

Extract from draft Minutes of the Overview & Scrutiny Committee meeting held on 6 December 2018

41. SERVICE AND FINANCIAL PLANNING/BUDGET PROPOSAL FOR 2019/20

The Vice-Chairman invited Cllr. N. Harrison, as Chairman of the Budget Scrutiny Review Panel, to introduce the report. Cllr Harrison thanked the Panel members, the supporting officers and other contributing Members for their work to support scrutiny of the proposed budget.

The Committee heard that a wide range of advance questions had been asked as part of the budget scrutiny process, and that the Panel had thoroughly explored not only the savings and growth proposals for 2019/20 but the full service and financial context in which the budget had been prepared.

Councillor Harrison highlighted:

- That there remained a number of forthcoming financial management items to be considered by Committees and Members, including the Capital Plan and Treasury Management Strategy, and the Council's new investment strategy.
- That the Council had substantial reserves, and the Panel was supportive of their use to support the proposed budget, but that this should be a short term measure to address the external financial pressures faced by the Council, and that the Panel supported steps to obtain additional sustainable funding.
- That the Panel supported the inclusion of ongoing costs previously funded through the Corporate Plan Delivery Fund being transferred into the revenue budget.
- That the Council continued to face significant future financial pressures due to potential increases in demand and reductions in available funding.
- That the Panel was pleased to note that the income in the budget from property rents had been secured and was not speculative.
- That the Council had not included income from the proposed 2019/20 Business Rates Pilot in the budget.
- That the Panel considered that future budget reporting should make clearer reference to the level of budgetary contingency or headroom included in the budget and how this was allocated, and that it would like to see additional information on how this had been spent in previous years.
- That the Panel supported the addition of a new post to support future commercial activities.
- That the Panel supported that the proposed budget did not propose any significant cuts to services provided by the Council.
- That the Panel had no significant concerns with the proposed budget, but was mindful of the future challenges faced by the Council.
- That the proposed budget was considered to be achievable, realistic and based on sound financial practices and reasonable assumptions.

Councillor Harrison proposed that the Overview and Scrutiny make a third recommendation to the Executive, in addition to those proposed by the Budget Scrutiny Review Panel. The proposed recommendation was as follows:

‘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.’

The additional proposed recommendation was supported by the Committee.

There were a number of questions and comments relating to the following topics:

- **Business Rates.** It was noted that the business rates Pool funds received to date would be used to support economic prosperity and businesses in the borough. Members supported ensuring that these funds were used effectively.
- **The National Waste Strategy.** It was noted that a new national waste strategy was expected to be forthcoming, and that there was a potential for this to have financial implications for the Council. It was noted that when the new strategy was released it would be considered by the Council, and that it presented significant financial implications for the Council it was expected that an associated report would be produced.
- **Property Investments.** It was identified that at the time of the meeting, the majority of the Council’s commercial income related to property owned by the Council. It was confirmed that the Council’s property team was in a good position to continue to support the Council’s commercial property activities. It was identified that for any potential future investments financed using borrowing, this would necessitate a higher rate of return to justify the investment than might be required for investments financed from capital reserves. It was identified that investments utilising funding from borrowing would be expected to be located within the Council’s economic area. It was noted that the Council would continue to seek to pursue property investments which supported a social benefit for the borough in addition to any financial return.
- **Income and Saving Proposals.** It was suggested that it might be beneficial in future years to provide additional absolute figures for savings and growth in addition to relative movements.
- **Senior Management Team.** It was identified that the budget associated with the Senior Management Team had increased relative to 2018/19, despite the departure from the organisation of some officers, due to the inclusion of a permanent head of legal post, and allocation of resources to support the Council’s effective future operations.

RESOLVED:

- i). 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:
 - a. That the Overview and Scrutiny Committee thanks for the Executive Member for Finance, Executive and Officers for preparing balanced budget proposals for 2019/20;
 - b. That the Overview and Scrutiny Committee considers the following to be achievable, realistic, and based on sound financial practices and reasonable assumptions:
 - i. The provisional budget proposals for 2019/20
 - ii. Savings proposals totalling £1.229m
 - iii. Growth proposals totalling £2.620m
 - c. That the Overview and Scrutiny Committee considers the potential impact of the savings and growth proposals on service delivery to be minimal;
- ii). 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.
- iii). 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