

Minute from Overview & Scrutiny Committee on 8 December 2022

Observations on Budget Proposals – Budget Scrutiny Panel Report

Members received the report from the O&S Budget Scrutiny Panel which met on 29 November 2022 to consider the provisional Budget proposals for 2023/24 and to make recommendations to the Executive in line with the Council's budget and policy procedure rules.

Councillor Harrison, Chair of the Budget Scrutiny Panel, summarised the findings from the Panel to the Committee which were set out in the report to the Committee as an addendum to the agenda pack, and in the recommendations set out in the minutes and the report. He drew attention to the fact that the financial settlement from Government was yet to be published and that the Overview and Scrutiny Committee would have an opportunity to view and comment on any consequential changes to the budget at the Overview and Scrutiny Committee meeting on 19 January 2023, prior to the Executive meeting on 26 January 2023. He thanked the Portfolio Holder, the Chief finance Officer and the finance team for their report and responses to the advance questions.

Members made comments and asked questions on the following areas:

Environmental Sustainability Strategy – Members noted that two years into the Environmental Sustainability Strategy, there was funding set aside in a Reserve but no capital scheme in place yet to action upgrades to Council buildings.

Reserves – Members were concerned that Reserves, necessarily a one-off source of payment, would be drawn on in the 2023/24 budget proposals. The Chair informed the Committee that although Reserves would be used, funds had also been added to Reserves in previous years; the Panel had requested a schedule of Reserves for the last three years showing the use of Reserves, additions made to Reserves, and the resulting balance levels, which would be available for the January meeting.

Council Tax – Members noted that the Government had announced it was permitting a 2.99% increase in Council Tax, rather than a 1.99%, without a referendum being held. Members were concerned that Government funding might be reduced in the Provisional Local Government Settlement in December, which then might necessitate an increase in Council Tax charges to offset the reduction. This would be discussed further once the final Settlement had been published.

It was noted that the Portfolio Holder for Finance and Governance and the Chief Finance Officer had provided clarification on the £1.5 million budget for staff pay increases that was not specifically referenced in the budget recommendations.

Resolved – that in response to the Service and Financial Planning 2023/24 report and supporting documents to Executive on 17 November 2022, the following Recommendations from the Budget Scrutiny Panel, and

approved by the Overview and Scrutiny Committee on 8 December 2022, be submitted for consideration by the Executive, that:

- (i) The national and local policy context and significant financial uncertainties at this stage in the budget-setting process were noted, along with the associated uncertainties and risks.**
- (ii) The service proposals set out in the report which seek to respond to this context and deliver corporate policies be endorsed.**
- (iii) The draft service business plans for 2023/24 to 2025/26 be approved, and that Heads of Service be authorised to finalise their plans for their service areas in consultation with the relevant Portfolio Holders.**
- (iv) The following be approved for consultation under the Council's budget and policy framework:**
 - a) Medium Term Financial Plan Forecasts and proposed actions to address the forecast Revenue Budget gap;**
 - b) Service Revenue Budget growth proposals totalling £0.442 million, savings of (£0.828) million and additional income of (£1.186) million;**
 - c) Central Revenue Budget Savings proposals totalling (£0.897) million. The Panel noted that the £1.500 million budget for pay increases was not specifically referenced in this Recommendation, but acknowledged that it was included in the supporting tables and narrative in the body of the report.**
 - d) Revenue Issues, Risks and Opportunities totalling £2.407 million, to be funded from earmarked Reserves as necessary;**
 - e) Revenue Reserve Balances at 1 April 2022 of £45.596 million;**
 - f) Forecast balanced Revenue budget for 2023/24, subject to final confirmation of the outstanding items; and**
 - g) Capital Programme Growth proposals totalling £7.683 million.**

With the provision of a clearer explanation for the £1.5million for staff salary growth under c) Central Revenue Budget Savings proposals.
- (v) The Fees & Charges Policy was noted.**
- (vi) The Reserves Policy was noted.**

- (vii) The Local Council Tax Support Scheme be reviewed during 2023/24 and the outcome be reported as part of Service & Financial Planning for 2024/25.**
- (viii) Assumptions and individual budgets were to be reconsidered following the December Government financial settlement announcement; consequently the Panel did not draw a final conclusion on the overall Budget proposals for 2023/24.**
- (ix) The final Service and Financial Planning 2023/24 report to Executive on 26 January will also be an agenda item for discussion at Overview and Scrutiny Committee on 19 January 2023.**
- (x) The Panel considered the explanations in the Budget report for year on year changes in the budget and found the Budget proposals to be achievable, realistic and based on sound financial practices and reasonable assumptions, subject to the outstanding matters set out in (i), (ii) and (iii) above.**
- (xi) The Panel noted that the proposed savings were not expected to have a significant impact on service scope or quality.**
- (xii) The Panel noted that inflation cost pressures had been addressed in the Budget on a case by case basis. The Panel expressed concern about recent inflationary pressures which put short-term inflation well above the Bank of England target and suggested this would put unbudgeted upward pressure on the cost of goods and services and on personnel costs.**
- (xiii) The Panel noted that the Budget for 2022/23 included the use of £2.407 funding from earmarked Reserves, as necessary, and that the use of these Reserves was necessarily a one-off source of funding.**

The Committee thanked the Portfolio Holder and officers for the substantial work in preparing the Budget 2023/24 report and for the written responses to the 76 advance questions from Members. They commended the report for its comprehensive content and for its presentation which was much improved from previous years.

The minutes of the Budget Scrutiny Panel meeting held on 29 November 2022 were approved.