

**BUSINESS SUPPORT  
OVERVIEW & SCRUTINY COMMITTEE  
30 JANUARY 2020**

**DRAFT CAPITAL AND REVENUE BUDGET  
PROPOSALS 2020/2021**

**(Report back from other Overview and Scrutiny Committees)**

Report from: Phil Watts, Chief Finance Officer  
Author: Michael Turner, Democratic Services Officer

**Summary**

This report presents for consideration the comments of all Overview and Scrutiny (O&S) Committees on the provisional draft budget for 2020/2021 proposed by Cabinet on 19 November 2019.

**1. Budget and Policy Framework**

1.1 The adoption of the budget and the setting of the council tax are matters reserved for Council. In accordance with the Constitution, Cabinet is required to develop initial budget proposals at least three months before the Council meeting that determines the budget and council tax, which this year will take place on 20 February 2020. These proposals must then be submitted to the Overview and Scrutiny Committees for their views with any proposals for change being referred back to Cabinet for consideration. At the Council budget meeting, the Council will consider the Cabinet's budget proposals and any report from Overview and Scrutiny.

**2. Background**

2.1 On 19 November 2019 Cabinet considered the draft capital and revenue budgets for 2020/2021 and agreed to forward these to all Overview and Scrutiny (O&S) Committees as work in progress inviting them to offer comments on the proposals outlined.

2.2 The Business Support O&S 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 O&S 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 the O&S Committees during this consultation period will be considered by Cabinet at its meeting on 4 February 2020.

### **3. Draft Capital and Revenue Budgets 2020/2021**

- 3.1 The draft proposals discussed by Cabinet were disaggregated into overview and scrutiny responsibilities and each Committee has been asked to consider the draft proposals pertinent to their area of responsibility and comment back to this Committee.
- 3.2 Elsewhere on this agenda is a 2020/2021 budget report, which deals specifically with those areas of the budget pertinent to this Committee. All of the other O&S Committees – dates included for information – have now had the opportunity to consider the budget proposals recommended by Cabinet and their views are set out in this report.

Business Support O&S Committee	28 November 2019 and 30 January 2020
Children and Young People O&S Committee	3 December 2019
Regeneration, Culture and Environment O&S Committee	6 December 2019
Health and Adult Social Care O&S Committee	16 January 2020

- 3.3 The relevant extracts from the minutes of these Committees are set out below.

#### **3.4 *Business Support Overview and Scrutiny Committee, 28 November 2019***

##### **Discussion:**

Members considered a report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2020/21.

Noting there was a need to carry out a 90 day consultation before making large numbers of staff redundant, a Member asked how this could take place before the Council budget meeting and what proposals there were in the draft budget to reduce staff numbers. Officers advised that there were no significant proposals which would trigger the requirement to carry out a 90 day consultation period.

A Member argued that the Council's decision not to consult the public on the draft budget proposals was flawed. The Council also needed to manage the communications issues around receiving £170m from the Housing Infrastructure Fund at the same time as agreeing revenue budget reductions.

The point was made that there had been a recent 14% increase in Members' Allowances and it was disappointing staff were likely to receive a 1% pay increase following discussions negotiations with the trade unions which, for some, were not genuine negotiations. Another Member made the point that some Councillors would see a reduction in their Special Responsibility Allowance.

**Decision:**

The Committee agreed to:

- a) note that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2020/21 and beyond, and;
- b) note the proposals outlined in the draft capital and revenue budgets and forward the proposals to the individual Overview and Scrutiny Committees.

**3.5 *Children and Young People Overview and Scrutiny Committee, 3 December 2019***

**Discussion:**

The Head of Finance Strategy introduced the report which updated on the progress towards setting the Council's draft capital and revenue budgets for 2020/21. It was based on the principles of the Medium Term Financial Strategy (MTFS) 2019-2024 approved by Cabinet in September and reflected the latest formula grant assumptions. She explained that the draft budget reflected certain amendments, such as the deficit on the Dedicated Schools Grant (DSG) High Needs reserve for Special Education Needs and Disabilities (SEND) no longer being recovered from the general fund, following a consultation published by the Government in October, which stated its intention that DSG deficits should be recovered from DSG income and not general funds.

A Member raised concern about the human cost in delivering services such as children's social care, Special Education Needs and Disabilities Services and school transport with current funding. In response the Director of People – Children and Adult Services explained that the plan to address the high needs DSG deficit would need to be a three year plan as it would not be possible to resolve the cumulative deficit, which was projected to be £10.3 million by the March 2020, in one year. He also added that the Association of Directors of Children's Services was raising the issue of adequate funding which was needed to meet the requirements of the 2014 reform in SEND.

The Director also explained that following the inadequate finding of the recent Ofsted Inspection and the action and redesigning of children's services that would be required as a result and was ongoing, there may be some realignment of budgets across services as the budget setting process progresses.

**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 2020/21 and beyond and requested its comments to be forwarded on to the Business Support Overview and Scrutiny Committee in January.

**3.6 *Regeneration, Culture and Environment Overview and Scrutiny Committee, 6 December 2019*****Discussion:**

The Committee received a report providing an update on progress towards setting the Council's draft capital and revenue budgets for 2020/21.

The report set out the process by which the budget would progress through to Cabinet and Council in February 2020.

**Decision:**

The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2020/21 and beyond

**3.7 *Health and Adult Social Care Overview and Scrutiny Committee, 16 January 2020*****Discussion**

The Chief Finance Officer advised that the process of developing the 2020/21 Council budget had begun in September 2019, with consideration of the Medium Term Financial Strategy (MTFS) by Cabinet. The MTFS had identified a gap of £5.956 million. Portfolio Holders and officers had been working together on proposals to address this deficit and savings identified would be included in the final budget to be presented to Cabinet in February. It was not anticipated that there would be any additional grant that would significantly change the Council's budgetary position.

It was questioned how achievable the savings required in the Children and Adults directorate were in view of the pressures faced and the continuing national strain on social care. The Director People – Children and Adults acknowledged that there was significant pressure in the directorate regarding children's services. Following recent publication of the Commissioner's report on ways forward for Medway Children's Services, substantial investment in Children's Services had been agreed with Members. It was anticipated that this would lead to improved service quality.

Medway had been one of 32 local authorities required to develop a deficit plan in relation to the Dedicated Schools Grant, due to overspend. In relation to Special Educational Needs and Disability (SEND) provision, Ofsted and the Care Quality Commission had indicated there being a need to continue working with the education sector to improve inclusion. Growth in demand for

Adult Social Care impacted on performance. Whilst there was currently a good supply, work was taking place with residential, nursing and domiciliary care providers to ensure this continued. The Assistant Director – Adult Social Care said that the MTFS had accounted for growing demand for adult social care services. £1.5 million of savings had already been identified with there being a £4million pressure for 2020/21.

It was asked whether there was concern about the provider market locally. The Assistant Director said there had not been significant handing back of contracts by providers and that levels in Medway were lower than elsewhere. The local homecare market was strong with a reprocurement exercise having been undertaken ahead of a new framework going live from April 2020. While there was good supply of nursing and residential care there were challenges in relation to nursing dementia provision. Work was being undertaken with the provider to bring forward additional provision.

Concern was expressed about rising demand for services and fragility associated with the continual need to make savings, including the required savings in public health in the context of new health plans having a specific focus on prevention. The Director of Public Health said that the NHS would be putting resources into prevention. It was not yet known how much Public Health funding would be available for 2020/21 but nationally there was an expectation of an average increase of 5.1%. The NHS had already provided nearly £0.5 million for preventative programmes across Kent and Medway and NHS Medway Clinical Commissioning Group had also provided additional resource. There were currently sufficient resources available to deliver core public health services.

A question was asked about how Council budgets accounted for the impact of environmental factors on public health. The Chief Finance Officer said that the increase in the Public Health Grant for 2020/21 had been expected to be £800,000 when the MTFS had been produced but was now expected to be £430,000. The Director of Public Health said that £1million of European funding had been secured for Social Prescribing and that work was taking place with Medway CCG to deliver additional wellbeing navigation. Environmental considerations that would help to mitigate against future negative impacts needed to be factored into commissioning processes.

## **Decision**

The Committee:

- i) Noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2020/21 and beyond.
- ii) Commented on 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 for this to be fed back to the Business Support Overview and Scrutiny Committee in January.

#### **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 grant reductions imposed by Government have made 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 meeting arranged for this purpose on 20 February 2020. The statutory deadline for approving the Council Tax is 11 March 2020.

#### **6. Recommendation**

- 6.1 Members are asked consider the comments from the individual Overview and Scrutiny Committees, as set out in Section 3, together with those pertinent to this Committee considered earlier in this agenda, and determine which of these are forwarded to Cabinet on 4 February.

**Report author:** Michael Turner, Democratic Services Officer  
T: 01634 332817, E: [michael.turner@medway.gov.uk](mailto:michael.turner@medway.gov.uk)

**Appendices:** None

#### **Background papers:**

Draft Capital & Revenue Budget 2020/21 – Cabinet 19 November 2019  
<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=49763>

Medium Term Financial Strategy 2019-2024 – Cabinet 24 September 2019  
<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=48993>