

Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 10.00 am on Wednesday, 24 February 2021

Present:

Members: Councillor R Singh (Chair)
Councillor N Akhtar
Councillor J Blundell
Councillor B Gittins
Councillor R Lakha
Councillor T Sawdon

Other Members: Councillor R Brown

Employees:

V Castree, Place Directorate
B Hastie, Place Directorate
P Jennings, Resources Directorate
L Knight, Resources Directorate
H Williamson, Resources Directorate

Apologies: Councillor F Abbott, R Auluck, G Hayre and T Khan

Public Business

23. Declarations of Interest

There were no declarations of interest.

24. Minutes

The minutes of the meeting held on 20 January, 2021 were agreed as a true record. There were no matters arising.

25. Financial Impact of COVID-19

The Board considered a briefing note of the Finance Manager, Corporate Finance which provided an update on the financial impacts on the Council resulting from the Covid-19 pandemic. The note highlighted the overall level of 2020/21 Covid funding; the latest Covid impact within the January return to Government; the 2020/21 Quarter 3 financial reporting; business grants; and the 2021/22 budget impacts. Councillor Brown, Cabinet Member for Strategic Finance and Resources attended the meeting for the consideration of this item.

The briefing note referred to the overall level of 2020/21 Covid funding, indicated that the Government had made a series of funding announcements throughout the period since March 2020 resulting in upwards of 45 separate Covid grant funding streams including those for business grants. A table detailing the non-business grant funding streams was set out which highlighted £47.2m to fund Council

expenditure and £10m for external provider or programme spend, which mainly related to funding for Adult Social Care providers. Most of these grants represented final allocations that had been made to the City Council, while several were initial allocations subject to monitoring/ verification.

Through 2020/21 all councils had been required to report their forecast of the financial impact of Covid in monthly returns to Government. The Council's January return showed an overall impact of £52m. A breakdown of the areas of financial impact was set out. A further £5m related to estimated Business Rates and Council Tax (Collection Fund) losses for the year although accounting convention required that these losses were accounted for in the following financial year. These Collection Fund losses had been included in the Council's budget setting forecasts for 2021/22.

The quarter 3 financial monitoring position included figures showing Covid funding of £33.8m and associated Covid pressures of £34.2m representing a shortfall of £0.4m. The position reported to Cabinet on 16 February, 2021 showed a forecast revenue overspend for the year of £33.3m. After the application of general Covid grant funding the net underspend was £0.5m. This position confirmed the position adopted earlier in the financial cycle that the Director of Finance would not need to issue a Section 114 notice. The Scrutiny Board were informed that although the Council appeared to be approaching a position whereby it could manage its Covid financial pressures in the current year on a forecast basis, there were caveats to this position. The forecasting of some areas of costs and income losses remained assumption sensitive, even at the relatively late stage of the financial year. The briefing note set out examples of the challenges.

Information was provided on business grants and business rates reliefs. The extended Business Rates relief applied to all businesses with a rateable value below £51,000 and all businesses in the retail, hospitality and leisure sectors in the early part of 2020/21. This resulted in reliefs totalling £49m, 100% of which had been processed by the Council. In addition, the initial small business grants, retail, hospitality and leisure business grants and local authority grants totalling £50.9m were paid to c4,500 Coventry businesses over the summer. Following the initial round of business support grants, the Government had introduced a variety of further grants to support businesses through the different levels of restrictions seen since October 2020. The Council was responsible for the administration of these grants. An appendix attached to the briefing note provided details of each grant and included the purpose of the grant, the amount given to the Council to administer and the amount of grant paid to businesses to date. The total number of businesses supported did not represent individual businesses as many businesses would have been eligible for multiple grant streams. These schemes were at different stages of maturity with decisions and allocations still being processed. Council services continued to facilitate and lead on a range of other support measures which were detailed.

Reference was made to the 2021/22 budget impacts. In addition to the significant funding provided by Government through 2020/21, the final Local Government Settlement announced on 10 February included further grants to support the Council's 2021/22 budget which in-full or in-part referenced Covid conditions for their inclusion. This funding currently totalled c£18m and incorporated:

- £11.3m 2021/22 COVID-19 Expenditure Pressures Grant

- £3.9m Local Council Tax Support Grant
- £2.5m 2021/22 Social Care Grant
- £0.6m Lower Tier Services Grant.

Set against this, the Council's budget assumed £9m of identified income loss and expenditure pressures and £12m of revenue foregone within its Council Tax and Business Rates position. There was also an expectation of further financial pressure through the year in areas such as Children's Services and car park income which were not included in the budget but which it was expected would need to be funded from the Covid-19 Expenditure Pressures grant. Based on this position, the Council's budget had already borne a £3m Covid funding shortfall which was likely to increase (based on current forecast expectations) unless further Government funding was announced.

The Council's 2021/22 budget proposals considered by Council the previous day had incorporated current circumstances so the Council should be able to absorb the financial impacts of Covid on current estimates. The 2022/23 budget setting process was due to commence and would include as part of its consideration the legacy impacts of Covid, the assessed threats of further outbreaks over the medium term and the success of future vaccination strategies. With the exception of one or two specific examples (e.g. dividends) the Council's medium term position did not include significant impacts and the extent to which this was a robust position would be kept under review as the year progressed.

The Board questioned the officers on a number of issues and responses were provided, matters raised included:

- Clarification as to whether Government funding covered all Council expenditure due to Covid
- Further details about the Local Tax Income Guarantee scheme and the £5m loss this year and £7m next year
- Additional information about business rates relief
- Understanding the financial impact of Covid-19 on the Council finances following the impact of the recent years of Government austerity
- Was there flexibility with the use of the Covid grant funding for services for example could any underspends be used elsewhere
- Clarification about the figures included in the Council's January return which showed an overall impact of £52m
- Details about the steps taken to make people aware of the availability of grants to assist businesses and the need for the Council to be proactive to promote take-up
- Information about the Test and Trace isolation payments including criteria
- Further details about the Winter Grant Scheme and the Community Champions Fund
- An acknowledgement of all the work undertaken by officers to administer the business support grants and details about issues that had arisen
- Information about the impact of the restrictions on the budget for the City of Culture programme.

The Chair, Councillor Lakha and the Cabinet Member, Councillor Brown placed on record their thanks to the Director of Finance, the Finance Manager, Corporate Finance and all the team for all the significant work that they have undertaken as a

result of the Covid pandemic, which has been in addition to the usual day to day work.

RESOLVED that:

(1) The contents of the briefing note be noted.

(2) Proactive communications to be used to encourage those eligible for support to claim it.

(3) Additional information on the Winter Grant Scheme and the Community Champions Fund be circulated to members.

26. Capital Programme 2020/21 and 2021/22

The Scrutiny Board considered a briefing note of the Finance Manager Corporate Finance which provided an update on the Council's capital programme for 2020/21 and 2021/22.

The briefing note included an appendix which gave an analysis of the Council's estimated outturn capital spend for 2020/21; the planned programme for 2021/22; and the estimated remaining spend in each area for the following three years. The Board were informed that the quarter three estimated outturn reported to Cabinet on 23rd February was £230,943,000, the 2021/22 capital programme forecast was £220,406,000 and the 2022/23 to 2024/25 capital programme was £259,419,000. Further details were provided on the costs of individual schemes. A breakdown of the resources for the capital programme was set out. Attention was drawn to the £173,039,000 of grant funding included in the quarter 3 estimated outturn position. The significant size of the capital programme compared to previous years was highlighted.

The Board questioned the officers on a number of issues and responses were provided, matters raised included

- Clarification that no funding had been lost due to time constraints caused by the covid pandemic
- If local businesses were able to benefit from the schemes included in the capital programme.

RESOLVED that:

(1) The contents of the capital programme 2020/21 and 2021/22 be noted.

(2) Officers to establish whether any grants are available to local business or community organisations, and, if so, to circulate the details to members.

27. Work Programme and Outstanding Issues

The Board noted their work programme for the current municipal year.

28. Any other items of Public Business

There were no additional items of public business.

(Meeting closed at 11.55 am)