

At a meeting of the SCRUTINY CO-ORDINATING COMMITTEE held in COMMITTEE ROOM 1, CITY HALL, SUNDERLAND on THURSDAY, 12TH OCTOBER 2023 at 5.30 p.m.

Present:-

Councillor Dodds in the Chair

Councillors Burrell, Curtis, Guy, Jones, Leonard, Morrissey, Mullen, P. Smith, Thornton, Usher and Walton.

Also in attendance:-

Mr Nigel Cummings, Scrutiny Officer, Law and Governance, Smart Cities and Enabling Services Directorate

Mr David Noon, Principal Democratic Services Officer, Law and Governance, Smart Cities and Enabling Services Directorate

Ms Gillian Robinson, Scrutiny, Mayoral and Members Support Co-ordinator, Law and Governance, Smart Cities and Enabling Services Directorate

Mr Paul Wilson, Director of Finance

The Chairman welcomed everyone to the meeting.

Apologies for Absence

Apologies for absence were received from Councillors Hartnack and Mason-Gage

Minutes of the last meeting of the Committee held on 14th September, 2023

1. RESOLVED that the minutes of the last meeting of the Committee held on 14th September 2023 (copy circulated), be confirmed and signed as a correct record subject to the inclusion of apologies for absence from Councillor Usher.

Declarations of Interest (including Whipping Declarations)

Item 5 - Reference from Cabinet – 12 October 2023

Budget Planning Framework and Medium Term Financial Strategy 2024/2025 – 2027/2028

Councillor P. Smith made an open declaration in respect of the above report with regard to any reference to the Tyne and Wear Pension Fund and the Gentoo Group.

Reference from Cabinet – Second Revenue Budget Review 2023/24

The Assistant Director of Law and Governance submitted a report (copy circulated) which set out, for the Committee's advice and consideration, the report to Cabinet on 12th October 2023 on the Second Revenue Budget Review 2023/24.

(For copy report – see original minutes)

Mr Paul Wilson, Director of Finance presented the report and addressed questions and comments from members thereon.

Councillor Mullen referred to the impact an equal pay claim had made to the financial situation at Birmingham City Council and asked if there would be similar consequences for Sunderland. Mr Wilson replied that GMB had yet to formally set out the details of any claim against SCAS. Until this happened it would not be possible to assess any potential implications. In response to a further enquiry from Councillor Mullen, Mr Wilson advised that the reference in the report to ‘undeliverable staff turnover savings’ related to areas of the Council where staff turnover was not being experienced or where areas needed to operate at a full complement of staff to ensure that the service could be provided to residents / customers.

In response to an enquiry from Councillor Walton, Mr Wilson explained that contingencies were used to cover unforeseen or unknown events or where costs were uncertain at the time of setting the budget such as the pay award. It was currently prudently assumed that all of the allocated contingencies would be used over the course of the financial year.

The Chairman referred to the Council Tax collection rate and whether there was any evidence that people were struggling with payments. Mr Wilson replied that the long-term collection rates continued to be good with a collection rate of around 99%, however, it was clear that aligned to the cost of living crisis that there was some challenges around in-year collection rates.

Councillor Usher commented that the proposed reduction of £61.248m in reserves during 2023/2024 was a significant reduction in the Council’s reserves. Mr Wilson agreed that it was a significant reduction and confirmed that this included the forecast use of a number of earmarked reserves including those funding specific capital projects alongside the use of £9m from the Medium Term Plan Smoothing Reserve which was being used to support the 2023/2024 budget.

There being no further questions or comments for Mr Wilson, the Chairman thanked him for his report, and it was: -

2. RESOLVED that it be reported to Cabinet that: -

The Scrutiny Committee notes the contents of the report including the overall budgetary positions and collection fund updates, as well as acknowledging the budgetary pressures.

The Committee would also like to record its thanks to all Members and Officers involved in the preparation, implementation, and monitoring of the council’s revenue budget position.

Reference from Cabinet – Budget Planning Framework and Medium Term Financial Strategy 2024/25 – 2027/28

The Assistant Director of Law and Governance submitted a report (copy circulated) which sought the Committee's views on a report of the Director of Finance which was considered by Cabinet on 12th October 2023.

(For copy report – see original minutes)

Mr Paul Wilson, Director of Finance presented the report and addressed questions and comments from members thereon.

Councillor Mullen referred to paragraph 9.4 within Appendix 2 of the report regarding the joint venture partnerships and commented that the Everyone Active gyms were not maximising their commercial potential when compared to those in the private sector particularly with regard to early weekend closing times and expressed concern that Everyone Active made no effort on its own part to generate revenue, relying instead on funding from the Council.

In response to an enquiry from Councillor Mullen regarding paragraph 9.3 of Appendix 2, Mr Wilson confirmed that the Council receives income from the properties listed whether that was rental income or through car parking charges.

Councillor Burrell having asked if the recently announced Government School funding error was reflected in the report, Mr Wilson replied that it was not reflected with the announcement having been made following the publication of the agenda papers.

In response to an enquiry from Councillor Leonard regarding paragraph 10.5 of the main report, Mr Wilson confirmed that he would be happy to arrange additional financial training sessions for new Councillors who missed the previous sessions arranged as part of the induction programme. The invite would be extended to all Councillors should they be interested.

In response to an enquiry from Councillor Thornton, Mr Wilson advised that at this stage, any workforce planning implications arising from proposals to address the budget gap were not yet clear as the proposals were still being developed, any implications would be considered in due course.

In response to an enquiry from Councillor Usher, Mr Wilson confirmed that the pay award for the 2023/24 financial year was yet to be agreed. The Council was part of the Joint National Council negotiating body. The employers' side had confirmed that the current offer was full and final. The trades unions were at various stages of considering their position including undertaking ballots of their members. Mr Cummings advised that it was understood that the trades unions would meet at the end of October to discuss and agree their position following conclusion of the GMB ballot which was due to close on 24th October.

Councillor Jones referred to DHSC grant funding and asked if this was allocated on the basis of national parameters, or did it take account of local need? Mr Wilson replied that there was a national funding formula for Adult Social Care (the Adults Relative Needs Formula) which took into account need and deprivation but where there is expectation on councils to raise additional funding e.g. through the adult social care precept acknowledgement this is not taken into account in the formula. This impacts adversely on areas like Sunderland with a low council tax base and a low council tax band D as any increases raise less money. In some instances, the

Government will equalise some of this funding. In response to a supplementary question from Councillor Jones, Mr Wilson confirmed that in this respect, Sunderland received its fair share of the adult social care funding. However, the major issue is that the quantum of funding provided at both a national level to councils and subsequently at an individual council level is insufficient to meet the costs of the services that our residents need.

Councillor Mullen stated that last year when the Committee had looked at the budget planning framework, it had asked Cabinet to consider limiting any rises in council tax given the current financial climate and the impact that this would have on residents. He asked if the Committee would again be happy to make a similar request. Having been duly seconded by Councillor Morrissey, the proposal was put to the Committee and agreed accordingly.

Whilst acknowledging the impact on residents of increases in council tax, Mr Wilson informed members that the Government's funding calculations had been based upon the assumption that local authorities would increase council tax by the maximum permitted amount. For 2024/2025 this would be 4.99%. Decisions on the level of council tax would be made as part of the final budget planning stages once all other funding factors were fully understood. However, at this stage the MTFP assumed an annual increase of 4.99% for 2024/2025 and 2.99% in subsequent years. The Council has significant financial challenges to set a balanced budget alongside continuing to deliver services to its residents and businesses. The current funding gap for 2024/2025 is c. £20m (over £10m after using £9m of reserves). A reduction of 1% in the council tax assumption would require c. £1.2m of further savings / reductions in services in 2024/2025 with the financial impact compounded into future years.

There being no further questions or comments for Mr Wilson, the Chairman thanked him for his report, and it was: -

3. RESOLVED that it be reported to Cabinet that:-

The Scrutiny Committee notes the contents of the report including the medium-term financial strategy and budget planning framework and is satisfied with the information provided.

The Committee would also recommend that serious consideration is once again given to limiting any rises in council tax given the current financial climate and the impact that this will have on residents of the City.

The Committee also acknowledges the work undertaken around the budget consultation and updating the Capital Strategy. The Committee remains committed to budget monitoring through further updates to the Committee and has no further comments to make at this time.

Annual Scrutiny Work Programme 2022/23

The Scrutiny, Mayoral and Member Support Co-ordinator submitted a report (copy circulated) attaching, for Members' information, the thematic Scrutiny Committee work programmes for 2022/23 and providing an opportunity to review the Committee's own work programme for 2022/23.

(For copy report – see original minutes.)

Full consideration having been given to the report it was: -

4. RESOLVED that the Scrutiny Committees' work programmes for 2022/23 and the variations to these work programmes be noted, together with the current scrutiny budget position.

Notice of Key Decisions

The Scrutiny, Mayoral and Member Support Co-ordinator submitted a report (copy circulated), providing Members with an opportunity to consider those items on the Executive's Notice of Key Decisions for the 28-day period from 13th September 2023.

(For copy report – see original minutes.)

Councillor Usher referred to item 230913/838 (To Seek Approval to the Leasing of Land at Crowtree Green Sunderland) and asked if Sunderland was to acquire a new Leisure Centre? Mr Wilson advised that as that item was due to be considered during the closed part of the Cabinet meeting it would not be appropriate to comment any further in a public meeting. He advised that whilst the notice had the item scheduled for the October meeting of Cabinet, it had not made the agenda and it was anticipated that it would now be submitted to the November meeting.

There being no further questions or comments, it was: -

5. RESOLVED that the Notice of Key Decisions be received and noted.

The Chair then closed the meeting, thanking everyone for their attendance and contributions.

(Signed) T. DODDS,
Chairman.