

Agenda Item No:

Report To: Overview and Scrutiny Committee

Date of Meeting: 8 February 2022

Report Title: Report of the Budget Scrutiny Task Group

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Portfolio Holder Cllr. N Shorter
Portfolio Holder for: Finance and IT



Summary:	The Overview and Scrutiny Budget Scrutiny Task Group has scrutinised the council's draft 2022/23 budget over four meetings. The Task Group have a made number of recommendations to Cabinet to consider when making final budget proposals to recommend to Council.
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Key Decision: NO

Significantly Affected Wards: None specifically

Recommendations: **The Overview and Scrutiny Committee recommends to the Cabinet that:**

- I. The council's draft budget for 2022/23 is sound and that mitigation plans are in place for any increases to borrowing interest rates during 2022/23.
- II. The council's reserves position is sufficient to manage the economic risks to the 2022/23 budget.
- III. The Task Group support Cabinet's recent decision to have regular monitoring of delivery against Service savings targets, through the quarterly budget monitoring reports in 2022/23.
- IV. It be noted that the Task Group have concerns over the ability to deliver the savings target in the Planning and Development Service for the next budget year
- V. It be noted that delivery of the Henwood project needs to be timely in order to meet the savings targets in the next financial year

- VI. It be noted that the Task Group supports the invest-to-save approach regarding homelessness prevention proposals following the service review in 2021/22.

The Overview and Scrutiny Budget Task Group recommends to the Overview and Scrutiny Committee that:

- VII. The Committee would review their position on the Senior Structure Proposal, once it had been submitted to Cabinet.

Policy Overview:	Under the council's Constitution the O&S Committee has a duty to scrutinise the council's draft Revenue and Capital Budgets.
Financial Implications:	As noted in the report
Legal Implications	As Policy Overview above
Equalities Impact Assessment	Not required as appended to main budget report
Other Material Implications:	As noted in the report
Exempt from Publication:	NO
Background Papers:	Draft 2022/23 budget , report to Cabinet 25 November 2021 O&S Budget Scrutiny Task Group Minutes for the following dates: 01/12/21, 20/12/21, 21/12/21, 11/01/22
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Report Title: Report of Budget Scrutiny Task Group

Introduction and Background

1. In accordance with the council's Constitution, it has a duty to scrutinise the council's draft Capital and Revenue Budgets. The Committee constituted a Task Group made up of five Members to undertake this work, and presents its findings of the draft Budget for 2022/23 within this report.

Report of the Chairman of the Budget Scrutiny Task Group

2. The draft budget documents were considered by the Task Group and detailed how the council intends to fund its services and initiatives for the next municipal year. Although there may be some financial uncertainties during the next year, sufficient reserves were identified to mitigate the potential risks.
3. Members raised concern regarding the proposed savings targets, in particular for the Planning and Development Service. In light of this, savings targets should be looked at prudently when reviewed in the quarterly budget monitoring reports.
4. I would like to thank the Members of the Task Group and all of the Officers who were involved with scrutinising the proposed budget for 2022/23. The Group were grateful for the hard work and time that officers had taken to prepare various presentations and reports regarding their service. I would also like to thank the Portfolio Holders and other Members who attended the meetings.

Summary

5. The Overview and Scrutiny Committee would like to thank all the Officers, Portfolio Holders and Lead Members who attended the Task Group meetings. The sessions yielded much information on the financial and resource challenges facing the authority and the Task Group focused on a number of key risks relating to the achievability of next year's budget.
6. The draft budget for 2022/23 was presented to the Task Group at its first meeting; this included all service budgets and financial risks. The purpose of this session was to assist Members in determining which areas to dedicate additional scrutiny time, these included the following:
 - a. The Port Health Service
 - b. The council's reserves positions and forecast
 - c. Savings and recharges
 - d. Planning and Development Service and the achievability of their savings target.
 - e. Details on expected borrowing interest rate increases.

- f. Housing Service and delivery of savings target.
- g. The risks around the maintenance of assets.
- h. Risks linked to the commercial property portfolio.

Consultation

7. The council’s Management Team have since seen the recommendations made by the Task Group and a summary of their advice to the Cabinet has been tabled below:

No.	Recommendation	Summary	Management Team Advice
I	The council’s draft budget for 2022/23 is sound and mitigation plans are in place for any increases to borrowing interest rates during 2022/23.	The Task Group agreed that at this current time the council’s draft budget is sound. It was advised that increases to borrowing interest rates were expected next year and some increases were factored into the budget. Members were confident that increases above forecast could be mitigated by flexing the borrowing strategy.	MT support the recommendation.
II	The council’s reserves position is sufficient to manage the economic risks to the 2022/23 budget.	Members were informed that the council were in a good position with its reserves going forward but there was a need to be mindful. Sufficient reserves were in place to mitigate different risks including economic risk. Additionally, reserves will look to be increased over the 2022/23 year.	MT support the recommendation.
III	The Task Group support Cabinet’s decision to have regular monitoring of Service savings targets through the quarterly budget monitoring reports in 2022/23.	<p>It was advised that most savings had been delivered up to now, however, some savings originally identified for 2022/23 may not be delivered as intended, although it is necessary to still deliver these savings to support the MTFP. Therefore, the Task Group agreed that the savings target does pose some risk to the budget.</p> <p>Members supported the recent Cabinet decision in the draft budget report to review progress of savings targets within the quarterly budget monitoring reports.</p> <p>Members were also advised that the economic resilience reserve will cover risks related to the delivery of savings, although this should be seen as the last resort.</p>	MT support the decision to monitor savings targets during the year.

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IV	<p>It be noted that the Task Group have concerns over the ability to deliver the savings target in the Planning and Development Service for the next budget year.</p>	<p>Members were concerned over the ability of the Planning Service to deliver the savings target of £100,000 relating to the new system implementation included in the budget for 2022/23. The Task Group highlighted that there was a risk to the quality of service provided in light of the pressures around achieving savings targets this year.</p> <p>Members recognised an ongoing risk around recruitment of senior professional planners, with competition coming from the private sector.</p> <p>The use of consultants were a significant cost to the service for both 'specialist' and 'day to day' support although generally funded from existing budgets and salary savings.</p>	<p>MT note the concerns from the Task Group regarding savings targets. MT agreed that options for income growth will be explored.</p>
V	<p>It be noted that delivery of the Henwood project needs to be timely in order to meet the savings targets in the next financial year.</p>	<p>The Task Group identified some risk around delivering the Henwood project linked to ongoing issues at Stodmarsh. Members were informed that options were being considered regarding Stodmarsh, however, assurance was given that the scheme would be delivered within set timescales.</p>	<p>MT agreed that the delivery of the Henwood Project was a priority for the Housing Service.</p>
VI	<p>It be noted that the Task Group supports the invest-to-save approach regarding homelessness prevention proposals following the service review in 2021/22.</p>	<p>Members were advised of the Housing Service's intention to focus on homelessness prevention which will help achieve further savings.</p>	<p>MT endorse the council's approach toward homelessness prevention.</p>
VII	<p>The Committee would review their position on the Senior Structure Proposal, once it had been submitted to Cabinet.</p>	<p>It was agreed that the Overview and Scrutiny Committee await the senior structure proposals that are planned to come forward over the coming months.</p>	<p>MT support the recommendation to the Overview and Scrutiny Committee.</p>

Wrap Up

8. To conclude the Budget Scrutiny sessions, the Chairman of the Budget Scrutiny Task Group gave the opportunity for Members to discuss any outstanding issues regarding the budget and a summary presentation was shown to Members to relay some of the key findings of the last few budget scrutiny meetings.

Conclusion

9. The Overview and Scrutiny Committee recommends to the Cabinet that:
- I. **The council's draft budget for 2022/23 is sound and that mitigation plans are in place for any increases to borrowing interest rates during 2022/23.**
 - II. **The council's reserves position is sufficient to manage the economic risks to the 2022/23 budget.**
 - III. **The Task Group support Cabinet's recent decision to have regular monitoring of delivery against Service savings targets, through the quarterly budget monitoring reports in 2022/23.**
 - IV. **It be noted that the Task Group have concerns over the ability to deliver the savings target in the Planning and Development Service for the next budget year**
 - V. **It be noted that delivery of the Henwood project needs to be timely in order to meet the savings targets in the next financial year**
 - VI. **It be noted that the Task Group supports the invest-to-save approach regarding homelessness prevention proposals following the service review in 2021/22.**

The Overview and Scrutiny Budget Task Group recommends to the Overview and Scrutiny Committee that:

- VII. **The Committee would review their position on the Senior Structure Proposal, once it had been submitted to Cabinet.**

Contact and Email

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