

**BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
4 FEBRUARY 2014
DRAFT CAPITAL AND REVENUE BUDGET
PROPOSALS 2014/2015
(Report back from other Overview and Scrutiny Committees)**

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Summary

This report presents for consideration, the comments and recommendations of all Overview and Scrutiny Committees on the initial budget plan for 2014/2015 proposed by Cabinet on 26 November 2013.

1. Budget and Policy Framework

1.1 In accordance with the constitution, Cabinet is required to develop initial budget proposals' approximately three months before finalising the budget and setting council tax levels in February 2014. These proposals should be submitted to Overview and Scrutiny Committees for their views.

2. Background

2.1 On 26 November 2013 Cabinet considered the draft capital and revenue budgets for 2014/2015 and agreed to forward these drafts to all Overview and Scrutiny Committees as work in progress inviting them to offer comments on the proposals outlined.

2.2 Business Support Overview and Scrutiny Committee has a pivotal role in the consultation process that surrounds Cabinet's construction of the budget. It has the responsibility to scrutinise and comment on the proposals. To this end the other committees have been invited to forward their comments to inform the process of scrutiny by this committee as part of the constitutional consultation requirement for budget formulation.

2.3 The views expressed by overview and scrutiny committees during this consultation period will be considered by Cabinet as it formulates its budget proposals and at the Cabinet meeting on 11 February 2014. It remains the responsibility of full Council to agree the budget proposals and set the Council tax and this will occur at the Special Council Meeting on 20 February 2014.

3. Draft Capital and Revenue Budgets 2014/2015

- 3.1 Members will have received copies of the 'Capital and Revenue Budget 2014/2015.' This report was considered by Cabinet on 26 November 2013.
- 3.2 The draft proposals discussed by Cabinet were disaggregated into overview and scrutiny responsibility and each committee has been asked to consider the draft proposals pertinent to their area of responsibility and comment back to this committee.
- 3.3 Elsewhere on this agenda is a 2014/2015 budget report, which deals specifically with those areas of the budget pertinent to this committee. All of the other overview and scrutiny committees – dates included for information – have now had the opportunity to consider the budget proposals recommended by Cabinet and their views have been incorporated in this report:

- Children and Young People 10 December 2013
- Regeneration, Community and Culture 12 December 2013
- Health and Adult Social Care 18 December 2013
- Business Support 4 February 2014

3.4 Children and Young People – 10 December 2013

- 3.4.1 The Finance Manager for Children and Adults Services presented the Council's draft capital and revenue budgets for 2014/2015 and advised that the report set out the current position and referred to the forecast overspend. He advised that the draft budget built upon the resource projections and principles as set out in the Medium Term Financial Plan (MTFP) although the funding gap projections set out at Paragraph 4.2 of the report had changed with the recent announcements made by the Chancellor in his Autumn statement. The estimated gap now stood at £4.8 million 2014/2015 and £17.8 million in 2015/2016.

Members then made a number of comments and asked officers questions which included:

- Requesting examples that have contributed to the improvements in the budget forecasts and that have helped to bring the funding gap down. The Committee was advised by officers that various factors were taken into account including: a review of the budget pressures; renegotiation of and achievement of reductions in contract costs; and a re-evaluation of demographic pressures.
- Officers also advised that they were currently considering further opportunities such as shared services and co-location; and were also intending to bring forward rationalisation programmes in order to yield savings.

- 3.4.2 The Committee noted the draft capital and revenue budget for 2014/2015 and the opportunities and implications of the other efficiencies or revenue generating measures for this committee.

3.5 *Regeneration, Community and Culture – 12 December 2013*

- 3.5.1 The Committee received a detailed report setting out the draft capital and revenue budget for 2014/2015 as it related to this Committee. A member referring to paragraph 5.3.1 of the report (Impact on Front Line Services) expressed the view that as reported it was not possible to assess the potential impact and therefore it would be helpful to have additional information supplied as to the consequence of service delivery so that priorities could be identified if necessary. Referring to this comment, the Assistant Director – Front Line Services stated that this was not always straightforward for example using demographic projections for concessionary fares, this was carried out via a National Consultation Scheme and the budget would not be agreed until Spring 2014.
- 3.5.2 The Committee thanked Officers for the draft capital and revenue budget report for 2014/2015 and noted the report insofar as it affects this Committee.

3.6 *Health and Adult Social Care – 18 December 2013*

- 3.6.1 The Finance Manager for Children and Adult Services introduced the capital and revenue budget report for 2014/2015. He updated the Committee by stating that the budget position had improved since the Medium Term Financial Plan had been drawn up and that the predictions were now that there would be a budget gap of £4.8m for next year rising to £17m for 2015/2016. Members were invited to comment on the areas of savings identified in the report on page 36. Responding to a question raised, the Director of Public Health undertook to share with the Committee the 32 categories of public health activity referred to under the four headings in the report (page 35). Following a further question it was stated that the fees and charges work was ongoing and should be ready shortly. Discussion took place about the underspend in adult social care and the Deputy Director, Children and Adults stated that this was a very modest sum and needed to take account of possible future demands. The Finance Manager for Children and Adult Services referred to opportunities for the local authority in relation to the Integrated Transformation Fund (ITF also now known as Better Care Fund) but it was pointed out that this was not new money and had to demonstrate a health benefit. In view of the fact that some of the money would be taken from the acute sector the Chief Clinical Officer, NHS Medway Clinical Commissioning Group stated that the Foundation Trust was fully sighted on this aspect. Reference was made to a recent workshop held with key stakeholders, the voluntary sector and black and minority ethnic groups to look at ways in which smarter ways of working could be achieved.
- 3.6.2 The draft capital and revenue budget for 2014/2015 was forwarded to Business Support Overview and Scrutiny Committee.

3.7 *Business Support – 4 February 2014*

To be considered earlier in the agenda.

4. Risk Management

- 4.1 The risks exposed by a failure to effectively manage the resource planning and allocation process to achieve priorities and maintain effective service delivery are great. The uncertainty caused by the current economic climate and the consequences in terms of future financial assistance and targets imposed by Government will make this process difficult.

5. Financial and Legal Implications

- 5.1 The reports as distributed to the individual overview and scrutiny committees set out the budget proposals recommended by Cabinet. Responses to those proposals are contained in this report.
- 5.2 The Constitution of the Council incorporated under the Local Government Act 2000 contains the budget and policy framework rules. The relevant parts of the Constitution are as follows:
- The budget and policy framework rules contained in the constitution specify that the Cabinet should produce initial proposals for the budget three months before the Council meeting that is scheduled to determine the budget and Council Tax. These initial proposals should then be submitted to the Overview and Scrutiny Committees. The Overview and Scrutiny Committees will advise the Cabinet of their views of the proposed budget, having six weeks to respond to the initial proposals of the Cabinet.
 - Under the constitution the Cabinet has complete discretion to either accept or reject the proposals emanating from the Overview and Scrutiny Committees. Ultimately it is the Cabinet's responsibility to present a budget to the Council, with a special meeting arranged for this purpose on 20 February 2014. The statutory deadline for approving the Council Tax is 11 March 2014.

6. Recommendations

- 6.1 Members are requested to consider the comments from individual overview and scrutiny committees, as laid out in Section 3, together with those pertinent to Business Support Overview and Scrutiny Committee considered earlier in this agenda, and determine which of these are forwarded to Cabinet on 11 February 2014.

7. Background Papers

Medium Term Financial Plan 2013/2016 report to Cabinet 1 October 2013;
Capital and Revenue Budgets 2014/2015 report to Cabinet 26 November 2013;
Individual Overview and Scrutiny meetings during December 2013.

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