

Budget and Corporate Scrutiny Management Board

Thursday 3 December 2020 at 5.45pm

Present: Councillor L Giles (Chair);
Councillors E M Giles, Moore and Rollins.

In Attendance: Councillors Crompton, Piper and Preece.

Officers: David Stevens (Chief Executive), Surjit Tour (Director – Legal and Democratic and Monitoring Officer), Rebecca Maher (Head of Finance/Interim S151 Officer), Charlie Davey (Finance Business Partner) and Steve Lilley (Finance Business Partner).

47/20 **Minutes**

The minutes of the meetings held on 12 October and 11 November 2020 were confirmed as correct records.

48/20 **Matter of Urgency**

There were no additional items of business to consider as matters of urgency.

49/20 **Leisure in Sandwell – External Consultant’s Findings**

The Board agreed that, in order to allow representatives of Sandwell Leisure Trust to attend the meeting, consideration of this matter would be deferred until the reconvening of this meeting at a future date.

50/20 **Quarter 2 Budget Monitoring 2020/21**

The Cabinet, at its meeting on 18th November 2020, had referred the Council-wide budget monitoring report for Quarter 2 for consideration by the Budget and Corporate Scrutiny Management Board.



Details of the Council's revenue and capital expenditure as at the end of September 2020 were received by the Board.

At a directorate level, excluding Public Health and the Housing Revenue Account, the Council was forecasting a year-end underspend of £0.128m. Including Public Health and Central Items, the directorate-level forecast outturn position was an underspend of £1.295m. It was noted that underspend on public health budgets remained ring-fenced, but in response to queries from members it was confirmed that where other directorates of the Council carried out work or delivered services that supported public health outcomes the budget could be allocated to resource that activity.

The projection also included the use of £14.743m of reserves and one-off corporate resources that had previously been earmarked for use by those services, and after making a Revenue Contribution to Capital Outlay (RCCO) of £3.500m and the use of £13.964m of COVID-19 Central Government Emergency Grant Funding.

When this was taken into account, the overall position for the Council was a projected overspend of £9.948m. As this was a planned use of earmarked balances, this overspend would not reduce the Council's free balances.

The Board noted the reasons for the variances at the end of Quarter 2 for each service area.

51/20

Exclusion of the Public and Press

Resolved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to information) (Variation) Order, 2006, relating to the financial or business affairs of any particular person (including the authority holding that information).

Medium Term Financial Strategy

Further to Minute No 46/20, the Board received a further update on the Medium Term Financial Strategy from the Head of Finance/Interim S151 Officer.

Updates were provided in relation to the following topics that were areas of budgetary pressure for the Council:-

- Special Educational Needs and Disability Transport;
- Property Maintenance Account;
- Legal Services;
- Printing;
- Licenses;
- No Recourse for Public Funds;
- Digital Transformation Team;
- Birmingham Airport.

From the comments and questions by councillors, the following responses were made and issues highlighted:-

- The pressures around Special Educational Needs and Disability (SEND) transport was a result of increased demand for the service, and an increase in individuals with more complex needs.
- A working group was looking into the SEND transport pressure and was considering a range of mitigating measures. The Board was also advised that a regional piece of work had recently started that related to this, which was being led by the West Midlands Combined Authority.
- There had been an increase in flexible working and home working, especially since the start of the COVID-19 pandemic, which changed the property and facility requirements of the Council. Members queried what the Council's physical presence would look like going forward as it was acknowledged some people would need, or prefer, to access some key services in person once circumstances allowed.

- The financial pressures relating to Legal Services were partially due to vacancies within the service that had proven difficult to fill. Career grade posts had now been established which had improved the situation with only one vacancy remaining at the time of the meeting.
- Members acknowledged that information requests had a cost for the Council and suggested that they could be published to raise public awareness of this.
- Whilst initiatives that had involved the Digital Transformation Team had resulted in improvements and increased digital ways of interacting with the Council they did not necessarily create savings.
- Discussions were ongoing in relation to Birmingham Airport.

The Board welcomed the update and requested further detailed updates on the identified financial pressures, initially for a number of key areas to allow for in-depth scrutiny to take place.

Resolved that the Chief Executive and Head of Finance arrange for further, more detailed updates on the following topics be brought to a future meeting of the Budget and Corporate Scrutiny Management Board:-

- (a) Special Educational Needs and Disability transport;
- (b) Property Management Account;
- (c) Legal Services.

Meeting adjourned at 6.56pm on 3 December 2020 and reconvened at **5.45pm on Tuesday 5 January 2021**.

Present: Councillor L Giles (Chair);
Councillors E M Giles and Moore.

In Attendance: Councillors Crompton, Piper and Preece.

Officers: David Stevens (Chief Executive), Surjit Tour (Director – Legal and Democratic and Monitoring Officer), Alan Caddick (Director – Housing and Communities), Jane Lillystone (Service Manager - Tourism, Culture and Leisure) and Gemma Ryan (Business Manager – Sport and Leisure);

Also present: Paul Kelly (Continuum Sport and Leisure – Consultant); Ash Rai (Sandwell Leisure Trust Chief Executive), Linda Bateman (Sandwell Leisure Trust Board Chair) and Sonia Dillion (Sandwell Leisure Trust Finance Manager).

Apologies: Councillor Rollins.

53/20 **Leisure in Sandwell – External Consultant’s Findings**

The Board received an update outlining the findings of an external consultant’s report on the impact of COVID-19 on leisure services provided by Sandwell Leisure Trust (SLT). Representatives from SLT were also in attendance at the meeting and thanked the Board for the opportunity to address the points raised in the report and consultant’s report.

Members were advised that following the government announcement advising that gyms, leisure centres and swimming pools should close from 20 March 2020, all Sandwell leisure facilities were closed.

As a response to the closure and the challenge of these circumstances for the sector, Sport England had engaged a number of external leisure consultants to provide support to local authorities with managing leisure provision through this period.

Sport England offered local authorities a contribution of £5,000 towards a scope of work. Whilst Sport England had provided a recommended scope, this was required to be agreed locally to reflect local circumstances. The recommended scope included understanding a Local Authority’s situation given the COVID-19 outbreak and exploring related challenges as well as reviewing intervention options for services post COVID-19 restrictions and establishing affordability.

The Board also received an overview of SLT including the services it delivers and the contractual arrangements between the Trust and the Council.

Members were informed that SLT operated nine of the ten leisure facilities in Sandwell. This was under a Management and Funding Agreement that commenced in April 2004 for a period of 30 years. The Council were under obligation to provide a unitary payment (management fee) for the initial funding period of five years, extended to 2013 via Deed of Variation. Since the initial funding

period ceased, the Council had continued to provide SLT with a management fee under a Business Planning approach. This fee was currently circa £3,000,000 per annum.

Following the closure of facilities as a result of COVID-19, SLT made an initial claim to the Council for financial support. This reflected a period of five months of closure. Whilst no further formal requests had been received from SLT for financial support, the Council and SLT had been in regular contact at a senior level to monitor the situation and understand any emerging challenges.

The information provided was clarified and assessed by officers and an external consultant; other mitigations and support accessed by SLT was also considered. Following this assessment, it was concluded that SLT did not require any further financial support over and above the continued payment of the management fee. It was also identified that SLT were not at any immediate financial risk, however income was expected to be affected whilst COVID-19 restrictions remained in place.

The Council had continued to provide SLT with its usual monthly management payment. The level of monthly management fee had not been adjusted during the first period of closure or for the first period of re-opening. Therefore, the Council had provided SLT with discretionary financial (cash flow) support in line with the government's guidance (PPN 02/20). In line with the guidance the Council had requested 'open book' data from SLT.

It was reported that SLT had recently proposed changes to staff Terms and Conditions and had proceeded with the process of issuing new contracts to their staff. The Council had previously entered into discussions with SLT to reconsider this position and had offered financial support for the remainder of the financial year to enable revisiting this matter at a later date.

The Board received updates from SLT in relation to their current position and the views of its Trust Board and senior management in relation to the issues and matters outlined above.

The Chair thanked representatives from SLT for attending the meeting and contributing to the discussion.

Resolved that the Budget and Corporate Scrutiny Management Board receive a further update report at a future meeting and consider any recommendations it may wish to make in relation to Sandwell Leisure Trust.

Meeting ended at 7.02pm on Tuesday 5 January 2021.