

Report of the Scrutiny Committee for Policies and Place

Cabinet Member: N/A

Division and Local Member: All

Lead Officer: Scott Wooldridge – Monitoring Officer, Democratic Services

Author: Jamie Jackson – Scrutiny Manager, Democratic Services

Contact Details: 01823 359040

1. Summary

- 1.1.** The Scrutiny Committee for Policies and Place is required by the Constitution to make an annual report to the Council and also to provide every other meeting of the Council with a summary progress report and outcomes of scrutiny. This regular report covers the work of our meeting held on 5 February 2020.
- 1.2.** The Committee agreed their work programme would comprise items considered directly at meetings plus other items considered or “commissioned” using flexible arrangements outside of the formal committee structure.
- 1.3.** Members of the Council are reminded that:
 - all Members have been invited to attend meetings of the Scrutiny Committee and to contribute freely on any agenda item;
 - any Member could propose a topic for inclusion on the Committee’s Work Programme;
 - any Member could be asked by the Committee to contribute information and evidence, and to participate in specific scrutiny reviews.
- 1.4.** The Committee has 8 elected Members and we have meetings scheduled approximately for every month. Our next meeting will be held in the Committee Room, Taunton Library at 10.00am on 11 March 2020. In advance of this meeting a briefing for the committee has been scheduled to consider 5G technology on 25th February.

2. Background

2.1. Scrutiny Work Programme

At each meeting the Committee considers and updates its work programme, having regard to the Cabinet’s forward plan of proposed key decisions. The Committee also agreed to hold themed meetings and Members are looking forward to this approach, in particular the attendance of representatives and/or stakeholders from partner agencies.

2.2. 5 February 2020

2019/20 Revenue Budget Monitoring Report – Month 8

The first item the Committee considered the report of 2019/20 budget monitoring.

This report set out the month 8 forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlighted variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them. The Council's Medium-Term Financial Plan (2019-22) set out proposals to further develop its financial resilience over the long-term whilst also supporting the delivery of the Council's key priorities.

The report showed an overall projected balanced position for the Council, with an adverse movement from month 7 being within Adults Services partly offset by favourable movements within all other services. There are also favourable variances reported within Accounting Bodies (Somerset Rivers Authority [SRA] and Local Enterprise Partnership [LEP]). Section 4 of the report detailed these variances. This left £6.231m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council's financial resilience in the medium term. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer and any impact of winter pressures was clearer.

The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.324m.

The Committee discussed the contingency set out at £6.2 million and considered this as being positive news and ensuring the fund would be put to use before the financial year end. The committee thanked the officers for their hard work and transparency throughout the budget setting process. Monthly reports to Scrutiny would continue so that there is surety of funding going forward. There continued to be diligence around ongoing threats in future years, a review of funding for Local Government from National Government was needed.

During the discussion of the report, the committee welcomed the £6.2 million contingency as positive news. Officers were commended for their diligent work and transparency. Diligence around budget monitoring would continue to monitor ongoing threats in future years, monthly reports would continue to be provided for surety going forward.

The Committee noted the report.

Medium Term Financial Plan – Overview and Medium-Term Financial Plan for Economic & Community Infrastructure and Corporate & Support Services.

The report summarised the key messages from the Medium-Term Financial Plan (2020-23) Strategy Report considered and approved by Cabinet on 18 December 2019. It included overall assurance from the relevant Directors alongside more details around the key areas of focus for transformation in the next few years, and further explanation of the reasons for movements in levels of spend and funding between years over the MTFP period. This would enable effective Scrutiny of relevant service areas ahead of the more detailed budget report being presented to Cabinet and full Council in February 2020.

In the previous financial year, the Council recognised the need to address its financial challenges in 2018/19 and the importance of setting a robust budget for 2019/20 as well

as laying foundations for the financial plans for 2020/21 and 2021/22. This report continued that process and re-visited the indicative figures for 2020/21 and 2021/22 and looked ahead to 2022/23. The resulting budget proposals for 2020/21 and indicative budgets for the latter two years, for each service for which the Scrutiny Committee was responsible were set out in the report.

The committee were reminded that since the Cabinet Strategy paper was considered by Cabinet, the Provisional Local Government Financial Settlement had been published by the Ministry of Housing, Communities and Local Government (MHCLG), on 20 December 2019. The Final Settlement could be expected in the new year, although significant change was not anticipated. Alongside the core funding announcements issued in the Settlement, the Council had also received confirmation of several Special and Service specific grants from Government departments. The County's District authorities (the Council Tax collecting authorities) had further updated their estimates for the numbers of properties liable for Council Tax next year. Additionally, services had continued to develop detailed proposals for any areas of focus for transformation and details were included.

Any implications from the most recent budget monitoring information (month 8) had been factored into the future year's budgets. These would be up-dated further if there was significant change. It was important to be aware that some final figures were not yet known, for example business rate levels and final budget figures could alter by the completion of the February 2020 Budget report.

The MTFP Strategy recognised that the Council declared a climate change emergency in February 2019 and was working with partners to develop a Climate Emergency Strategy. When this strategy was adopted, the Council would need a financial strategy that was flexible enough to reflect agreed priorities. Pending this strategy, no specific activities had been factored into the indicative budget proposals.

Whilst full and final details for the funding that the Council expected to receive would be included in the Cabinet and Full Council reports being prepared for February 2020, all funding known at this stage was included in this report.

Members were further reminded of the on-going risks within approved budgets, the levels of reserves, balances and contingencies, as well as the mitigations aimed at limiting the impact on core services, especially those prioritised in the County Plan.

Against a gross revenue budget of more than £700m annually, and a net revenue budget needed for 2020/21 of £338m, (as reported in December 2019), the MTFP Strategy paper detailed a balanced budget for 2020/21 and a relatively modest shortfall of £9.5m for 2021/22 and 2022/23 in total. Before the full Council meeting in February 2020 further information may become available that alters the position. Regardless of any more changes, the overall budget position was dependent upon delivery of each services budget proposals in full, it was important to be sure that plans were robust and delivered and assumptions sensible. Throughout the budget planning process, all key assumptions had been tested, reviewed and challenged by officers as far as possible.

As at month 8 the budget monitoring report set out £6.2m of the corporate contingency not yet allocated. This was before winter and there were some adverse service variations that could alter the position before the end of the year. Depending on the end of year

position, it could be possible to improve the Council's financial resilience beyond the level planned in the budget report for full Council in February 2020.

The report included the relevant service pressures and movements within the balanced budget position as well as the relevant service transformation activities.

The Capital Strategy was appended to the report, containing the prudential indicators, and Minimum Revenue Provision (MRP) policy. The Committee were requested to give consideration of these and offer assurance to Cabinet and/or identify any matters to highlight to the Cabinet.

During discussion the committee questioned the forecast around the Minimum Revenue Provision for next generations. Historic debt was forecast until 2070 to gauge a long term view of MRP. Directors had been challenged around their proposals for Capital spend. Emphasis was placed on the pressure around Children's and Adults Services and what could be done to mitigate pressures around such services. A decision was still to be made in relation to continue the existing SIS scheme.

The Committee noted the report.

3. Consultations undertaken

- 3.1.** The Committee invites all County Councillors to attend and contribute to every one of its meetings.

4. Implications

- 4.1.** The Committee considers carefully, and often asks for further information about the implications as outlined in, the reports considered at its meetings.
- 4.2.** For further details of the reports considered by the Committee please contact the author of this report.

5. Background papers

- 5.1.** Further information about the Committee including dates of future meetings, and agendas & reports from previous meetings are available via the Council's website www.somerset.gov.uk/agendasandpapers

Note: For sight of individual background papers please contact the report author.