

Bath & North East Somerset Council	
MEETING	Corporate Policy Development & Scrutiny Panel
MEETING DATE:	30th June 2020
TITLE:	Task & Finish Group report (Scrutiny of the COVID-19 Council position statement)
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: <ol style="list-style-type: none"> 1. Position statement: Council Response to COVID-19 	

1 THE ISSUE

1.1 BACKGROUND

On the 27th May 2020, the Corporate Policy Development & Scrutiny Panel and the Chairs & Vice Chairs of the remaining two Panels met to review the COVID-19 update report and position statement. The position statement summaries the council's local response to the COVID -19 pandemic. It sets out the interim governance arrangements that have been put in place to enable the Council to take quick and decisive action to effectively manage the impacts of the coronavirus as they arise.

Following the discussion and several questions asked, and due to the pressure of time, the Panel agreed to carry out further scrutiny. The Chair proposed that a Task and Finish group was agreed with the membership of the current Policy Development & Scrutiny Panel Chairs & Vice Chairs to discuss in more detail some of the questions raised. The findings of the Task & Finish group would then be discussed at a special Corporate Policy & Development Panel meeting and then to Cabinet at its meeting on the 2nd July.

2 RECOMMENDATION

The Corporate Policy Development & Scrutiny Panel is asked to;

2.1 Report any comments to inform Cabinet at their meeting on the 2nd July.

3 THE REPORT

The Policy Development & Scrutiny Chairs & Vice Chairs, along with officers, met on the 8th June 2020. The Task & Finish group pulled together the following key themes as a result of its discussions.

3.1 Explaining the budget deficit that can be conveyed in a simple context, and clearly communicated to our local community.

The Task & Finish group found it difficult to put the scale of the loss of income to the Council into the context of the overall budget for the year. The group would like to determine what the shortfall of income would be as a percentage of the 2020/21 budget. The group felt that unless one was completely conversant with the Council's finances, it was difficult to gauge the magnitude of the loss.

The Chair compared it to the pressures surrounding adult and young people's social care and how once the Council explained that 80% of the budget was broadly committed to this area, this put the pressures on remaining budget areas sharing the 20% into context. The 80/20 split was a broad-brush statement and so it was asked if the group could have a similar statement to illustrate the current financial situation.

The group was also concerned that the Council are not highlighting some of the ongoing pressures. It was recognised that 80% of the budget spend for Adult & Children consists of the delivery of statutory services, however not everything is defined in statute. Corporate Director Mike Bowden suggested that there are choices within the 80% about how we deliver these services and where there are areas of current delivery that maybe preventing future expansion. There is the option of looking at how we could do this differently without taking this out of the 20% remaining spend that is not designated to Adults & Children.

Finance Director, Andy Rothery reported that the majority of the Covid-19 pressure on the Council's budget is effecting commercial income, the reduced income in 2020/21 will result in a deficit on a funding source that is required to finance the expenditure budgets of the Council's services.

3.2 In terms of managing our financial deficient, what levers are available to our administration to tackle it.

Bath & North East Somerset's exposure to the impact of COVID-19 is different to other local authorities due to our types of income streams and size, which have presented a different scale of challenge for us locally.

B&NES Position	£m	Comments
Loss of Income	35.9	Our income is at risk and we are under the most pressure from commercial income including our Heritage Services (Roman Baths), Parking and Commercial Estate which makes up around £30m of this figure.
Increased Expenditure	9.8	We are anticipating increased costs in supporting our most vulnerable in Social Care and responding to COVID-19 implications such as sourcing Personal Protective Equipment

B&NES Position	£m	Comments
		(PPE) for the region and keeping services such as Waste collection operating with new demand pressures.
Collection Fund	7.5	Due to the economic impacts of COVID-19, it is anticipated that our Council Tax and Business Rates collection will fall with fewer people and business able to pay.
Government Grant (see <i>Emergency Funding below</i>)	-10	The B&NES allocation of the £3.2bn of Government grant funding has given us £10m to meet new expenditure pressures, however this will not mitigate our projected reductions in income. Further support from government will be essential to enable the Council to manage its 2020/21 Budget.
Projected Deficit	43.2	

Councillors would therefore be better informed if they were aware of the ways (levers) that the Council could use to manage this deficit. For example, how much could we meet this with cuts, delaying expenditure, utilising reserves, selling some of our assets etc. Can we identify all the things that we can do as a Council to manage the situation?

Although it was recognised that disposal of assets could generate capital receipts and mitigate capital borrowing, overall the proceeds cannot be used to fund revenue spending by law. In addition, given that the market is heavily depressed the amount received is not likely to represent a long-term value once things recover. One suggested alternative is to start to think about other areas within the Council portfolio where we could reinvest to provide us with a higher return.

Director of Finance, Andy Rothery informed the group that there are several areas where expenditure will not be at the same pace as previously but have now changed due to the COVID situation. When the Council sets the budget, contingency budgets are set up which can be used to release reserves and income generated services.

The Chair requested further information on the assumptions of future planning for tourism in 2021 considering the current pressures. It was recognised that this is a one 'off' situation, so there will be a recovery period to enable core businesses to get back on track. If the assumption is that we will gradually return to 'normal' or that in fact the world has changed so much there will be a 'new' 'normal'.

Concern was also raised over how we can make Bath & North East Somerset a safe place to visit with the current tight restrictions on social distancing, making it difficult to restart many businesses. The group recognised that there are temporary measures that can be used to test what may work in central Bath and market towns and local centres across North East Somerset.

3.3 Timescales

The Task & Finish group requested clarity on the timescales for delivering the different approaches as well as details of the formal process that can be used to ensure the effective scrutiny of pre plans and strategies.

Director of Finance Andy Rothery reported that the in-year budget would not be presented to Council and to take a whole new budget would be a risk to take forward now as the government may respond with further support for councils.

Our current budget reflects many of the ongoing budget pressures and reflects the Corporate Strategy/Financial Strategies that are already assigned. The process will be to take forward the 20/21 mitigation plans and to set out how the overspend can be managed. A financial recovery report will be presented to the Corporate Scrutiny Panel and then considered at Cabinet. The report will define the recovery measures and explain how expenditure can be managed within our financial year.

3.4 Conclusion

The Task & Finish group concluded that without being able to understand all of the assumptions it was difficult to conclude whether more needed to be done now to avert a deepening of the financial crisis, or whether it is justified to take time to see how the situation develops in the coming months.

4 CONSULTATION

5.1 This report has been cleared by the S151 Officer and Monitoring Officer

Contact person	Councillor Paul Myers (Chair & of the Chairs & Vice Chairs Group)
Background papers	Minutes from the Corporate Panel meeting 27 th May https://democracy.bathnes.gov.uk/ieListDocuments.aspx?MId=5755&x=1
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