

Somerset Council
Scrutiny Committee – Corporate and Resources
2 February 2024



Scrutiny of the 2024/25 Budget

Lead Officer: Scott Wooldridge, Head of Governance & Democratic Services

Author: Jamie Jackson, Scrutiny Manager

Contact Details: Details: jamie.jackson@somerset.gov.uk

Executive Lead Member: Leader of the Council and Lead Member on Resources and Performance

Summary

1. Somerset Council's Scrutiny Committee for Corporate and Resources will be leading the oversight and scrutiny of the Council's budget and Medium-Term Financial Plan (MTFP) 2024/25 and budget proposals to provide effective, objective and analytical constructive challenge of the budget proposals.
2. The Committee has received 2023/24 budget monitoring reports, together with an update on the budget proposals and the approach to the development of the Medium Term Financial Strategy at its meetings on 6 July 2023, 7 September 2023, 9 November 2023, 5 December 2023 and 4 January 2024.
3. On 15 January 2024, the Executive considered the 2024/25 General Fund Budget update. The update set out the proposals for how the Council plans to bridge the estimated budget gap through the use of reserves, significant savings proposals and requests to DLUHC for a £20m Capitalisation Direction and the option of allowing an increase in Council Tax by an additional 5% (9.99% in total). The Executive requested that the Scrutiny Committee-Corporate & Resources is consulted on the latest budget proposals, which included the savings proposals, and provides feedback to their next meeting on 7 February.
4. The Council's budget setting and MTFP update is a crucial part of the Council's corporate planning and it is essential that it receives the additional benefit of scrutiny. Scrutiny itself needs to be structured and systematic in its approach to ensure that it concentrates on the key priorities, challenges, opportunities and risks.

5. Scrutiny Committee for Corporate and Resources, with the involvement of the members of the Council's other four scrutiny committees, will therefore need to distil from the available evidence and financial information presented, potential areas of high impact, high value and risk which it can then choose to closely examine and test.
6. The Committee will be making a report to the Executive meeting on 7 February to summarise the scrutiny work undertaken, key lines of enquiry and propose any recommendations or budget amendments for the Executive to consider.
7. All Scrutiny Committee members and members of the Council have been invited to a MTFP workshop on the morning of Wednesday 31st January ahead of the Scrutiny Committee for Corporate and Resources meeting at 10am on Friday 2nd February.
8. The MTFP workshop will be chaired by Cllr Bob Filmer (Chair of Scrutiny Committee for Corporate and Resources) and will receive a briefing on the MTFP and draft Budget from Cllr Liz Leyshon, the Lead Member for Resources & Performance, and Jason Vaughan, the Executive Director, Resources & Corporate Services (the Council's Section 151 Officer). The workshop will also be supported by other members of the Executive and Directors to assist scrutiny with a review of the various services and budget proposals and identify their key lines of enquiry for the committee meeting on 2 February.
9. This is the first year of the new Somerset Council and its first budget setting process after its establishment in April 2023. Scrutiny will need to play an active role in the journey, providing objective challenge and examination of the MTFP and Annual Budget.
10. The value of scrutiny will be to focus on the Council's proposals to set a balanced budget together with the proposed use of financial resources to support the Council's strategic aims and priorities in the Council Plan.
11. In order to provide as focused and efficient scrutiny of the MTFP as possible, the chairs of the Council's other four scrutiny committees – Adults and Health, Children and Families, Climate and Place and Community unanimously agreed for the entire scrutiny of next year's budget to be at this meeting of the Corporate and Resources Scrutiny Committee. The four Scrutiny Chairs acknowledged this would require all of their committees to attend on 2nd February to ensure their areas of responsibility were thoroughly scrutinised, however the business plan for the meeting will ensure the meeting Chair will allow sufficient time for all Members to participate in the debate.

12. Scrutiny members will recognise that there is little time left in the current year to deliver the level of scrutiny it may consider appropriate and productive. National advice suggests that scrutiny needs to be engaged early in the planning and drafting stages and become closely aligned to the process. Guidance also suggests that scrutiny committees are provided with early and essential information to provide structured and beneficial scrutiny of budget priorities, risks, challenges, opportunities, underlying assumptions, future planning and forecasting
13. Accomplished successfully, scrutiny should be valued as a key part of the financial planning and delivery process. It should aim to be a positive, supportive experience for the Executive and a constructive, value-adding service to the Council and community. Transparent and rigorous scrutiny also provides an important level of assurance to local taxpayers and community.
14. It is important that scrutiny spends adequate time ahead of and at the meeting on 2 February exploring the financial emergency and funding challenges that underline the MTFP/Budget, and to explore the trends, challenges and options that are being considered in the budget.
15. To aid scrutiny members and all members, LGA guidance and CIPFA / Centre for Governance & Scrutiny guidance have been shared to help with preparing and focusing review of the overall budget proposals.
16. The CIPFA / Centre for Governance and Scrutiny- Financial Scrutiny Practice Guide confirms the role of scrutiny as the primary mechanism over the course of a year for councillors not in a specific finance facing role to inquire into and influence budgetary matters. There are four areas where scrutiny can add most value:
 - (a) reviewing how resources are allocated and following through from budget development and planning to the delivery of a budget, linking to how scrutiny selects and prioritises its work,
 - (b) reviewing the integration between financial and service planning
 - (c) testing out and making explicit whether the council is directing its resources effectively to meet its priorities and whether it is demonstrably achieving value for money, equity and social care and
 - (d) providing challenge to the executive's management of the Council's finances and a different perspective on challenges.

17. Some suggested areas of strategic focus for Scrutiny members at the workshop and meeting are:
- Test the suitability of the budget - Is it realistic and affordable?
 - What are the headline implications and changes planned?
 - How well does it support the aims of the council plan?
 - Test the assumptions upon which it is based – economic such as inflation, interest rates, pay awards, income from its various sources and associated risks and changes in its operating environment.
 - Test its effect and impact – what are the effects on communities, economy, environment etc?
 - Test its acceptability – does it meet the values of the council and expectations of communities?
 - Test its deliverability – is it realistic? Is it over optimistic? Does it lack ambition? What are the risks and challenges in its delivery?
 - Scrutinise savings and pressures – Have gaps been identified? What are the plans to fill gaps? How achievable are they and are there realistic plans in place to implement any necessary change? Are savings proposals deliverable? Could any pressures be reduced and if so what and how?
 - Test future planning – consider how the world is changing and how social, environmental, technological, legal and political issues may cause new or different demands on council resources – how well is the future understood and the Council prepared?
 - Test the capital programme and it's fit with the corporate aims of the council. Does investment in schools, infrastructure, community assets, economic development, environment and community well-being match council and community priorities?
18. Scrutiny may choose to focus the committee meeting and debate on summarising its involvement in the budget development process to date, highlighting key lines of enquiry and areas that remain contentious, highlighting and discussing the impact of particular elements of the budget on local people (with reference to the cumulative impact assessment, individual equalities impact assessments and the budget consultation) and considering any specific scrutiny recommendations to make to the Executive.

Recommendations

The Scrutiny Committee is recommended to scrutinise the attached 2024/25 budget proposals and supporting appendices and:

- i. comment on the draft budget proposals for 2024/25 and the proposed council tax increase (Paper A - with reference to the cumulative impact assessment, individual equalities impact assessments and the budget consultation);
- ii. comment on the proposed Housing Revenue Account budget for 2024/25 (Paper B);
- iii. comment on the proposal Capital Investment Programme 2024/25 (Paper C); and
- iv. identify any specific recommendations or budget amendments for the Executive to consider at its meeting on 7 February.

Reasons for recommendations

For scrutiny to provide constructive challenge and help ensure that the Council sets a balanced and sustainable budget for 2024/25.

Other options considered

None as the proposed approach is in accordance with the Council's Constitution, the Budget and Policy Framework and the Financial Regulations.

Links to Council Plan and Medium-Term Financial Plan

This relates to the setting of the 2024/25 Medium-Term Financial Plan (MTFP) which will be the financial resourcing plan to deliver the Council Plan.

Financial, Risk, Legal, HR, Other, Equalities, Community Safety, Health & Safety, Health & Well-Being, Sustainability and Social Value Implications

The Committee is asked to consider the specific implications set out in the attached 2024/25 Budget proposals and supporting appendices.

Background Papers

2024/25 Budget Medium-Term Financial Plan

Budget update reports to Scrutiny Committee-Corporate & Resources on 6 July 2023, 7 September 2023, 9 November 2023, 5 December 2023 and 4 January 2024

Local Government Association guidance – councillors workbook on scrutiny of finance

CIPFA and Centre for Governance & Scrutiny guidance – Financial scrutiny practice guide

