

CABINET

7 FEBRUARY 2017

CAPITAL AND REVENUE BUDGETS 2017/18

ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Leader
Report from: Phil Watts, Chief Finance Officer
Michael Turner, Democratic Services Officer

Summary

This addendum report sets out the comments of the Business Support Overview and Scrutiny Committee which discussed this matter on 31 January 2017.

Please note that this addendum report constitutes Appendix 1 as referenced within the main Cabinet report.

1. Background

- 1.1 The Business Support Overview and Scrutiny Committee agreed to forward the comments from individual Overview and Scrutiny committees to Cabinet on 7 February 2017, highlighting in particular the concerns of the Regeneration, Community and Environment Overview and Scrutiny Committee that the information provided on the draft budget contained insufficient information to enable the Committee to undertake a robust review of the capital and revenue budgets. This information is set out in Appendix 1.
- 1.2 The Business Support Overview and Scrutiny Committee also considered a report on progress towards setting the Council's draft capital and revenue budgets for 2017/18. In accordance with the Constitution, Cabinet was required to develop 'initial budget proposals' approximately three months before finalising the budget and setting council tax levels at the end of February 2017.
- 1.3 The draft budget was based on the principles contained in the Medium Term Financial Plan (MTFP) 2016/2020 approved by Cabinet in September and reflected the latest formula grant assumptions.
- 1.4 The draft budget was based on the principles contained in the Medium Term Financial Plan (MTFP) 2016/2020 approved by Cabinet in September and reflected the latest formula grant assumptions.

1.5 The Committee agreed to:

1.5.1 note that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2017/18 and beyond, and

1.5.2 note the proposals outlined in the draft capital and revenue budgets in so far as they relate to the services within the remit of this committee.

2. Chief Finance Officer's comments

2.1 The comments of the Overview and Scrutiny Committees are highlighted for Cabinet's consideration in paragraph 1 and appendix 1 of this addendum report

3. Recommendation

3.1 That Cabinet considers the recommendations from overview and scrutiny committees as summarised in this addendum report.

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Appendices

Appendix 1 – comments from Overview and Scrutiny Committees

Appendix 1

The relevant extracts from the minutes of these Committees are set out below:

1. *Business Support Overview and Scrutiny Committee, 1 December 2016*

Draft Capital and Revenue Budgets 2017/18

Discussion:

Members considered a report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2017/18. In accordance with the Constitution, Cabinet was required to develop 'initial budget proposals' approximately three months before finalising the budget and the Council setting council tax levels at the end of February 2017.

The draft budget was based on the principles contained in the Medium Term Financial Plan (MTFP) 2016/2020 and reflected the latest formula grant assumptions.

Some Members argued that the budget process was flawed as the Local Government Finance Settlement had not yet been announced and also due to the limited information in the draft budget proposals. In relation to the latter point, a Member suggested that it would be more meaningful to have a range of available options so that Members were able to scrutinise risks and opportunities and assist Cabinet in their work to close the budget gap by giving the views of scrutiny on prioritisation and which options were not favoured. This proposal was agreed.

Reference was made to the importance of ensuring that the public health grant remained ring fenced and that it was used to deliver public health outcomes. Regarding the latter, it was noted that the Public Health draft budget for 2017/18 was £14.026m against a Public Health Grant of £17.671m, leaving a gap of £3.645m. It was acknowledged that other Directorates used some of the grant for public health activities but there was a question about how best to deliver public health outcomes from the grant.

Decision:

The Committee:

- a) agreed to note that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2017/18 and beyond;
- b) agreed to note the proposals outlined in the draft capital and revenue budgets and forward the proposals to the individual overview and scrutiny committees;
- c) recommended to Cabinet that, for future years, information be provided to Overview and Scrutiny Committees as part of the process for scrutinising the draft budget so that Members are able to review and understand the range of available options to achieve a balanced budget, and;

- d) asked for further information about the £3.645m difference between the 2017/18 Public Health Grant and 2017/18 draft Public Health Grant budget.

2. *Children and Young People Overview and Scrutiny Committee, 6 December 2016*

Draft Capital and Revenue Budgets 2017/18

Discussion:

The Chief Finance Officer introduced the report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2017/18. In accordance with the Constitution, Cabinet was required to develop 'initial budget proposals' approximately three months before finalising the budget and the Council setting council tax levels at the end of February 2017. The draft budget was based on the principles contained in the Medium Term Financial Plan (MTFP) 2016/2020 and reflected the latest formula grant assumptions.

A Member asked if there had been any changes following the Autumn statement but the Chief Finance Officer confirmed that this had little impact on the revenue settlement.

Decision:

The Committee noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2017/18 and beyond.

3 *Regeneration, Community and Culture Overview and Scrutiny Committee, 8 December 2016*

Draft Capital and Revenue Budgets 2017/18

Discussion:

The Committee received a report providing an update on progress towards setting the Council's draft capital and revenue budgets for 2017/18.

In discussing the budget report, Members expressed concern that the report did not provide sufficient detail as to the impact of any savings on service delivery. The Director of Regeneration, Culture, Environment and Transformation advised the Committee that as the budget process unfolds more information would be available as to whether savings would be achieved by the reduction of expenditure or through increasing income targets.

Members expressed concern that this was the only opportunity that the Committee had to scrutinise the budget and yet the information contained within in the report and its Appendix were insufficient to enable the Committee to undertake any level of scrutiny that may be of value. The Committee was willing to undertake a greater, more positive role in budget setting and suggested that this be conveyed to the Business Support Overview and Scrutiny Committee.

Decision:

The Committee agreed that the Business Support Overview and Scrutiny Committee be advised of this Committee's concern that the budget report and appendix contain insufficient information to enable this Committee to undertake a robust review of the capital and revenue budgets and it is hoped that this situation is addressed in future years so that more account is taken of the scrutiny function in budget setting.

4 *Health and Adult Social Care Overview and Scrutiny Committee, 15 December 2016*

Draft Capital and Revenue Budgets 2017/18

Discussion

The Chief Finance Officer introduced the report on progress towards setting the Council's draft revenue and capital budgets for 2017/18. On 27 September, the Council's Medium Term Financial Plan (MTFP) had been approved by Cabinet. The Plan had identified an £11.7 million deficit in the Council's budget for 2017/18. On 22 November, a draft budget had been presented to Cabinet. By this stage, the gap had been reduced to £7.8 million due to work undertaken.

The budget was in the process of being submitted to the Council's four scrutiny committees for comment prior to Cabinet presenting the budget to Council on 23 February 2017. Savings being proposed in Children and Adult Services were through the renegotiation of contracts with service providers, service user pathway redesign, improvement in reablement outcomes and review and recommissioning of a range of services. The Committee was invited to review the draft budget presented to it and to provide any comments.

A Member reiterated concerns raised at the Business Support Overview and Scrutiny Committee on 1 December that the budget proposals presented showed the budgetary gap and outlined proposed savings, but did not provide any detail. It was, therefore, not possible for the Committee to scrutinise the proposals effectively. Details of how the budgetary gap would be closed should have been provided. The Member considered that this omission was unacceptable and noted that it was the fifth year running that concerns had been raised. She advised that the Business Support Overview and Scrutiny Committee had agreed a recommendation to Cabinet that additional information should be provided, in future years, to Overview and Scrutiny Committees to enable them to review proposals.

The Member agreed with the proposal set out in the report that improvement in reablement could result in savings being made, but did not think that further savings could be made in relation to care homes.

In response to a Member question, the Chief Finance Officer advised that a 1% increase in Council Tax equated to £900,000 of revenue.

Decision

The Committee:

- a) Noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2017/18 and beyond.
- b) Commented on the proposals outlined in the draft capital and revenue budgets in so far as they related to the services within the remit of the Committee and provided comments to be fed back to the Business Support overview and scrutiny committee in January.