

Addendum

Executive

Dear Councillor,

Executive - Thursday, 17 December 2020, 7.30 pm

I enclose, for consideration at the meeting of the Executive to be held on Thursday, 17 December 2020 at 7.30 pm, the following report which was unavailable when the agenda was published.

Mari Roberts-Wood
Interim Head of Paid Service

4. **Observations of the Overview and Scrutiny Committee on the Budget Proposals for 2021/22 (Pages 3 - 10)**

To receive the observations of the Overview and Scrutiny Committee.

For enquiries regarding this addendum;

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SIGNED OFF BY	Pat Main, Interim Head of Finance
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TO	Executive
DATE	Thursday, 17 December 2020
MEMBER	Councillor N. Harrison, Chair, Overview & Scrutiny Committee

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Observations of the Overview and Scrutiny Committee on the Budget Proposals for 2021/22
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RECOMMENDATIONS
<p>That in response to the Service and Financial planning 2021/22 report to Executive on 19 November 2020, the following observations be submitted for the consideration of the Executive:</p> <p>a) That the Overview and Scrutiny Committee thanks the Executive Member for Finance, Executive and Officers for preparing initial revenue and capital budget proposals for 2021/22;</p> <p>b) That the Overview and Scrutiny Committee considers the following to be achievable, realistic and based on sound financial practices and reasonable assumptions:</p> <p>(i) Revenue Budget Savings and Additional Income proposals totalling £2.094m.</p> <p>(ii) Revenue Budget Growth proposals totalling £0.812m</p> <p>(iii) Forecast ongoing income budget pressures in 2021/22 as a consequence of the COVID-19 pandemic totalling £1.610m (to be met by one-off funding from the Government Funding Risk Reserve)</p> <p>(iv) Capital Programme Growth and Reprofiling proposals resulting in a net reduction in the five-year Capital Programme of (£0.286m)</p> <p>(v) Revenue Reserve Balances at 1 April 2020 of £35.391m;</p> <p>c) That the Overview and Scrutiny Committee considers the potential negative</p>

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impact of the savings and growth proposals on service delivery to be minimal and concluded that the Council was managing its finances well on behalf of its residents;

(d) That the budget proposals for 2020/21 included an allowance of £1.256m for the use of reserves including £1m to fund the headroom contingency budget, or a net increase of £256k excluding the headroom contingency budget. For 2021/22 no headroom budget has been established, and a drawing of £539k from reserves is planned. Any overspending will require further drawings from reserves;

e) That implementation of the Council's Commercial Strategy is vital to meeting the budget gaps in future years, as government funding is further reduced. The Overview & Scrutiny Committee notes that no substantial additional commercial income from investments is included in the 2021/22 budgets;

(f) That some capital budgets for investment are yet to be finalised, as well as a number of revenue budget items, and for this reason the Overview and Scrutiny Committee has yet to draw a conclusion on the overall budget proposals for 2021/22.

REASONS FOR RECOMMENDATIONS

To take account of the views of the Overview and Scrutiny Committee on their consideration of Service and Financial planning for 2021/22.

EXECUTIVE SUMMARY

The report (with an Addendum to follow 21 January 2020 meeting of Overview & Scrutiny Committee) completes the Committee's consideration of Service and Financial planning for 2021/22. The proposals have been scrutinised in line with the Council's budget framework.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. This report is brought to the Executive as part of its consultation on the proposed budget for 2020/21 as required by the Policy Framework and Budget Procedure Rules in the Constitution. The Executive is asked to consider the final service and financial proposals for 2020/21 at this meeting so that it can make its recommendation to Council on Thursday 11 February 2021.
2. The Local Government Act 1972 requires the Council to set an annual budget as part of proper financial management through the Service and Financial Planning report each year.

3. The Local Government Act 1992 requires councils to set a balanced budget and announce the Council Tax level by 11 March each year.
4. The Local Government Act 2000 makes it clear that the role of scrutiny in the financial process is to hold the Executive to account and to ensure that its decisions are in the best interests of the community.

BACKGROUND

5. The Executive on 27 February 2020 supported the Overview and Scrutiny Committee's request for the Budget Scrutiny Review Panel to be re-established for 2020/21 and included in its work programme.
6. The Budget Scrutiny Panel 2020 focused on consideration of the draft Budget proposals for 2021/22. The objective of the Panel was to satisfy its Members that the Budget was achievable, realistic and based on sound financial practices. It scrutinised the following: the assumptions which underpinned the budget, the impact of any savings on service delivery, the justification for growth proposals and how the revenue budget and capital plan related to the delivery of corporate priorities.
7. The Service and Financial planning 2021/22 report and supporting documents were circulated as part of the Advance Questions process for the Budget Scrutiny Review Panel Members on 20 November 2020. The responses provided by officers were circulated in advance to Panel Members before the Panel meeting on 30 November 2020.
8. The Panel met on 3 December 2020 and Council, and T. Schofield, Portfolio Holder for Finance and Deputy Leader, attended the Panel's meeting to support its consideration of the budget proposals.
9. The Panel's report, including their conclusions and recommendations was considered by the Overview and Scrutiny Committee on 9 December 2020. The full report of the Budget Scrutiny Review Panel is at **Annex 1**.
10. The Committee noted that the capital budgets for investment in the Corporate Plan and the Housing Delivery Strategy were yet to be finalised as well as a number of revenue budget items, including the Central revenue budget proposals. The Committee therefore concluded that the remaining revenue budget elements of the Budget 2021/22 and any additional Capital Programme 2021 to 2026. Proposals would be considered at the 21 January 2021 meeting of the Overview and Scrutiny Committee.

KEY INFORMATION

11. Members endorsed the recommendations from the Budget Scrutiny Panel to go forward to the Executive.
12. Members noted that the roll out of recycling to flats had started in 2012 but this still had not concluded and the budget indicated that this project would continue next year. It was acknowledged that there is provision for an additional recycling crew in

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the budget, but more resources might be needed for Neighbourhood Services to speed up the roll-out and support residents, for example, by having half size bins for older residents that were more appropriate to their homes.

13. It was noted that there were delays this year due to the emergency response to COVID-19. Officers confirmed that the roll-out would restart after Christmas and they would look at smaller bins if necessary, although this would be an additional cost.

14. Members thanked the Finance team for clarifying the reserves policy and commented that it was a sustainable budget.

15. Members thanked Councillor T. Schofield, Executive Member for Finance, and Pat Main, Interim Head of Finance, and her team for the work on the budget. Councillor N. Harrison also thanked all Panel Members for contributing their questions to the Executive Members and Officers.

OPTIONS

The Executive can therefore:

16. Accept the report and note the comments of the Overview and Scrutiny Committee **(Recommended)**; or

17. Request that the Overview and Scrutiny Committee undertake additional scrutiny of all or part of the service and financial plans for 2021/22.

LEGAL IMPLICATIONS

18. There are no direct legal implications arising from the recommendations in this report subject to the Council adopting a balanced budget for 2020/21 by xx March 2021 to meet the requirements of the Local Government Finance Act 1992.

FINANCIAL IMPLICATIONS

19. Financial implications are addressed throughout the Service and Financial planning 2021/22 report.

EQUALITIES IMPLICATIONS

20. These are considered in the Service and Financial planning 2021/22 report.

COMMUNICATION IMPLICATIONS

21. These considerations are set out in the Service and Financial planning 2021/22 report.

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RISK MANAGEMENT CONSIDERATIONS

22. These considerations are set out in the Service and Financial planning 2021/22 report.

CONSULTATION

23. The Overview and Scrutiny Committee was consulted by the Executive in accordance with the Policy Framework and Budget Procedure Rules in the Constitution.

BACKGROUND PAPERS

1. **Annex 1:** [The full report of the Budget Scrutiny Review Panel 2020.](#)
2. **Annex 2:** Draft Minute of Budget Scrutiny Panel agenda item – 9 December 2020 (attached).

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BOROUGH OF REIGATE AND BANSTEAD

OVERVIEW AND SCRUTINY COMMITTEE

Draft minutes of a meeting of the Overview and Scrutiny Committee held virtually on Wednesday, 9 December 2020 at 7.30 pm.

Present: Councillors N. D. Harrison (Chair), S. T. Walsh (Vice-Chair), M. S. Blacker, G. Buttironi, J. C. S. Essex, R. J. Feeney, K. Foreman, J. Hudson, N. C. Moses, S. Parnall, J. Paul, J. E. Philpott, K. Sachdeva and R. S. Turner

Also present: Councillors T. Archer, V. Lewanski and T. Schofield

49. BUDGET SCRUTINY PANEL: SERVICE AND FINANCIAL PLANNING 2021/22

Members noted that the roll out of recycling to flats had started in 2012 but this still had not concluded and the budget indicated that this project would continue next year. It was acknowledged that there is provision for additional recycling crew in the budget, but more resources might be needed for Neighbourhood Services to speed up the roll-out and support residents, for example, by having half size bins for older residents that were more appropriate to their homes.

It was noted that there were delays this year due to the emergency response to COVID-19. Officers confirmed that the roll-out would restart after Christmas and they would look at smaller bins if necessary, although this would be an additional cost.

Members thanked the Finance team for clarifying the reserves policy and commented that it was a sustainable budget.

They also thanked Councillor T. Schofield, Executive Member for Finance, and Pat Main, Interim Head of Finance, and her team for the work on the budget. Councillor N. Harrison also thanked all Panel Members for contributing and their questions to the Executive Members and Officers.

RESOLVED – that the Committee receive the report from the Budget Scrutiny Panel to go forward to the Executive to i) consider the provisional budget proposals for 2021/22 and (ii) make the recommendations below to the Executive in line with the Council's budget and policy procedure rules.

That in response to the Service and Financial planning 2021/22 report to Executive on 19 November 2020, the following observations be submitted for the consideration of the Executive:

- a) That the Overview and Scrutiny Committee thanks the Executive Member for Finance, Executive and Officers for preparing initial revenue and capital budget proposals for 2021/22;
- b) That the Overview and Scrutiny Committee considers the following to be achievable, realistic and based on sound financial practices and reasonable assumptions:
- (i) Revenue Budget Savings and Additional Income proposals totalling £2.094m
 - (ii) Revenue Budget Growth proposals totalling £0.812m
 - (iii) Forecast ongoing income budget pressures in 2021/22 as a consequence of the COVID-19 pandemic totalling £1.610m (to be met by one-off funding from the Government Funding Risk Reserve)
 - (iv) Capital Programme Growth and Reprofiling proposals resulting in a net reduction in the five-year Capital Programme of (£0.286m)
 - (v) Revenue Reserve Balances at 1 April 2020 of £35.391m;
- c) That the Overview and Scrutiny Committee considers the potential negative impact of the savings and growth proposals on service delivery to be minimal and concluded that the Council was managing its finances well on behalf of its residents;
- (d) That the budget proposals for 2020/21 included an allowance of £1.256m for the use of reserves including £1m to fund the headroom contingency budget, or a net increase of £256k excluding the headroom contingency budget. For 2021/22 no headroom budget has been established, and a drawing of £539k from reserves is planned. Any overspending will require further drawings from reserves;
- e) That implementation of the Council's Commercial Strategy is vital to meeting the budget gaps in future years, as government funding is further reduced. The Overview & Scrutiny Committee notes that no substantial additional commercial income from investments is included in the 2021/22 budgets;
- (f) That some capital budgets for investment are yet to be finalised, as well as a number of revenue budget items, and for this reason the Overview and Scrutiny Committee has yet to draw a conclusion on the overall budget proposals for 2021/22.