

TRAFFORD PANDEMIC SCRUTINY COMMITTEE

1 JULY 2020

PRESENT

Councillor D. Acton (in the Chair).

Councillors S.B. Anstee, Dr. K. Barclay, Miss L. Blackburn, G. Coggins, J. Dillon, J. Holden, J. Lamb (Vice-Chair), J. Lloyd, J.D. Newgrosh, A. New and R. Thompson

In attendance

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|-----------------------|---------------------------------------------------------|
| Councillor A. Western | Leader of the Council |
| Councillor T. Ross | Executive Member for Finance and Investment |
| Councillor J. Harding | Executive Member for Adult Services |
| Richard Roe | Corporate Director of Place |
| Jane Le Fevre | Corporate Director of Governance and Community Strategy |
| Diane Eaton | Corporate Director of Adult Services |
| Graeme Bentley | Deputy Director of Finance |
| John Addison | Statutory Scrutiny Officer |
| Alexander Murray | Governance Officer |

APOLOGIES

Apologies for absence were received from Councillors B. Shaw and J. Wright

15. MINUTES

The Chair informed the Committee that the minutes of the meeting held 15 June 2020 would be tabled at the next meeting.

RESOLVED: That the minutes of the meeting held 15 June 2020 be tabled at the meeting 29th July 2020.

16. DECLARATIONS OF INTEREST

No additional declarations were made.

17. QUESTIONS FROM THE PUBLIC

No questions were received.

18. IMPACT OF COVID 19 UPON THE COUNCIL'S BUDGET, INVESTMENT, AND THE TRAFFORD ECONOMY

The Executive Member for Finance and Investment gave a brief update on the Council situation. Local authority finance had been in the news recently due to the increase in costs and decrease in expected income. The Council had calculated that with existing pressure for the 2020/21 financial year plus the impact of COVID 19 the Council's in year deficit was £42.1m. Grants from government had covered £11.2m and £4.7m had been identified from the Council's reserves. This left a gap of around 26.1m that the Council needed to address. The Executive had been

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looking at all options to bridge the gap, including potentially issuing a section 114 notice. The Committee were informed that issuing a 114 Notice was for the section 151 officer to decide rather than the Executive.

The Deputy Director of Finance added that in February the Council set a balanced budget prior to the COVID 19 pandemic. All councils had been hit by the pandemic differently in Trafford the Council's budget for 2021 was around £175m of which £100m came from Council tax with the remainder mainly coming through attained business rates. The Council's position was under constant review with new estimates being generated as to the overall impact as new information became available. The Council submitted updates to MHCLG on a monthly basis and MHCLG were collating data from all councils to build up the national picture.

The Council had received grants of £12.5 million from the Government but some of this had been used in the previous financial year as COVID 19 had started at the end of the 2019/20 fiscal year. The Government were looking at possibly providing funding but they were looking at other options as well. Councils were expected to help themselves as much as possible to share the financial burden. The first annual budget monitoring report was being written for the executive on the 20th July. Extra funding was being provided to aid in COVID 19 specific work, for example track and trace, but that funding could not be used to reduce the £42m deficit.

The Deputy Director of Finance then moved onto answering the questions that had been provided by the Committee. The First question related to council tax reduction by 5% which may increase as furlough came to an end. The director stated that in April council tax was down by 6% and just over 5% in May. The Council had seen an increase in take up of the council tax support scheme and there was funding available from Government for that uptake. The Council were monitoring the situation month by month. The Executive Member for Finance added that Trafford had a large number of self-employed people and many of them had to apply for universal credit due to the impact of COVID 19, which had led to them claiming council tax support.

The Executive Member for Finance and Investment moved onto the question relating to the Council's reserves. The Committee were informed that a line by line review of the Council's reserves had been completed and £4.7m had identified as available for use within the year.

The Executive Member for Finance and Investment then answered the question about the process for a 114 notice. If the 151 officer felt it was necessary they would give notice to the Executive that a report would go to full Council in 21 days. During the 21 days the Executive would look to agree a budget with the Chief executive and 151 Officer improve the financial position. If improvement was not made then in normal times the Leader and the Executive would be removed and consultants would come in. However, MHCLG had told all councils that the 151 officer needed to contact them before issuing a 114 notice. If the Council had been in a similar financial position in normal times a 114 notice would have already been issued but this was not the case due to COVID 19.

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The Deputy Director of Finance added that a 114 notice was designed to address financial mismanagement over a long period of time not to address a national crisis such as the COVID 19 pandemic. MHCLG had asked to be consulted by Council's considering a 114 notice as it puts an embargo on spending, which they wanted to avoid. The Corporate Director of Governance and Community Strategy agreed that the 114 notice was a measure of last resort when the 151 Officer and Chief Executive had been unable to agree a balanced budget with Members. The Council were working to have a balanced budget within the year but there were a large number of unknowns which would impact upon the Council's ability to do so.

Councillor Anstee asked what the impact of the business rates reset in 2021 would have on the Council's budget and what measures were the council looking at regarding economic growth and regeneration to stimulate income in the future. Councillor Anstee also asked what savings proposals the Executive were considering and what plans would be put in place to ensure that any savings plans delivered. Councillor Anstee's final question was what was being done around procurement, the Council's supply chain, and ensuring the Council was getting the best value for money.

The Executive Member for Finance and Investment addressed the question relating to economic growth and development. The Council were pleased that they had decided to partner with Bruntwood on Stretford Mall and Stampford quarter in Altrincham as it gave the Council a steer as to what they wanted to see in town centres across the borough. One of the impacts of COVID 19 had been that due to residents being furloughed or working from home they had reduced travelling which meant they were spending more in the local area and local markets. This represented an opportunity for the Council to help adapt town centres to make sure that people continued to spend locally. The Council were also looking at housing developments to ensure areas were able to provide services locally to residents coming into the borough.

The Executive Member for Finance and Investment was not able to confirm the Council's savings plans however they would come back to the Committee once a cogent set of savings plans had been put together. Work was underway on creating a plan of the savings that the Council would make to present to MHCLG. The Council were working closely with STAR Procurement to ensure that they were getting value for money while boosting local spending.

The Leader commented that the business rates reset was being moved back to 2022 which would aid the Council in receiving the benefits from the local economy in the next financial year. The Committee were informed that the local spend had tripled in the last few years according to STARs statistics and the Council were looking to continue that trend. A number of savings plans had stalled due to COVID 19, including the modernisation programme and digital offer, and the impact of the slippage of those plans would become clear in the next few months.

The Corporate Director of Place told the Committee that planning applications were still coming through at a scale similar to the previous year. This included large scale applications and applications for home development, which were vital in stimulating the local economy. Town centres remained critical to the local

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economy and the Council were looking to bring forward the Stretford Master Plan. Intu, who owned the Trafford Centre, had gone into administration which was of concern as the Trafford Centre was a large part of the Trafford economy. The Trafford Centre had continued trading and the Council were in discussions with Intu.

Trafford Park was another significant part of the Trafford economy and the Council were working with the Trafford Park Business Neighbourhood Network to understand the challenges that they were facing. Economic growth would form an integral part of the Council's recovery plan and link into other aspects of the recovery such as schools and employment.

Councillor Williams asked whether Trafford's low level of reserves made the Council particularly vulnerable and whether there had been any clarification from MHCLG as to the use of reserves. Councillor Williams also enquired whether the 20th July would be a point where the Council would have a more concrete understanding of the position so that action could be taken. The Executive Member for Finance and Investment responded that the Council's low level of reserves did put them in a weak position compared to those with more reserves available. This was a historical situation that the Council had been looking to improve by increasing the reserves as part of the budget plan. The Deputy Director of Finance added that MHCLG were asking what reserves the Council were able to use but that did not reflect the Council's wider statutory requirements in terms of risk management. National statistics from CIPFAs resilience index and the institute of fiscal studies showed that Trafford's reserves were a high risk for the Council and so they had to show caution when using them.

The Executive Member for Finance and Investment stated that the report due to go to the Executive on the 20th July would present what the gap was expected to be for the year and set out how the Council were going to address the financial gap.

Councillor Coggins asked about the impact of the new way of life on the Council's estate and whether the Council were considering leasing out parts of their estate. The Councillor also asked about plans to support the town centres and whether supporting active travel was being considered as an option. The Executive Member for Finance and Investment responded that some positives had come from the pandemic such as the large increase in the number of people working from home. Many of the Council's employees had embraced working from home and they would be allowed to continue as long as it did not impact on their ability to carry out their roles. The Council would look at how to put any free space created to the best use.

Regarding active travel the work that had been done in Stretford had been particularly successful and this was something that the Council would look to incorporate in their plans for Stretford town centre. The Council were looking at all options to encourage shopping locally and to support local businesses.

Councillor Newgrosh asked about the impact upon the Council's investment fund and investment in Manchester Airport. The Executive Member for Finance and

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Investment answered that the two main retail purchases in Altrincham and Stretford had been acquired as part of the regeneration of those areas rather than money generation. The Committee were assured that there was no cause for concern in relation to the investment fund. The Council would not be receiving the dividend from the airport for a few years however it did remain a key part of the Trafford economy and a large source of jobs for the area.

Councillor Anstee asked which of the costs due to COVID 19 would a financial impact for a single year and which ones were going have a recurring impact on the budget. The Councillor asked whether the Council was looking at adjusting the local plan to maintain the level of development in the area. Councillor Anstee also asked, in light of the new ways of working, whether a view had been taken on what estates the Council needed, how those assets could be used, and whether any of the assets would be sold with the revenue utilised to aid in meeting the funding gap.

The Executive Member for Finance and Investment responded that the Council was projecting that the recurring financial pressure for the next year would be £17.2m. However, it was difficult to say with any certainty as to what the long term impact would be. The Council was already predicting a budget gap of around £15m for 2021/22 and so that would leave the Council with a £32m gap to address.

In response to the question about development the Corporate Director of People responded that the Council wanted to remain easy to do business with but it had to be balanced against the needs of the communities where development was taking place. Trafford was continuing to develop their local plan which was reliant upon the Greater Manchester Spatial Framework, as the local plan sat within the wider framework. The administration was focused upon affordable housing but that was to be balanced against the viability of developments.

With regards to use of estates there was an ongoing debate among property owners of how office space would be used. While it was expected that many employees would continue to work from home some employers required more space so workers who did come into the office could work safely in accordance with guidance. It was hoped that these two aspects would balance each other out. The Council were considering reducing their office estate and continuing with their strategy of redeveloping assets.

Councillor Anstee then asked if central Government allowed the Council to capitalise revenue pressure would the Council consider large asset sale. The Corporate Director of Place responded that if the Government allowed the capitalisation of the revenue deficit then that would be something the Council would have to consider but it was not something they were considering at the moment. The Leader added that due to the changes brought about by COVID 19 it was possible that the Council may not require all of its assets and that was something to be reviewed on a case by case basis. The Leader assured the Committee that the administration was putting the needs of people before assets.

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The Chair asked what the view was as to whether further funding would come from Government. The Executive Member for Finance and Investment stated that the Government had provided funding to address additional costs due to the pandemic but they had not yet addressed the issues around the loss of income. The Leader had written a letter requesting more resources and there was work going on with the LGA to push for more funding for local government. It was felt that there was not a clear understanding of everything Council's delivered and would disappear if Council's did not receive more funding. It was hoped that the value of that work would be realised in time that funding could be provided successfully to maintain those services.

The Chair asked about the impact of COVID 19 on statutory services and what savings could be made from non-statutory services. Councillor Ross stated that the work was ongoing in that regard and that he would come back to the Committee to update them as the work and proposals developed further.

The Vice Chair asked that the July update be shared with the Committee and whether the Council had any steer on how the burden sharing balance may fall. The Executive Member for Finance and Investment responded that he hoped that the Government would take the burden on for local authorities so that they were able to continue delivering services. If the burden remained solely on local authorities then that would lead to very difficult position for Councils. The Executive Member for Finance and Investment stated that he would come back to the Committee after the July executive meeting to answer the committee's questions.

The Vice Chair followed on by asking what the minimum amount of funding was that the Council needed to maintain business. The Executive Member for Finance and Investment answered that the work looking at how they could address the full £26m was ongoing but it was hoped that further government support would be forth coming.

The chair asked whether there was any work that the Committee could do to aid with the Executives work around the budget. Councillor Ross recognised the experience within the Committee asked that the Committee continue to review aspects of the budget and apply that expertise as it would aid the Executive in the work they were undertaking.

RESOLVED:

- 1) That the reports be noted.
- 2) That the Leader, the Executive Member for Finance and Investment, the Corporate Director of Place, and the Deputy Director of Finance be thanked for attending the meeting.
- 3) That the Executive Member for Finance and Investment attend a meeting after the 20th July to answer the Committee's questions.

19. WORK PROGRAMME REPORT

The Chair introduced the work programme report and asked Committee Members if they had any comments or amendments that they wanted to make. No comments or comments were made and the report was noted.

RESOLVED: That the report be noted.

20. ITEMS FOR FUTURE MEETINGS

The Chair opened the item by asking all Committee Members whether there were any items they wanted to add to the Committee work programme. The Vice Chair stated that the Committee would continue to have interest in the Council's work around the budget. In particular the Vice Chair felt that the Committee should focus on how to ensure Trafford was open for business and provide value by looking at coming up with views that the Executive may not have thought of.

Councillor Anstee added that everything was currently very uncertain and felt that the Committee could aid the executive in turning that uncertainty into certainty. It was suggested that this be done through pre-decision scrutiny and asking the Executive to bring plans to the Committee as they were being developed so that the Committee could help to shape them.

The Chair agreed with both Councillors' suggestions and asked that they be added to the work programme along with the continued review of the Council's overall budgetary position.

RESOLVED: That the topics raised be added to the Committee work programme

The meeting commenced at 4.00 pm and finished at 5.31 pm

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