Debbie Jenkins, Mandy King, Jack O'Dwyer-Henry, David Whitworth,
Jason Wood and Joanna Young

Also Present:

Councillor Lewis, Leader of the Council

Officers in attendance:

Kieran Keane	Chief Executive
Mark Davies	Director for Communities and the Environment
Jason Syers	Director for Economic Growth and Regeneration
Steve Simpson	Head of ICT
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Stephen Metcalfe	Principal Democratic Support Officer

1 CHAIR'S REMARKS

The Chair thanked the previous Chair, Councillor Budden, and other Members of the Panel for the hard work that had been undertaken in the previous municipal year.

He also thanked the Chief Executive and officers for their ongoing work during the current pandemic and also Jenny Kay and Stephen Metcalfe, Democratic Services, who had assisted in the arrangements for this meeting of the Panel.

2 APPOINTMENT OF VICE-CHAIR

The Chair requested nominations for the position of Vice-Chair.

It was proposed by Councillor Joanna Young and seconded by Councillor Roger Dennison:-

“That Councillor Tim Dant be appointed Vice-Chair of the Budget and Performance Panel for the municipal year 2020/21.”

There being no further nominations, the proposition was declared carried.

Resolved:

That Councillor Tim Dant be appointed Vice-Chair of the Budget and Performance Panel for the municipal year 2020/21.

3 MINUTES

It was proposed by Councillor Tim Dant seconded by Councillor Roger Dennison and agreed that the minutes of the meeting held on 18th February 2020 be agreed as a correct record.

It was noted that the minutes would be signed by the Chair when the minute book was available.

4 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

5 DECLARATION OF INTERESTS

There were no declarations of interests.

6 COVID 19 - FINANCIAL IMPACT

The Panel received a report from the Chief Finance Officer, which provided an update on the current financial position in line with May's Ministry for Homes Community and Local Government (MHCLG) submission and set out scenarios (worse and best case) and their potential implications for Council's finances in 2020/21.

Financial implications were categorised into 3 different areas:

- New costs that arise simply as a result of the emergency for example the setting up and operation of the emergency foodbank hub at Salt Ayre Leisure Centre.
- Increase in some service costs that were not budgeted at the 'new' level due to the emergency, for example increase in temporary accommodation need, additional work by the Council's facilities management team and the purchase of additional Personal Protective Equipment (PPE).
- Loss of income that would otherwise have been received by the Council in 'normal' times (e.g. car parking, other fees and charges, investment income, council tax and business rates receipts).

The report included Financial Modelling and Scenarios although predicting what the final impact of COVID-19 on the Council's finances might be was extremely difficult as it was dependent on a number of factors and variables such as how long restrictions will last for and how quick, or slow the recovery will be. There was also the longer term impact on how the lockdown has changed people's habits around shopping, transport and exercise etc. and how these were to be reflected.

The report included current estimates of the impact of COVID on the Council's General Fund budget based on the best estimates from budget holders. Best and worst case scenarios had been developed and these would be monitored over the next few months and, as more information became available, the range between these estimates was expected to narrow.

The analysis focussed predominantly on 2020/21 but it was anticipated that COVID-19 would have a longer lasting impact on the Lancaster district and this would have to be reflected in medium term financial modelling. There was a likelihood that incomes might not recover and COVID-19 related expenditure might extend into future years. In the longer term, it was recommended that the Council undertook an outcomes based budgeting exercise to refocus budgets around the Council's COVID recovery priorities.

Impact on Reserves was also outlined. An analysis was undertaken as part of the Council's Medium Term Financial Strategy to compare ourselves to other Councils both nationally and regionally. This work had shown that over the recent years the Council's level of usable reserves increased significantly, as a result of increases Business Rates Retention Reserve. As a result the Council was more financially resilient than many of its neighbours. It was noted that initial modelling on the impact on reserves covering the next 18-36 months would commence shortly.

With regard to the capital programme it was reported that the Caton Road Flood Defence Works had faced additional financial pressures and a number of capital projects had been accelerated, or brought forward as a result of the Council's response to the pandemic.

The report provided information on Business Rates and Council Tax collection referencing the small business grants and discretionary grant.

To ensure that Members were kept updated a number of monitoring processes were being introduced:

- Monthly update reporting to Cabinet and Budget & Performance Panel
- Financial modelling updated with the latest estimates and forecasts aligned to MHCLG returns
- Worst and best case scenarios updated to take account of latest information and forecasts .

A briefing note regarding Covid-19 Rough Sleeper Funding had been circulated to Panel Members.

Panel Members asked several questions regarding the report, including the following:

- Request to share as much detail as possible, in particular how the budget is proceeding and any areas regarding finance that are drifting;
- PRT reports;
- Detail regarding unemployment figures in the district, Universal Credit and any Council Tax loses;
- SALC and work undertaken with other food banks;
- Cost of recently purchased laptops;
- Pension funds/values;
- Current estimates of the impact of COVID on the Council's General Fund budget (Scenarios - Table 1 of the report);
- Business rate pool.

It was noted that the next scheduled meeting of the Panel was due to be held on 7th July 2020. However, in accordance with monitoring arrangements, it was reported that monthly update reporting would be provided to both Cabinet and the Panel. In view of this

it was felt appropriate that the next meeting of the Panel be re-arranged on a date to be agreed later in July in order for the latest updates to be provided.

Resolved:

- (1) That the details of the report outlining the potential impact on the Council's finances resulting from the COVID-19 pandemic be noted.
- (2) That the Chair liaises with officers to make arrangements for the next meeting of the Panel being held on an alternative date later in July 2020.

Chair

(The meeting ended at 7.40 p.m.)

**Any queries regarding these Minutes, please contact
Stephen Metcalfe, Democratic Services - email sjmetcalfe@lancaster.gov.uk**