

Report back from other Overview and Scrutiny Committee on Draft Capital and Revenue Budget Proposals 2022/2023

Summary

This Appendix presents for consideration the comments of all Overview and Scrutiny (O&S) Committees on the provisional draft budget for 2022/2023 proposed by Cabinet on 16 November 2021.

1. Background

- 1.1 On 16 November 2020 Cabinet considered the draft capital and revenue budgets for 2022/2023 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.
- 1.2 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.
- 1.3 The views expressed by the O&S Committees during this consultation period will be considered by Cabinet at its meeting on 8 February 2021.

2. Draft Capital and Revenue Budgets 2022/2023

- 2.1 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.
- 2.2 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 Appendix.

Business Support O&S Committee	25 November 2021 and this meeting
Children and Young People O&S Committee	1 December 2021
Regeneration, Culture and Environment O&S Committee	2 December 2021

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

2.4 Business Support Overview and Scrutiny Committee, 25 November 2021

Discussion:

Members considered a report regarding the Council's draft capital and revenue budgets for 2022/23.

The following issues were raised:

- **Transfer of £2m children's social care pressure to adult social care** – in response to a query, Members were advised that historically most of the growth in learning disabilities placements in adult social care came from transitions from children's social care. Having looked at the expected cohort transitioning from children's social care the needs were now known and were lower than originally forecast. There would be no impact on services from this transfer.
- **2022/23 budget gap** – noting that the projected budget gap of £18.176m at this stage was unprecedented the point was made that difficult decisions would be needed at the February budget Council meeting.
- **New homes bonus** – the point was made that the Government were instructing councils to build more houses but this scheme which helped councils encourage housing growth was being wound down. The Head of Finance Strategy advised that the government may be moving from decentralised schemes like this to schemes which better reflected local needs.
- **Health and Social Care Levy** – a point was made that this was unlikely to benefit the Council. The Head of Finance Strategy agreed this was unlikely to have a significant positive impact on the Council's budget and there was a concern that providers would charge councils more.
- **Charging revenue costs to capital schemes** - referring to a comment that this is something that the Council should not do, the Head of Finance Strategy commented this was also something the Council's external auditors focussed on. There could be some confusion in terms of what matters the government classed as capital (i.e. potholes capital grant) and it could sometimes be possible to spend capital receipts on what were revenue items under temporary flexibilities in place. The Council would seek to charge appropriate items to capital where possible. A point was also made that care should be exercised in how S106 contributions were used.

- **Pay award** – noting that 1% had been set aside for pay, the point was made that due to inflation running at more than 4% this meant a pay cut in real terms. The Head of Finance Strategy commented this was still subject to negotiations with the Trade Unions.
- **Financial Settlement** – in terms of the impact on the Council of the Government's levelling up agenda and also the timing of the settlement, the Head of Finance Strategy was hopeful that some of the grant announcements had been underplayed. The Council's senior leadership were focused on reducing the gap further.
- **Personal care costs cap** – referring to the cap of £86k, whether this would lead to a cultural shift where people started to release equity from their homes or move to cheaper properties was queried and what the impact might be for the Council. The Head of Finance Strategy commented this sort of shift might be possible and the impact of the cap was still being modelled.

Decision:

The Committee:

- a) noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2022/23 and beyond.
- b) noted the proposals outlined in the draft capital and revenue budgets and agreed to forward the proposals to the individual overview and scrutiny committees.

2.5 Children and Young People Overview and Scrutiny Committee, 1 December 2021

Discussion:

The Head of Finance Strategy introduced the report which set out the draft budget proposals for 2022/2023. She highlighted the budget setting process and the key assumptions that had been taken into account. She highlighted the pressure of placement costs which was currently the biggest factor attributable to the £18m gap and confirmed officers were working hard to find solutions to mitigate this.

Members then raised a number of questions and comments, which included:

- **Reserves** – officers confirmed that although there was no guarantee of not using reserves, it would not be something officers would want to build a budget on as this would not be sustainable.
- **Sustainability of children's services investment** – concern was raised about the sustainability of the previous investment that had been made in children's services as part of the improvement journey. Officers

reassured the Committee that that previous investment did form part of the base budget and it was the costs of placements activity and the provider market that was increasing the budget gap.

Decision:

- (1) The Committee noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2022/23 and beyond.
- (2) The Committee recommended that its comments on the draft budget be fed back to the Business Support Overview and Scrutiny Committee in January.
- (3) The Committee noted that the timetable for consideration by overview and scrutiny.

2.6 Regeneration, Culture and Environment Overview and Scrutiny Committee, 2 December 2021

Discussion:

The Committee received a report providing an update on progress towards setting the Council's draft capital and revenue budgets for 2022/23.

The report set out the process by which the budget would progress through to Cabinet and Council in February 2022.

In response to a question as to whether there was a likelihood of reducing staffing levels to assist in bridging the budget gap, the Head of Finance Strategy reminded the Committee that the Council was a lean establishment insofar as staffing was concerned and that the majority of the budget pressures came from the cost of adult and children's social care placements. This was therefore an area that was under review to assess the potential for reductions.

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 2022/23 and beyond.

2.7 Health and Adult Social Care Overview and Scrutiny Committee, 18 January 2022

Discussion:

Members considered a report which presented the Council's draft capital and revenue budgets for 2022/23. 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 at the end of February 2022.

Members were advised the Local Government Finance Settlement had resulted in an additional £2.5m for adult social care compared to the draft budget, and that the public health grant would be increased in line with inflation to be around £18.1m.

Whether this increased funding meant the identified budget gap had been closed, allowing services to be delivered at their current level was queried. Members were advised the announcements represented a significant increase in funding and there is therefore less need to identify savings from adult social care to deliver a balanced budget. Officers were confident a balanced budget could be delivered. In response the point was made that the increase in pressures in adult social care was still a concern and while less savings were now needed whether demand could be met comfortably was questioned.

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 2022/23 and beyond.
- b) comment 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, and feed this back to the Business Support Overview and Scrutiny Committee in January.