

Agenda Item No: 7
Report To: Cabinet
Date of Meeting: 23 February 2023
Report Title: Report of the Budget Scrutiny Task Group
Report Author & Job Title: Abi Sheppard
Policy and Scrutiny Officer
Task Group Chairman: Cllr. N Ovenden



Summary: The Overview and Scrutiny Budget Scrutiny Task Group has scrutinised the council's draft 2023/24 budget over four meetings during December and January. The Task Group have made six recommendations for Cabinet to consider when making their final budget proposals to recommend to Council.

The Overview and Scrutiny Committee made further recommendations to Cabinet at their meeting on 14th February 2023.

Key Decision: NO

Significantly Affected Wards: None specifically

Recommendations: **The Overview and Scrutiny Budget Task Group recommends to the Cabinet that:**

- I. **The council's draft budget for 2023/24 is sound and deliverable (noting recommendation II).**
- II. **The Task Group supports the proposal to use reserves to fund the 2023/24 deficit.**
- III. **The Task Group notes that in order to mitigate against the challenges presented by the current economic climate, a savings strategy needs to be developed to bridge the budget gap.**
- IV. **The Task Group note that work should be undertaken to assess the council's estates**

portfolio to determine whether assets should be retained.

- V. Resources should be allocated to ensure the council continues to deliver more than the minimum requirement of 10% for fire safety checks in homes.
- VI. A presentation is provided to the wider council regarding the Housing Revenue Account.

The Overview and Scrutiny Committee would like to make further recommendations to the Cabinet that:

- VII. The Committee approve the findings of the budget scrutiny task group at the time of writing.
- VIII. That consideration should be given to increasing the council tax levels in line with government recommended levels to protect service delivery in the coming and future years.
- IX. The Committee would like to monitor the delivery of the proposed savings identified on an ongoing and regular basis.
- X. £500,000 is earmarked from the Economic Resilience Reserve to safeguard against expected income from the international development company not being forthcoming.

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 2023/24 budget](#), report to Cabinet 24 November 2022
Minutes of the Budget Scrutiny Task Group meetings are included in the Appendix.

Contact:

Abi Sheppard Policy and Scrutiny Officer
abi.sheppard@ashford.gov.uk – Tel: (01233) 330394

Report Title: Report of Budget Scrutiny Task Group

Introduction and Background

1. In accordance with the council's Constitution, the Overview and Scrutiny Committee 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 2023/24 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 noted that the budget relied on use of reserves to fund the 2023/24 deficit and reserve levels remained strong despite this. Also, action was required to deliver savings in future and the Task Group agreed that work was needed to develop a savings strategy to achieve them and bridge the budget gap.
4. In relation to the council's assets, there was a national decline in need for rented office space, however, there had been an upshift in light commercial units. The Council also had a diverse property portfolio to reduce concentration risk which is managed by specialist teams.
5. 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 2023/24. 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

6. The budget scrutiny 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.
7. The draft budget for 2023/24 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 council's reserves positions and forecast.
 - b. Savings within the budget not yet identified

- c. Details on the borrowing portfolio and the expected borrowing interest rate increases.
- d. Housing Revenue Account Maintenance Programme
- e. Homelessness provision and housing options
- f. The risks around the maintenance of assets.
- g. Risks linked to the commercial property portfolio.

Consultation

8. 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 2023/24 is sound and deliverable (noting recommendation II).	The Task Group agreed that at this current time the council's draft budget was sound. It was advised that increases to borrowing interest rates were expected next year and some increases were factored into the budget.	MT noted the recommendation.
II	The Task Group supports the proposal to use reserves to fund the 2023/24 deficit.	It was proposed to Members that reserves would need to be used in this the next financial year to fund the 2023/24 deficit, and Members supported this strategy to enable the budget to be deliverable.	MT noted the recommendation. MT accepts the use of reserves is for this year's budget only. The budget has been managed properly but a deficit has been created by uncontrollable external factors. Reserves have been set aside as a contingency for circumstances such as this.
III	The Task Group notes that in order to mitigate against the challenges presented by the current economic climate, a savings strategy needs to be developed to bridge the budget gap.	The need for savings was clearly apparent to maintain the financial strength of the Council. Proposals were currently being developed and have been discussed with Directors before presentation to Senior Management and the current administration. The savings proposals were not currently at the stage where they could be shared with the Task Group.	MT noted the recommendation. The savings strategy is already underway and approximately £200k has already been identified. Details of this would be reported to Members soon.
IV	The Task Group note that work should be undertaken to assess the council's estates portfolio to determine whether assets should be retained.	Overall, Members were confident that there was no risk at this stage in time for the upcoming budget. However, work was required to assess the condition of the Council's assets and	MT agreed the recommendation. This work would take place during the 23/24 financial year and would be brought

		understand if they should be retained within the portfolio or not.	forward to Members to understand priorities.
V	Resources should be allocated to ensure the council continues to deliver more than the minimum requirement of 10% for fire safety checks in homes.	Members raised concerns over the inspection level of just 10% of block fire doors per annum. It was confirmed that whilst this was the target was set under legislation, the service set considerably tougher targets in-house. The Task Group felt that resources should be allocated to this to ensure a higher inspection level continued. .	MT agreed the recommendation. Resources have been allocated accordingly and the review would set an appropriate target. 10% was a minimum requirement, but the Council would be setting targets well in excess of this.
VI	A presentation is provided to the wider council regarding the HRA.	Members felt that it had been very useful to have greater insight into the operation of the Housing team as well as to understand the constraints on budgets. It was suggested that the knowledge was conveyed to other Members via subsequent presentations.	MT agreed the recommendation. This was something that would be provided for the new Administration and as part of the new Members Induction programme in 23/24.

Wrap Up

- 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

- The Budget Scrutiny Task Group have considered the 2023/24 draft budget proposals together with the council's financial risks. The Task Group have made a number of recommendations, for the Overview and Scrutiny Committee to consider making to the Cabinet.

Further Recommendations

- The Overview and Scrutiny Committee considered the report and recommendations at their meeting on 14 February 2023. It was noted that the recommendations made by the Task Group within the report reflected views of Members at the time when they met previously. However, the Committee would like to make further recommendations to reflect the changes to the draft budget since it was scrutinised. It is additionally recommended that;

VII. The Committee approve the findings of the budget scrutiny task group at the time of writing.

- VIII. That consideration should be given to increasing the council tax levels in line with government recommended levels to protect service delivery in the coming and future years.**
- IX. The Committee would like to monitor the delivery of the proposed savings identified on an ongoing and regular basis.**
- X. £500,000 is earmarked from the Economic Resilience Reserve to safeguard against expected income from the international development company not being forthcoming.**

Contact and Email

- 12. Abi Sheppard, Policy and Scrutiny Officer
abi.sheppard@ashford.gov.uk – Tel: (01233) 330394