

Agenda Item No: 6
Report To: Cabinet
Date of Meeting: 14 February 2019
Report Title: Report of Budget Scrutiny Task Group
Report Author & Job Title: Will Train
Senior Policy and Scrutiny Officer
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 2019/20 budget and regards it as sound and deliverable.

Key Decision: NO

Significantly Affected Wards:

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

- I. Be advised that the O&S Committee regards the Council's draft 2019/20 budget as sound and deliverable.
- II. Be advised that the O&S Committee regards the Council's reserves position as suitable to cover identified contingencies and risks.
- III. Note that the parking income budget for Elwick Place is based on generally sound assumptions but remains ambitious.
- IV. Note that the lorry clamping scheme extension is supported but represents a potential risk to the budget if fees are not set at a level which allows for operational costs to be covered.
- V. Note that there may be a risk to the budget associated with the Town Centre Place Making work if the NNDR pooling target is not achieved or if the aspirations of the Town Centre Place Making Board exceed available funding.
- VI. Consider increasing the pest control budget in recognition of the expansion of Waterbrook truck stop.
- VII. Note that improvements to the signage for the Community Toilet Scheme may necessitate expenditure beyond the

- allocated budget.
- VIII. Consider the remaining capital outlay for Elwick Place as part of the 2019/20 Capital Programme.
 - IX. Request that draft Capital and Treasury Management Strategies are included for consideration by the Budget Scrutiny Task Group in future years.
 - X. Note that there may be a risk around delivery of key projects in the event of section 106 funds not being available.
 - XI. Instruct the Planning Policy Task Group to consider ways to expand allotment provision in the Borough.
 - XII. Note that there may be a risk to the council's rental income if International House leases expiring in 2019/20 are not renewed.

The Overview and Scrutiny Committee recommends to Council:

- XIII. That GDPR training be compulsory for all members following the 2019 local elections.

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:	Medium Term Financial Plan , report to Cabinet 8 November 2018 Draft 2019/20 budget , report to Cabinet 5 December 2018
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Report Title: Report of Budget Scrutiny Task Group

Introduction and Background

1. Under 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 five member Task Group to undertake this work, and presents its assessment of the draft Budget within this report.

Foreword of the Chairman of the Budget Scrutiny Task Group

2. The O&S Task Group are very grateful to the hard work by officers in preparing the budget, attending the Task Group meetings, answering our questions and bringing the process to an efficient conclusion.
3. We are pleased that the budget can be found sound and deliverable. There are risks to the budget, some of which are now commercial based due to the new commercial approach the Council is adopting. These include income from the new Elwick Road car park, adjoining the new cinema, and income from tenants in International House. Nevertheless residents should be aware that front line services are never at risk from this new approach.
4. The Council has fully embraced and welcomed additional responsibilities recently given to it by the Government, including homelessness prevention and roll out of Universal Credit. The Council has sufficient financial resources to deliver these. It also has the resources and energy to develop a strategy to enhance the town centre following the loss of some well known names.

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. During its first meeting the Task Group considered the draft 2019/20 service budgets and corporate risks related to the council's financial position, compliance with GDPR, cybersecurity and the council's corporate property portfolio. From this session, the Task Group identified five areas where it felt further scrutiny was warranted, which are detailed in paragraphs 6-30 below.
7. Notwithstanding some risks which are noted within the recommendations, the Task Group found the budget for 2019/20 to be sound and deliverable (**Recommendation 1**). The reserve position of the Council allows cover for contingencies and risks identified by officers and Members (**Recommendation 2**).

GDPR/Cybersecurity

8. In reviewing the budget risks for the council, Members noted that a number of risks related to the potential for data breaches and compliance with the General Data Protection Regulations (GDPR). The Compliance and Data Protection Manager detailed a presentation to the Task Group outlining both the changes to the enforcement powers of the Information Commissioner's Office and the duties affecting the council under GDPR.
9. In response to questions around cybersecurity and resilience, the IT Operations Manager detailed the council's arrangements as a member of the Kent Public Service Network (KPSN) and the resilience in the event of disaster recovery that this membership provided.
10. Members were satisfied that all steps were being taken to avoid data breaches and ensure compliance with GDPR. Members did feel, however, that completion of Data Protection training should be compulsory for all Members following the 2019 elections and resolved to recommend this to the full Committee (**Recommendation 13**).
11. In response to a question from a member of the task group regarding the completion of Data Protection Impact Assessments, it was felt that there would be benefit in the Council's template for such assessments being circulated to the Task Group Membership for their information.

Parking Income

12. The Task Group felt that the budgeted income for the newly opened Elwick Place car park in 2019/20 was ambitious and considered that there would be benefit in the Task Group receiving an explanation of the parking income projection, associated risks and dependencies.
13. The Deputy Head of Community Safety and Wellbeing presented information on the pricing structure for the Elwick Place car park and advised that modelling for the car park income had been based on the per space income for the existing (smaller) Vicarage Lane car park, which frequently operated at capacity.
14. It was recognised that the first month of operation for the car park had not shown a large uptake in use, but there had been little active marketing of the car park and there was significant scope to increase communications activity to drive use. The council also benefitted from a restriction on the pricing structure of the neighbouring County Square car park which precluded the operator from undercutting the council's charges, and there would be an opportunity to review charges if required.
15. On this basis, members felt that the parking income target for Elwick Place had been built on generally sound assumptions, but remained an ambitious target to achieve (**Recommendation 3**).
16. The Task Group also raised the ongoing lorry clamping trial with officers and queried what progress had been made with the trial being made permanent. The Deputy Head of Community Safety and Wellbeing advised that the trial

was under review by the Department for Transport (DfT) and whilst it was understood that DfT and Kent County Council were broadly supportive of the trial continuing on a permanent basis, this had not been confirmed and questions remained over the fee level that would be set.

17. Members supported the extension of the lorry clamping trial but noted the risk to the budget that would arise if DfT declined to set fees at a level which would allow the council to recoup the costs of operation (**Recommendation 4**).

Town Centre Place Making

18. In reviewing the draft Cultural Projects Revenue Budget for 2019/20, the Task group noted that the projected outturn for expenditure on supplies and services in 2018/19 was significantly higher than budget, however the 2019/20 budget was being maintained broadly in line with the 2018/19 budget.
19. Members were very supportive of the events that had been delivered utilising this additional spend and noted that these were opportunities that had arisen during the year; however it was felt that given the success and positive impact of these events and the continued focus on the regeneration of the town centre further events were likely to come forward in 2019/20, and a town centre events budget should be stipulated in anticipation of this.
20. The Director of Place and Space attended the Task Group and gave a presentation on the successes of the town centre events undertaken in the last year, as well as detailing the basis for funding further regeneration of the town centre going forward utilising funds which would come from the council's membership of the NNDR pool and various s106 pots, with additional funding likely to come on stream from further s106 agreements.
21. Members were advised that there was relative certainty over the identified NNDR pot but it was felt that there could be a risk to the budget if the NNDR pooling target was not achieved or if the aspirations for the town centre place making exceeded the available budget (**Recommendation 5**).

Street Scene

22. In reviewing the draft street scene revenue budget for 2019/20, the Task Group were advised that the budget covered a wide range of functions delivered by the Environment and Land Management service. Given the size of the budget, Members requested that a more detailed breakdown of the revenue budget be provided to allow for further scrutiny.
23. The Head of Environment and Land Management presented a detailed breakdown of the Street Scene budget to the Task Group covering the range of services funded from it, together with information regarding the cost and operation of the Community Toilet Scheme.
24. In response to questions around the pest control budget, the Head of Environment and Land Management confirmed that this was not a statutory function for the service but a spend had arisen in 2018/19 through providing

assistance to Public Health England in treating an area at Waterbrook affected by waterborne mosquito larvae brought into the country by a lorry, and it was proposed to maintain a pest control budget at the same level for 2019/20.

25. Members questioned whether this budget should be increased, given the expansion of the Waterbrook facility and the potential for further similar incidents which may require the council's involvement (**Recommendation 6**).
26. In response to a question the Head of Environment and Land Management advised that the council's allotments generated a relatively modest income and some allotments did not meet their water costs. The Task Group acknowledged the wider importance of allotments in terms of health and wellbeing and resolved to ask the Local Plan and Planning Policy Task Group to consider expanding allotment provision (**Recommendation 11**).
27. The Task Group discussed the Community Toilet Scheme and noted that this matter would be coming forward to the full Committee for discussion in March. Members felt that there were issues with the signage for the scheme and the Head of Environment and Land Management advised that work was ongoing to improve signage. The Task Group felt that this may require expenditure beyond the identified budget and felt that this should be considered as part of budget setting (**Recommendation 7**).

Corporate Property Income and Capital Programme

28. The Head of Corporate Property and Projects and Senior Accountant presented information on the Developer Funding Agreement for Elwick Place and updated members on progress in securing tenants for the units within the Development, as well as the lease position for the council's managed property portfolio. Members were confident that appropriate due diligence was carried out around lease arrangements and the covenant strength of tenants to ensure security in the council's rental income, but felt that there may be a risk to the budget associated with a loss of rental income if certain International House leases due to expire in 2019/20 were not renewed (**Recommendation 12**).
29. Members noted that there remained a substantial capital outflow due to be paid to the developer of Elwick Place in the 2019/20 financial year which was not shown in the Capital Programme presented. Whilst it was noted that the Capital Programme was presented as a register of future projects, Members felt that the programme should include all material capital outflow to be made in 2019/20 in order to provide assurance that the council had the ability to pay out the required capital (**Recommendation 8**).
30. In response to a question from Members, the Head of Finance advised that the Capital Strategy and Treasury Management Strategies were being prepared and would be submitted to February Cabinet with the final budget proposals. Members noted that it would be beneficial to have draft versions of these strategies available for consideration as part of next year's Budget Scrutiny process if possible (**Recommendation 9**).

31. In discussing the sole of section 106 grants in funding the capital programme, Members asked if a project would proceed with funding from borrowing if grant funding could not be secured. The Portfolio Holder for Finance and IT advised that all projects were subject to extensive due diligence which would be revisited if project circumstances changed; and projects would be scaled down or abandoned if change dictated. The Head of Finance confirmed that borrowing would only be entered into once a decision had been made to proceed on this basis.
32. The Task Group noted that whilst section 106 projects would not proceed without requisite section 106 funds being held, there was a risk around section 106 availability that needed to be considered (**Recommendation 10**).

Conclusion

33. On consideration of these points, the Overview and Scrutiny Committee commend the following recommendations to the Cabinet.

The Overview and Scrutiny Committee recommends that the Cabinet:

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The Overview and Scrutiny Committee recommends to Council:

XIII. That GDPR training be compulsory for all members following the 2019 local elections.

Contact and Email

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