
Meeting: Executive
Date: 9 February 2010
Subject: Medium Term Financial Planning (MTFP) Process and Draft Budget Proposals 2010/11 to 2014/15
Report of: Cllr James Jamieson, Chairman of the Corporate Resources Overview and Scrutiny Committee
Summary: This report focuses on comments and observations on the draft budget proposals and the MTFP process for 2010/11 to 2014/15 reviewed by the 5 Overview and Scrutiny Committees. The report also includes additional comments of the Corporate Resources Overview and Scrutiny Committee held on the 1st February 2010.

Advising Officer: Clive Heaphy, Director of Corporate Resources
Contact Officer: Cheryl Powell, Overview and Scrutiny Officer
Public/Exempt: Public
Wards Affected: All
Function of: Council
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The Budget Proposals will contribute directly to all 5 Council priorities.

Financial:

The Financial implications have been set out in the 8th December's report to Executive.

Legal:

The Legal implications have been set out in the 8th December's report to Executive.

Risk Management:

The 8th December's report to Executive sets out detailed proposals on efficiency, pressures and growth; officers have assessed the risk of delivery of each of these proposals. Members have taken account of this as part of the consultation process.

Staffing (including Trades Unions):

The Staffing implications have been set out in the 8th December's report to Executive.

Equalities/Human Rights:

The Equalities / Human Rights implications have been set out in the 8th December's report to Executive.

Community Safety:

The Community Safety implications have been set out in the 8th December's report to Executive.

Sustainability:

The Sustainability implications have been set out in the 8th December's report to Executive.

Summary of Overview and Scrutiny Comments:

- Full details to be contained in the appended report

RECOMMENDATION(S):

- 1. that the Executive notes the creation of a Member task force by the Corporate Resources OSC to review the budget setting process during the period 2010 / 11, seeking guidance and best practice from other Local Authorities to assist and influence the 2011 / 12 process**
- 2. that the Executive considers and comments upon the Corporate Resources Overview and Scrutiny Committee Chairman's report summarising the feedback from the five overview and scrutiny committees.**
- 3. that the Executive consider identifying additional savings from those initiatives which are not currently part of the revenue budget should**
 - (a) be separately identified;**
 - (b) show that the appropriate budget is adjusted and the savings added to reserves; and**
 - (c) only be used subject to specific Executive approval**

Reason for

Recommendation(s):

So that the Executive considers and comment upon the observation and recommendations of the five Overview and Scrutiny Committees on the Budget Setting Process and the MTFP.

Executive Summary

As part of its remit the Corporate Resources Overview and Scrutiny Committee has responsibility for reviewing both the Medium Term Financial Planning Process and the Budget proposals. This report focuses on comments and observations on the draft budget proposals and the MTFP for 2010/11 to 2014/15 from the Business Transformation, Children, Families and Learning; Corporate Resources; Social Care, Health and Housing and the Sustainable Communities Overview and Scrutiny Committees.

Appendices:

Appendix A – Overview and Scrutiny Committees general comments observations and recommendations.

Background Papers: (open to public inspection)

Minutes of the Corporate Resources Overview and Scrutiny Committee held on the 10th December 2009

Minutes of the Sustainable Communities Overview and Scrutiny Committee held on the 4th January 2010

Minutes of the Children, Families and Learning Overview and Scrutiny Committee held on the 5th January 2010

9th February 2010 Executive Papers – Capital Programme 2010/11 – 2014/15

Location of papers: Priory House, Chicksands

Appendix A

Introduction

1. At its 9th November 2009 meeting, the Overview and Scrutiny Co-ordination Panel assigned the role of co-ordinating all responses and comments in connection with the Medium Term Financial Plan for 2010/11 to 2014/15 received from the Business Transformation; Children, Families and Learning; Corporate Resources; Social Care, Health and Housing and the Sustainable Communities Overview and Scrutiny Committees to the Corporate Resources Overview and Scrutiny Committee
2. In its co-ordination role, the Corporate Resources Overview and Scrutiny Committee
 - recognises the challenging financial settlement for the Council;
 - understands the Council has to make difficult decisions in balancing residents' priorities with the need to support the most vulnerable in the community;
 - is aware that the budget has been set in an unstable economic climate, especially in terms of increasing unemployment and falling interest rates;
 - additionally the slowing down of the property market has led to the Council's capital income being severely reduced and hence has put pressure on the capital programme; and
 - appreciates that the demographic challenge will also impact on planning and budgets for the future.
3. The report is arranged into two sections:
 - i. Part one draws general comments observations and recommendations from the Overview and Scrutiny Committees relating to the draft budget proposals and the MTFP process for 2010/11 to 2014/15 and have been drafted chronologically by the date each Committee met to deliberate the Budget.
 - ii. Part two draws general observations and recommendations relating to budget proposals both in Capital and Revenue terms.

Part One: Overview and Scrutiny Committees general comments observations and recommendations

Corporate Resources Overview and Scrutiny Committee

1. At its 10th December 2009 meeting the Corporate Resources Overview and Scrutiny Committee considered the report of the Portfolio Holder for Corporate Resources on the draft budget Medium Term Financial Plan for 2010/11 to 2014/15, particularly those parts of it relating to the Corporate Resources directorate
2. Members raised a number of concerns about
 - The current budget setting process;
 - The lack of an overview role in departmental budgets;
 - Time shortage to review and comment on proposals; and
 - A lack of clarity in some of the proposals
3. Members also recognised the need for future budgets to be done earlier with greater clarity. In particular to provide a clear explanation of:-
 - The source of pressure such as loss of grant, inflation or demographic pressure;
 - The potential service timing and impact of efficiency savings; and
 - Impact of decisions on future years
4. Members noted that the budget needed to address the following issues:-
 - the priorities of the Council and the allocation of resources to deliver those priorities;
 - changes to the Medium Term Financial Plan (revised assumptions and facts);
 - the Revenue Budget for 2010/11, including reserves;
 - the Capital Programme for 2010/11; and
 - the consultation process and the incorporation into the budget of issues raised and accepted.
5. The Committee recognises the difficult economic climate the Council is facing and made the following comments on the budget proposals within the Directorate:-

- Director confirms items flagged as green have no service implications and can be delivered
- Director confirms items flagged as amber can be implemented with minimal impact on services and can be delivered
- Officers clearly identify items flagged as red and their deliverability
- Officers clearly identify all growth and pressure items that:-
 - relate to a loss of grant;
 - were previously funded by the transition budget in 2009/2010;
 - are discretionary in nature;
 - have an ongoing impact in future years; and
 - to identify the ongoing impact of pressure/growth/savings on future years;

Business Transformation Overview and Scrutiny Committee

6. At its 21st December 2009 meeting the Business Transformation Overview and Scrutiny Committee considered the report of the Portfolio Holder for Corporate Resources on the draft budget Medium Term Financial Plan for 2010/11 to 2014/15, particularly those parts of it relating to the Business Transformation directorate
7. The Committee recognises the difficult economic climate the Council is facing and made no comments on the budget proposals within the Directorate.

Sustainable Communities Overview and Scrutiny Committee

8. At its 4th January meeting the Sustainable Communities Overview and Scrutiny Committee considered the report of the Portfolio Holder for Corporate Resources on the draft budget Medium Term Financial Plan for 2010/11 to 2014/15, particularly those parts of it relating to the Sustainable Communities Directorate.
9. The Committee recognises the difficult economic climate the Council is facing and made the following comments on the budgets proposals within the Directorate:-
 - the Sustainable Communities Overview and Scrutiny Committee accepts the financial integrity of the draft budget Medium Term Financial Plan 2010/11 to 2014/15 report submitted for consultation.
 - the Committee accepts the growth proposals suggested for the Sustainable Communities Directorate as set out within the report.

- the Committee accepts the efficiency proposals suggested for the Sustainable Communities Directorate as set out within the report with the following exceptions:-
 - (i) whilst accepting the removal of the Town Centre Management Grants these should not be replaced by funding provided to individual members;
 - (ii) the introduction of charges for the collection of garden waste.

Children, Families and Learning

10. At its 5th January meeting the Children, Families and Learning Overview and Scrutiny Committee considered the report of the Portfolio Holder for Corporate Resources on the draft budget Medium Term Financial Plan for 2010/11 to 2014/15, particularly those parts of it relating to the Children, Families and Learning directorate
11. The Committee recognises the difficult economic climate the Council is facing and made the following comments on the budget proposals within the Directorate and have recommended;
 - a) that the Executive be aware of the need not to disadvantage children and young people as a result of changes in setting the budget;
 - b) that the Executive consult and seek assurances from officers that:-
 - (i) items flagged as green had no service implications and could be delivered;
 - (ii) items flagged as amber that could be implemented without undue impact on services and that could be delivered;
 - (iii) it be clearly identified that items flagged as red would be deliverable and their service implications;
 - (iv) all the growth and pressure items be clearly identified that:
 - relate to a loss of grant;
 - were previously funded by the transition budget in 2009/2010; and
 - that is discretionary in nature
 - (v) the ongoing impact of pressure/growth/savings on future years be clearly identified.

Social Care, Health and Housing Overview and Scrutiny Committee

12. At its 21st January briefing, the Social Care, Health and Housing Overview and Scrutiny Chairman considered the report of the Portfolio Holder for Corporate Resources on the draft budget Medium Term Financial Plan for 2010/11 to 2014/15, particularly those parts of it relating to the Social Care, Health and Housing directorate.
13. The Committee recognises the difficult economic climate the Council is facing; in particular that the Social Care, Health and Housing Directorate is part way through a recovery programme and that the priority is to deliver on the recovery program. In future years there will be a need to seek more significant efficiencies in order to compensate for demographic pressures

Part Two: General observations relating to Capital and Revenue budget proposals.

Corporate Resources

14. The Committee recommend that the Executive minimise the cost of the Technology House project as far as is reasonably possible.

Social Care Health and Housing

15. The Committee recommend that the Executive review the proposal for £500k on the Affordable Housing Capital Programme through exploring the possibilities of whether this could be part funded through land contribution rather than grant.

Children, Families and Learning

16. The Committee also suggested the proposal of the £100k site acquisition for Campton Lower School ought to be reviewed in light of exploiting other alternatives. The Committee expressed their complete support for this project, recommending that the Executive explore other alternatives such as land swap or purchasing an option on the site until such time when the Council would be in a position to build. This was based in the assumption that this strategy would not impact on the project's schedule.
17. Members of the Corporate Resources Overview and Scrutiny Committee found it difficult to assess the capital budget for schools in isolation and therefore recommend to the Executive that all capital spend on schools should be examined in the context of a school asset management strategy which would include grant funding, asset replacement and potential for asset sales on school relocation

General Comments

18. The Corporate Resources Overview and Scrutiny Committee recommend to the Executive that the Director of Corporate Resources review slippage on projects from 08/09 and 09/10 with the relevant director to verify that these are fully committed and that there is no option to delay or reduce expenditure. If the projects are not fully committed, the Executive should be minded that these projects are not presupposed, but considered in the revised round of capital projects.
19. The Corporate Resources Overview and Scrutiny Committee also recommend that as there was no clear business case available for review for a number of the projects listed, that all rolling programmes should be reviewed with the relevant Director to ascertain the potential to reduce and/or delay expenditure, with a default position of reducing the programme's budget.
20. The Corporate Resources Overview and Scrutiny Committee recommend to the Executive that any savings to the Capital Budget are committed to reduce borrowings.
21. The Corporate Resources Overview and Scrutiny Committee recommend to the Executive that all reserve items should be reviewed after the 1st quarter of budget monitoring.

Conclusions

The Committee raised a number of concerns regarding the budget process; the late delivery of budget information; and the limited opportunity to scrutinise the Council's budget.

The Committee agreed to commission a task force to review the budget process during the period 2010 / 2011, using guidance and best practice from other sources and Local Authorities to assist with their work. The Task Forces findings will be reported at the Committee's April meeting.