



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

SIGNED OFF BY	Interim Head of Finance and Assets
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TO	Executive
DATE	Thursday, 30 January 2020
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Observations of the Overview and Scrutiny Committee on the draft Budget proposals for 2020/21
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RECOMMENDATIONS
<p>The Overview and Scrutiny Committee at its meeting on 17 December 2019 made the following recommendations to the Executive in response to the Service and Financial planning 2020/21 report to Executive on 7 November 2019:</p> <p>(i) That the report of the Overview and Scrutiny Committee on service and financial planning for 2020/21 be approved, as set out below, regarding the budget proposals as reported in the report to Executive on 7 November 2019:</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 2020/21;</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> <ul style="list-style-type: none">(i) Revenue Budget Savings and Additional Income proposals totalling £1.618m net(ii) Revenue Budget Growth proposals totalling £3.742m(iii) Capital Programme Growth proposals of £9.910m <p>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 in fact include some service improvements;</p>

(ii) That the Overview and Scrutiny Committee notes growth in the baseline budget for services of £2.12m, including funding for 23 new posts, plus 5 that were previously funded through the Corporate Plan Delivery Fund (CPDF), to achieve the Council's corporate priorities. Whilst recognising that the growth and each new post can be justified in its own right, and the Council has substantial reserves to fund such expenditure over the short term, the Overview and Scrutiny Committee is concerned that the overall increase in the Revenue budget is unsustainable in the long term, unless additional sustainable revenue income sources are brought on stream.

(iii) That capital budgets for investment in the Corporate Plan and the Housing Delivery Strategy are yet to be finalised, as well as the Central revenue budget proposals, and for this reason the Overview and Scrutiny Committee has yet to draw a conclusion on the overall budget proposals for 2020/21.

At this stage, further budget proposals, relating to Central Budgets and Capital Programme growth proposals of £82.655 million were due to be discussed at Overview and Scrutiny Committee on 23 January 2020. In relation to these items, the Committee will consider these matters and will report further comments to the Executive which will be noted in an Addendum to the Executive meeting on 30 January 2020.

REASONS FOR RECOMMENDATIONS

To take account of the views of the Overview and Scrutiny Committee on their consideration of Service and Financial planning for 2020/21.

EXECUTIVE SUMMARY

The report (with an Addendum to follow 23 January 2020 meeting of Overview & Scrutiny Committee) completes the Committee's consideration of Service and Financial planning for 2020/21. 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 13 February 2020.
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 18 March 2019 supported the Overview and Scrutiny Committee's request for the Budget Scrutiny Review Panel to be re-established for 2019/20 and included in its work programme. This was subsequently approved by Council on 11 April 2019.
6. The Budget Scrutiny Panel 2019 focused on consideration of the draft Budget proposals for 2020/21. 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 2020/21 report and supporting documents were circulated as part of the Advance Questions process for the Budget Scrutiny Review Panel Members on 11 November 2019. The responses provided by officers were circulated in advance to Panel Members before the Panel meeting.
8. The Panel met on 21 November 2019 and Councillors M. Brunt, Leader of the Council, and T.Schofield, Portfolio Holder for Finance, 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 17 December 2019. 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**.
10. The Committee concluded that as the capital budgets for investment in the Corporate Plan and the Housing Delivery Strategy were yet to be finalised as well as the Central revenue budget proposals, the Central Budget elements of the Budget 2020/21 and any additional Capital Programme 2020 to 2025 Proposals would be considered at the 23 January 2020 meeting of the Overview and Scrutiny Committee.

OPTIONS

11. The Executive can therefore:
 - Accept the report and note the comments of the Overview and Scrutiny Committee (**Recommended**); or
 - Request that the Overview and Scrutiny Committee undertake additional scrutiny of all or part of the service and financial plans for 2020/21.

LEGAL IMPLICATIONS

12. 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 11 March 2020 to meet the requirements of the Local Government Finance Act 1992.

FINANCIAL IMPLICATIONS
13. Financial implications are addressed throughout the Service and Financial planning 2020/21 report.
EQUALITIES IMPLICATIONS
14. These are considered in the Service and Financial planning 2020/21 report.
COMMUNICATION IMPLICATIONS
15. These considerations are set out in the Service and Financial planning 2020/21 report.
RISK MANAGEMENT CONSIDERATIONS
16. These are considered in the Service and Financial planning 2020/21 report.
CONSULTATION AND POLICY FRAMEWORK
17. 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: An extract from the draft minutes of the Overview and Scrutiny Committee on 17 December 2019 on the Budget Scrutiny Panel Report: Service and Financial Planning 2020/21.
2. Annex 2: The full report of the Budget Scrutiny Review Panel 2019. https://reigate-banstead.moderngov.co.uk/documents/s7317/Budget%20Scrutiny%20Panel%20Report%20Service%20and%20Financial%20Planning%20202021.pdf