

**MINUTES OF THE BUDGET CABINET MEETING
HELD AT 10:00AM, ON
MONDAY 26 OCTOBER 2020
VIRTUAL MEETING VIA ZOOM**

Cabinet Members Present: Councillor Holdich (Chair), Councillor Allen, Councillor Ayres, Councillor Cereste, Councillor Farooq, Councillor Fitzgerald, Councillor Hiller, Councillor Seaton

24. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Walsh and Councillor Bashir.

25. DECLARATIONS OF INTEREST

No declarations of interest were received.

Councillor Fitzgerald made an announcement in relation to Free School Meals, advising that no family or child would go hungry in Peterborough.

26. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

27. MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2023/24 – PHASE ONE

The Cabinet received a report as part of the Council's formal budget setting process as set out within the constitution and as per legislative requirements to set a balanced and sustainable budget for 2021/22-2023/24.

The purpose of this report was to:

- Recommend that Cabinet approve the Phase One service proposals;
- Recommend that Cabinet approve the budget assumptions to update the Medium-Term Financial Strategy (MTFS), to ensure estimates reflect the most up to date information available;
- Outline the financial impact of C-19 and other financial challenges facing the Council, in setting balanced budget for the MTFS 2021/22-2023/24;
- Outline the strategic approach and actions taken by the Council to deliver a balanced budget in 2021/22.

The Cabinet Member for Finance introduced the report and raised a number of key points, including the pressures resulting from the Covid-19 pandemic in excess of £11 billion nationally, the increase in reporting the Ministry of Housing, Communities and Local Government, and the formal approach by the Council to the Ministry on 1 October in order to ensure a balanced budget for the 2021/2022 financial year. The Cabinet Member emphasized the Council's desire to be open and transparent with its stakeholders, and therefore open consultation on the first stage of the budget.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members congratulated the Acting Corporate Director of Resources and his team for their work in relation to the budget.
- The Cabinet were reassured that the Council was not alone in approaching the Ministry of Housing, Communities and Local Government, following advice from the Section 151 officer that this was a pre-emptive and prudent course of action.
- Confirmation had been received in the week just past that the Government settlement would cover a period of one year only this year. The MHCLG were in negotiation with the Treasury to determine what each department would receive, so this was not yet known.
- It was noted that the reduction in receipt of Council Tax and Business Rates due to Covid-19 measure had resulted in significant pressure for the Council. The resulting shortfall would be funding over a three year period.
- While it was noted that newer homes being developed in the area mainly fell into high Council Tax bands, any change to the base level in the area would be a long term process.
- Key pressures within the budget were identified in Adult Social Care, Safeguarding, and Aragon Limited.
- Following queries in relation to Aragon, officers confirmed that the operating figures for the services were not able to be understood prior to taking on the service. It had become apparent that Amey had been subsidising the overheads of the service quite significantly.
- It was considered that the MHCLG were reviewing the finances of local authorities in a level of detail that had not been seen previously, with monthly reports being submitted. It was hoped that this would help their understanding for the future and would be reflected in future plans and assistance from central Government.

Cabinet considered the report and **RESOLVED** to approve:

1. The Phase One service proposals outlined in Appendix C as the basis for public consultation.
2. The updated budget assumptions, to be incorporated within the Medium-Term Financial Strategy 2020/21 – 2022/23. These are outlined in sections 5.2 and 5.3.
3. The revised capital programme outlined in section 5.5 and referencing Appendix B.
4. The Medium-Term Financial Strategy 2021/22 to 2023/24- Phase One, as set out in the body of the report and the following appendices:
 - Appendix A – 2021/22- 2023/24 MTFS Detailed Budget Position-Phase One
 - Appendix B – Capital Programme Schemes 2021/22- 2023/24
 - Appendix C – Budget Consultation Document, including Phase One Budget Proposal detail
 - Appendix D – Financial Strategy pre-C-19
 - Appendix E – Financial Risk Register
 - Appendix F – Equality Impact Assessments
 - Appendix G – Carbon Impact Assessments

Cabinet considered the report and **RESOLVED** to note:

5. The strategic financial approach taken by Council outlined in section 5.4 of the report.

6. The forecast reserves position, and the statutory advice of the Chief Finance Officer outlined in Section 6, The Robustness Statement.

REASONS FOR THE DECISION

The Council must set a lawful and balanced budget. The approach outlined in this report worked towards this requirement.

ALTERNATIVE OPTIONS CONSIDERED

No alternative option had been considered as the Cabinet was responsible under the constitution for initiating budget proposals and the Council was statutorily obliged to set a lawful and balanced budget by 11 March annually.

MONITORING ITEMS

28. BUDGET CONTROL REPORT AUGUST 2020

The Cabinet received a report in relation to the Budget Control Report for August 2020.

The purpose of the report was to provide Cabinet with the forecast for 2020/21 as at the August budgetary control position.

The Cabinet Member for Finance introduced the report and explained internal tracking was taking place on a weekly basis, with updates from all Cambridgeshire Council's being fed into the Joint Management Team. It was highlighted that the Capital Programme spend was only £1.83 million at that current time, as projects had had to be shut down due to Covid-19 restrictions. The Council's reserves were at a low level, but the £5.7 million grant from central Government would improve the situation substantially. Lobbying would continue for additional funding to minimise any impact from Covid-19.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that Cabinet received a Budget Control Report month, the resolution of which was referred to Council for questions only.
- Concern was raised in relation to the Capital Programme and it was advised that officers would be reassessing the schemes within the programme for in-year delivery. The most important point, Members were advised, was that any projects that involved match funding would continue to do so if they were deferred for a year.
- It was considered that, currently, the month by month financial position was prudent, however the position over the winter months would be depend on what was requested the Council by the Ministry of Housing, Communities and Local Government.
- Members were advised that 86% of spending related to Covid-19 pressures had been funded via grants from Government. This had reduced the budget gap from £11 million to £5.4 million.
- Members noted that the financial year was only half-way completed, and that there was time to make further savings, or for further grant announcements to be made.
- It was suggested that a review of the Capital Programme be included within the next month's Budget Control Report.
- The Section 151 Officer advised that the Council was entering the 2021/2022 municipal year in a significant deficit position and it would only become

apparent how this could be dealt with following the Government settlement announcement in November or December.

- If was noted that providing a forecast for the future was particularly difficult at the current time, as the position of the Council and central Government was changing on a weekly basis.
- Members expressed their gratitude to staff across the Council for their hard work under difficult circumstances.

Cabinet considered the report and **RESOLVED** to note:

1. The Budgetary Control position for 2020/21 as at August 2020 is a forecast overspend of £11.3m against budget. This includes the current estimated impact of C-19 and the additional C-19 response funding.
2. Included in this report is a forecast £38.9m of additional pressure due to C-19, as reported to the Ministry of Housing Communities and Local Government, within the September return, as outlined in section 4.
3. The reduction in collection rates in respect of Council Tax and National Non-Domestic Rates, in comparison to the levels achieved in 2019/20, as outlined in section 4;
4. The additional funding that has been made available and allocated to the business community due to C-19, as outlined in section 4;
5. The key variance analysis and explanations are contained in Appendix A;
6. The Council's reserves position, as outlined within Appendix A.

REASONS FOR THE DECISION

The report updated Cabinet on the December budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

Chairman
10.00am to 10.59am
26 October 2020