

CABINET - 16TH FEBRUARY 2017

Report of the Scrutiny Management Board

ITEM 6 BUDGET SCRUTINY PANEL

Purpose of Report

1. To consider the recommendations and observations of the Budget Scrutiny Panel (Annex 1).
2. To consider officer advice and recommendations in response to the recommendations and observations of the Budget Scrutiny Panel (Annex 2).

Recommendations and Reasons of the Scrutiny Panel

The recommendations, reasons and observations of the Budget Scrutiny Panel are set out in Section 6 of Annex 1.

Officer Advice and Recommendations

Officer advice and recommendations in response to the recommendations and observations of the Budget Scrutiny Panel are set out in Annex 2.

Policy Justification and Previous Decisions

Scrutiny Committee Procedure 11.12(a) sets out the procedure by which a report of a Scrutiny Committee should be considered by the Cabinet.

At its meeting on 25th January 2017, the Scrutiny Management Board resolved that the recommendations and observations of the Panel be endorsed and its report submitted to the Cabinet for consideration.

In accordance with Scrutiny Committee Procedure 11.12(d), background information and officer advice have been provided to enable the Cabinet to make a decision without undue delay.

Implementation Timetable including Future Decisions and Scrutiny

The Cabinet's response to the Panel recommendations will be reported to the Scrutiny Management Board, indicating what (if any) action the Cabinet proposes to take.

Report Implications

Implications are set out in Annex 2.

Key Decision: Yes

Background Papers: As detailed in the Panel's report (Annex 1)

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REPORT OF THE BUDGET SCRUTINY PANEL – 2017/18 DRAFT BUDGET

1. Background

Following a decision of the Scrutiny Management Board at its meeting on 23rd March 2016, the Budget Scrutiny Panel has undertaken scrutiny of the Council's budget for 2017/18.

2. Panel Membership

Chair: Councillor Miah

Councillors Bebbington, Gerrard, Jukes, Parsons, Seaton and Smidowicz

3. Meetings and Terms of Reference

The Scrutiny Management Board agreed a budget scrutiny process for the Panel setting out the timing of its meetings and discussion topics as follows:

Panel Meeting 1

4th October 2016, following publication of the draft Medium Term Financial Strategy (MTFS).

Panel discussion topics:

1. How the Medium Term Financial Strategy was constructed for 2017 to 2020.
2. Key assumptions and sensitivities within the Medium Term Financial Strategy.
3. Projected financing shortfall within the Medium Term Financial Strategy.
4. The proposed approach being adopted in constructing the draft 2017/18 budget (to be presented to Cabinet in December 2016).

Informal Meeting/Discussion (All members of the Panel)

6th December 2016, following publication of the Cabinet report setting out the draft budget for 2017/18.

Discussion topics:

1. Identify potential areas where the Panel might wish to focus its scrutiny of the draft budget 2017/18.

2. Agree invitees for the next formal meeting of the Panel (3rd January 2017) to ensure appropriate Directors and Heads of Service were in attendance.
3. Consider input from Loughborough Councillors in respect of the Loughborough Special Expenses element of draft budget 2017/18.

To assist with this item the notes of the informal meetings with Loughborough Councillors held on 20th July and 15th November 2016 in respect of the Loughborough Special Expenses were reviewed.

Panel Meeting 2

3rd January 2017

Panel discussion topics:

- General Fund service areas identified as being significantly impacted by draft budget proposals (with relevant Heads of Service and Directors in attendance).
- Housing Revenue Account – overview of budget.
- Any proposed uses of reserves (balances).
- Loughborough Special Expenses – overview of budget.
- Other matters identified in the course of the informal meeting of the Panel in December 2016.

Possible outcomes of Panel discussion:

- Recommendations to Cabinet regarding changes to the budget to be considered when the final version of the 2017/18 budget is submitted in February 2017 after consultation.
- Recommendations to Cabinet regarding changes to the process for developing the budget in future years.

In accordance with the above, the Budget Scrutiny Panel met formally on 4th October 2016 and 3rd January 2017 and informally on 6th December 2016.

4. Information and Officers

The Panel considered the following information in undertaking its scrutiny:

- Report of the Head of Finance and Property Services setting out the draft Medium Term Financial Strategy (MTFS) 2017 to 2020 which had been agreed by Cabinet on 22nd September 2016.

- Report of the Head of Finance and Property Services setting out the updated version of the Medium Term Financial Strategy 2017 to 2020 considered by the Cabinet on 17th November 2016 and considered by Council on 23rd January 2017.
- Report of the Head of Finance and Property Services setting out the draft General Fund and HRA Budgets 2017/18 considered by the Cabinet on 15th December 2016.
- Supplementary reports of the Head of Neighbourhood Services, providing information requested by the Panel at its informal meeting in respect of the work of the Voluntary and Community Sector Development Officer and Loughborough Community Grants.

All of above information is available at:

https://www.charnwood.gov.uk/committees/budget_scrutiny_panel or
<http://www.charnwood.gov.uk/committees/cabinet>.

At the meeting on 3rd January 2017, the following officers attended the meeting to assist the Panel in undertaking its scrutiny:

Head of Cleansing and Open Spaces
 Head of Landlord Services
 Head of Neighbourhood Services
 Neighbourhoods and Partnerships Manager

The Panel was supported by S. Jackson – Strategic Director of Corporate Services and C. Hodgson – Head of Finance and Property Services.

5. Summaries of Panel Meetings

The following summarises the matters considered at each meeting of the Panel:

A. 4th October 2016

The Panel noted its Terms of Reference. In particular, the draft Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 considered by Cabinet on 22nd September 2016 was discussed.

Outcome of Panel discussions

The Panel had no recommendations to submit to the Cabinet in respect of the draft MTFS or the preparation of the draft 2017/18 budget.

B. 6th December 2016 (informal meeting)

The Panel met to identify potential areas where it might wish to focus its scrutiny of the 2017/18 budget, and the officers it wished to invite to assist with that. To do so, the Panel considered the draft General Fund and HRA budgets 2017/18 report and the input from Loughborough Councillors in respect of the Loughborough Special Expenses as set out in the notes of the informal meetings held on 20th July and 15th November 2016.

Outcome of Panel discussions

The following issues were identified to be considered at the meeting of the Panel scheduled for 3rd January 2017 and the attendance of the identified officers and reports were requested:

Issue	Additional Officer attendance requested	Additional information requested
Voluntary and Community Sector Development Officer	Head of Neighbourhood Services	To provide details on the business case for extending the post and the work to be carried out
Community Grants Funding	Head of Neighbourhood Services	To provide further details and business case
Increase in support service charges in relation to open space contracts	Head of Cleansing and Open Spaces	Details of the grading of work carried out and why the service charges are increasing.
HRA Budget	Head of Landlord Services	To attend to answer any questions relating to the HRA budget

C. 3rd January 2017

The Panel scrutinised the identified issues relating to the draft 2017/18 General Fund and HRA Budgets and the process for developing and scrutinising the Council's budget before discussing and agreeing the conclusions and recommendations its report should include.

Outcome of Panel discussions

The Panel made the recommendations and observations relating to the draft 2017/18 General Fund and HRA Budgets and the process for developing and scrutinising the Council's budget set out in section 6 below.

More details of the matters considered and issues discussed at formal meetings of the Panel are set out in the minutes of those meetings, attached as appendices to this report.

6. Recommendations and Observations – Draft 2017/18 General Fund and HRA Budgets

Following its scrutiny work, the Panel agreed the following in respect of the draft 2017/18 General Fund and HRA Budgets:

Recommendations to the Cabinet

1. That ongoing funding for the Voluntary and Community Sector Development Officer post be included in the budget for 2017/18 and that the funding be split between Loughborough Special Expenses (75%) and the General Fund (25%).
2. That ongoing funding of an additional £20,000 for Loughborough Community Grants be included in the budget for 2017/18 to be funded from Loughborough Special Expenses.
3. That the following suggestions put forward by Loughborough councillors be included in the budget for 2017/18 to be funded from Loughborough Special Expenses:
 - Contribution to a Charnwood Forest Canal Heritage Plaque;
 - Funding for Heritage and Conservation via recruitment of additional staffing resources.

Reasons

1. The achievements of the post had met or exceeded the expectations and performance measures for what would be delivered and the Panel had received assurances that ongoing funding was affordable. To continue the split of funding for the post that operated currently and reflected the balance of the work that was carried out.
2. The additional funding provided valuable support to the community and voluntary sector in Loughborough at a time when applications exceeded the funding available.
3. The proposals provided a benefit to the Council and the community.

Recommendation to the Cabinet and the Scrutiny Management Board

That the process for developing the Medium Term Financial Strategy and the budget, and for their scrutiny be reviewed so that they began earlier and incorporated matters such as:

- what drove priorities other than the Corporate Plan and how different priorities were weighted;
- what alternative scenarios had been explored before they had been prepared and what the rationale behind those scenarios was;
- what the appetite for risk was in investing where this could produce positive benefits and/or generate income;
- how the cost benefit analysis of such potential activities was undertaken;

Reason

To ensure that the processes were timely and robust.

Observations

1. That the Cabinet be informed of the Panel's concerns that reserves could only be used once and that the Council would still have to make savings in years 2 and 3 of the period covered by the Medium Term Financial Strategy.
2. That the Cabinet be informed of the Panel's view that the Efficiency Plan that had been agreed needed to be used and monitored actively to ensure that appropriate savings are made at the earliest opportunity.

Reasons

1.& 2. To inform the Cabinet of the Panel's concerns.

7. Background Papers

Minutes of the Budget Scrutiny Panel meeting held on 4th October 2016:
https://www.charnwood.gov.uk/files/papers/bsp_04_october_2016_minutes/BS%2004%20October%202016%20Minutes.pdf

Minutes of the Budget Scrutiny Panel meeting held on 3rd January 2017:
https://www.charnwood.gov.uk/files/papers/bsp_03_january_2017_minutes/BS%2003%20January%202017%20Minutes.pdf

No further papers to those already identified in/appended to this report.

January 2017

OFFICER ADVICE AND RECOMMENDATIONS IN RESPONSE TO THE
BUDGET SCRUTINY PANEL REPORT

Part A

The following officer recommendations and reasons correspond with the recommendations and reasons of the Scrutiny Panel.

Recommendations

1. That the Panel's support for the following items, that they are affordable and are included in the proposed revenue budget be noted:
 - proposal for ongoing funding for the Voluntary and Community Sector Development Officer post to be included in the budget for 2017/18 and that the funding be split between Loughborough Special Expenses (75%) and the General Fund (25%) (Panel recommendation 1);
 - proposal for ongoing funding of an additional £20,000 for Loughborough Community Grants to be included in the budget for 2017/18 to be funded from Loughborough Special Expenses (Panel recommendation 2);
 - proposal for the following suggestions put forward by Loughborough councillors to be included in the budget for 2017/18 to be funded from Loughborough Special Expenses: (i) contribution to a Charnwood Forest Canal Heritage Plaque and (ii) Funding for Heritage and Conservation via recruitment of additional staffing resources (Panel recommendation 3);
2. That the Panel's recommendation that the process for developing the Medium Term Financial Strategy and the budget and for their scrutiny be reviewed, so that they begin earlier and incorporate a number of matters as set out, be noted, including that the Scrutiny Management Board has resolved to consider this recommendation at its meeting on 29th March 2017 as part of agreeing the process for scrutiny of the Council's budget for 2018/19.
3. That the Panel's observations not requiring further action be noted.

Reasons

- 1.&2. To acknowledge the Budget Scrutiny Panel's recommendations and how they will be taken forward.
3. To acknowledge the observations made by the Budget Scrutiny Panel.

Policy Justification and Previous Decisions

The Scrutiny Committee Procedures set out the process for reporting scrutiny recommendations to the Cabinet. The officer response to the Panel's

recommendations has been prepared in accordance with Scrutiny Committee Procedure Rule 11.12(d).

Implementation Timetable including Future Decisions and Scrutiny

The proposed General Fund and HRA Revenue Budgets for 2017/18 are the subject of a separate report on this agenda.

Report Implications

The following implications have been identified for this report.

Financial Implications

The recommendations set out have been incorporated within the proposed General Fund and HRA Revenue Budgets for 2017/18.

Risk Management

No risks have been identified in connection with this report.

Part B

Background

1. At its meeting held on 23rd March 2016, the Scrutiny Management Board agreed the process by which the Budget Scrutiny Panel would undertake its work.
2. The Panel held meetings on 4th October 2016, 6th December 2016 (informal) and 3rd January 2017. In addition, the results of two meetings with Loughborough councillors in respect of the Loughborough Special Expenses were included in the Panel's deliberations.
3. The Scrutiny Management Board considered the Panel's report at its meeting on 25th January 2017 and resolved that the recommendations and observations of the Panel be endorsed and its report submitted to the Cabinet for consideration.

Officer Comments and Advice

4. Panel recommendations are detailed in the following table along with officer advice in response to them. No alternative recommendations for the Cabinet to consider have been put forward on this occasion.

Panel Recommendations and Reasons	Officer Responses and Alternative Recommendations
<p>Recommendation 1.</p> <p>That ongoing funding for the Voluntary and Community Sector Development Officer post be included in the budget for 2017/18 and that the funding be split between Loughborough Special Expenses (75%) and the General Fund (25%).</p> <p><i>REASON: The achievements of the post had met or exceeded the expectations and performance measures for what would be delivered and the Panel had received assurances that ongoing funding was affordable. To continue the split of funding for the post that operated currently and reflected the balance of the work that was carried out.</i></p>	<p>Response of the Head of Finance and Property Services</p> <p>Noted. These proposals are affordable and are included in the proposed Revenue budget to be discussed at item 7.</p>
<p>Recommendation 2.</p> <p>That ongoing funding of an additional £20,000 for Loughborough Community Grants be included in the budget for 2017/18 to be funded from Loughborough Special Expenses.</p> <p><i>REASON: The additional funding provided valuable support to the community and voluntary sector in Loughborough at a time when applications exceeded the funding available.</i></p>	<p>Response of the Head of Finance and Property Services</p> <p>Noted. These proposals are affordable and are included in the proposed Revenue budget to be discussed at item 7.</p>
<p>Recommendation 3.</p> <p>That the following suggestions put forward by Loughborough councillors be included in the budget for 2017/18 to be funded from Loughborough Special Expenses:</p>	<p>Response of the Head of Finance and Property Services</p> <p>Noted. These proposals are affordable and are included in the proposed Revenue budget to be discussed at item 7.</p>

Panel Recommendations and Reasons	Officer Responses and Alternative Recommendations
<ul style="list-style-type: none"> • Contribution to a Charnwood Forest Canal Heritage Plaque; • Funding for Heritage and Conservation via recruitment of additional staffing resources. <p><i>REASON:</i> The proposals provided a benefit to the Council and the community.</p>	