



REPORT OF:	CHIEF EXECUTIVE
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TO:	EXECUTIVE
DATE:	25 JANUARY 2019
EXECUTIVE MEMBER:	COUNCILLOR T. SCHOFIELD

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	N/A

SUBJECT:	OBSERVATIONS OF THE OVERVIEW & SCRUTINY COMMITTEE ON THE DRAFT BUDGET PROPOSALS FOR 2019/20
RECOMMENDATION:	<p>That the report of the Overview & Scrutiny Committee on the service and financial plans for 2019/20 be approved, as identified in paragraphs 12, 13 and 14 of this report, with regard to:</p> <ul style="list-style-type: none">i). the budget proposals for 2019/20,ii). the reporting of budget contingency or headroom, andiii). the proposed internal audit of budget development and reporting prior to the 2020/201 budget setting process.
REASONS FOR RECOMMENDATIONS:	<p>To take account of the views of the Overview & Scrutiny Committee on their consideration of the service and financial plans for 2019/20.</p>
EXECUTIVE SUMMARY:	<p>This report completes the Overview & Scrutiny Committee's consideration of the Service & Financial plans for 2019/20. The proposals have been scrutinised in line with the Council's budget framework.</p>

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 2018/19 as required by the Policy Framework and Budget Procedure Rules in the Constitution.
2. The Council is required to set a budget for the forthcoming Municipal Year under the *Local Government Acts* of 1972 and 1992. The Executive is asked to consider the final service and financial proposals for 2019/20 at this meeting so that it can make its recommendation to Council on 7 February 2019.

SCRUTINY PROCESS

3. The Overview & Scrutiny Committee established a Budget Scrutiny Review Panel to examine the principles that underlined the provisional service and financial plans recommended by the Executive.
4. The Panel considered the savings and growth proposals that had been agreed for consultation by the Executive on 8 November 2018.
5. The Panel met on 22 November 2018 and Councillors M.A. Brunt, Leader of the Council and T. Schofield, Executive Member for Finance, attended the Panel's meeting to support its consideration of the budget proposals.
6. The Panel's report, including their conclusions and recommendations, was considered by the Overview & Scrutiny Committee on 6 December 2018. An extract from the draft minutes of that meeting is attached at **Annex 1**, and the full report of the Budget Scrutiny Review Panel is at **Annex 2**.

OVERVIEW & SCRUTINY COMMITTEE CONCLUSIONS

7. The Overview and Scrutiny Committee concluded that the provisional budget proposals for 2019/20 were achievable, realistic and based on sound financial practices and reasonable assumptions. This also applied specifically to the following:
 - a. Savings proposals totalling £1.229m
 - b. Growth proposals totalling £2.620m
8. The Committee had no significant concerns about the budget proposals as a whole, which it agreed had minimal impact on the range and quality of service delivery by the Council.
9. Additionally the Executive was requested to consider the Committee's recommendations that future budget papers should set out the amount of any budgetary contingency or headroom included in that budget, that quarterly and year end budget monitoring arrangements should report on the use of such contingency, that any under or overspend should be reported in the year-end report, and that an internal audit of how budgets are developed and reported be conducted in advance of the 2020/21 budget process

RISK MANAGEMENT CONSIDERATIONS

10. The Budget Scrutiny Panel recognised that no budget planning process was without risk, and identified the following particular risks that needed to be

monitored throughout 2019/20 and when considering performance and future budgets:

- The risk of increased budgetary pressure as a result of cuts to funding by Surrey County Council, both directly and as a result of the impact upon partner organisations.
- The future risk of increased budgetary pressure from the need to address homelessness, with government monies to support the implementation of the Homelessness Reduction Act only being received for a limited period.
- The potential future increase to budgetary pressure resulting from the roll-out of Universal Credit.
- The risk of increased budgetary pressure around waste and refuse collection activities as a result of uncertainty around recycle prices and arrangements with Surrey County Council.

OVERVIEW & SCRUTINY COMMITTEE RECOMMENDATIONS AND ACTIONS

11. The Overview & Scrutiny Committee at its meeting on 6 December 2018 recommended the following:
12. That in response to the Service and Financial Planning (Provisional Budget) 2019/20 report, the following comments be submitted for the consideration of the Executive:
 - (i) That the Overview and Scrutiny Committee thanks for the Executive Member for Finance, Executive and Officers for preparing balanced budget proposals for 2019/20;
 - (ii) That the Overview and Scrutiny Committee considers the following to be achievable, realistic, and based on sound financial practices and reasonable assumptions:
 - a. The provisional budget proposals for 2019/20
 - b. Savings proposals totalling £1.229m
 - c. Growth proposals totalling £2.620m
 - (iii) That the Overview and Scrutiny Committee considers the potential impact of the savings and growth proposals on service delivery to be minimal;
13. That the Overview and Scrutiny Committee considers that future budget papers should set out the amount of any budgetary contingency or headroom included in that budget, that quarterly and year end budget monitoring arrangements should report on the use of such contingency, and that any under or overspend should be reported in the year-end report.
14. That the Overview and Scrutiny Committee recommend that an internal audit of how budgets are developed and reported be conducted in advance of the 2020/21 budget process.

OPTIONS

15. The Overview & Scrutiny Committee have made no recommended changes to the service and financial plans for 2019/20.
16. The Executive can therefore:
 - Accept the report and note the comments of the Overview & Scrutiny Committee (**recommended**); or
 - Request that the Overview & Scrutiny Committee undertake additional scrutiny of all or part of the service and financial plans for 2019/20 (not recommended).

LEGAL IMPLICATIONS

17. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

18. There are no financial implications arising from this report.

EQUALITIES IMPLICATIONS

19. There are no equalities considerations arising from this report.

CONSULTATION AND POLICY FRAMEWORK

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

Background Papers

Complete Report of the Budget Scrutiny Panel and Supporting Annexes