

**Report for:** Budget Scrutiny Panels

- Housing and Regeneration Scrutiny Panel, 17<sup>th</sup> December 2018
- Children and Young People Scrutiny Panel, 18<sup>th</sup> December 2018
- Environment and Community Safety Scrutiny Panel, 18<sup>th</sup> December 2018
- Overview and Scrutiny Committee, 14<sup>th</sup> January 2019
- Adults and Health Scrutiny Panel, 17<sup>th</sup> January 2019

**Title:** Scrutiny of the 2019/20 Draft Budget / 5 Year Medium Term Financial Strategy (2019/20-2023/24)

**Report authorised by:** Jon Warlow, Director of Finance and Section 151 Officer

**Lead Officer:** Oladapo Shonola, Lead Officer Budget & MTFS

**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** N/A

**1. Describe the issue under consideration**

1.1 To consider and comment on the Council's 2019/20 Draft Budget / 5 year Medium Term Financial Strategy (MTFS) 2019-20 - 2023 proposals relating to the Scrutiny Panels' remit.

**2. Recommendations**

2.1 That the Panels consider, and provide recommendations to Overview and Scrutiny Committee, on the 2019-20 Draft Budget/MTFS 2019/20 to 2023/24 and savings proposals relating to the Scrutiny Panel's remit.

**3. Background information**

3.1 The Council's Overview and Scrutiny Procedure Rules (Constitution, Part 4, Section G) state: "The Overview and Scrutiny Committee shall undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol covering the Overview and Scrutiny Committee".

3.2 Also laid out in this section is that "the Chair of the Budget Scrutiny Review process will be drawn from among the opposition party Councillors sitting on the Overview and Scrutiny Committee. The Overview and Scrutiny Committee shall not be able to change the appointed Chair unless there is a vote of no confidence as outlined in Article 6.5 of the Constitution".

**4. Overview and Scrutiny Protocol**

4.1 The Overview and Scrutiny Protocol lays out the process of Budget Scrutiny and includes the following points:

- a. The budget shall be scrutinised by each Scrutiny Review Panel, in their respective areas. Their reports shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC.

- b. A lead OSC member from the largest opposition group shall be responsible for the co-ordination of the Budget Scrutiny process and recommendations made by respective Scrutiny Review Panels relating to the budget.
- c. Overseen by the lead member referred to in paragraph 4.1.b, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the new Draft Budget/MTFS. Each Panel shall consider the proposals in this report, for their respective areas. The Scrutiny Review Panels may request that the Cabinet Member for Finance and/or Senior Officers attend these meetings to answer questions.
- d. Each Scrutiny Review Panel shall submit their final budget scrutiny report to the OSC meeting in January containing their recommendations/proposal in respect of the budget for ratification by the OSC.
- e. The recommendations from the Budget Scrutiny process, ratified by the OSC, shall be fed back to Cabinet. As part of the budget setting process, the Cabinet will clearly set out its response to the recommendations/ proposals made by the OSC in relation to the budget.

## **5. Draft Budget (2019/20) / 5 year MTFS (2019/20 – 2023/24)**

- 5.1 The MTFS agreed by Council in February 2018 recognised a budget gap of £11m in 2019/20 that would need to be closed through further budget reductions. The proposed 2019/20 new budget reductions required to help close this gap (i.e. savings, cuts and income generation) of £7m in 2019/20 (rising to £12.8m by 2023/24) are presented for scrutiny.
- 5.2 Even with the budget reduction options set out in Appendix D being approved when the budget is finalised in February, it is presently estimated that the Council will need to have put into effect £6.5m of further budget reductions. This is after the planned utilisation of £10.5m of corporate reserves and balances in 2019/20. The current 2019/20 gap of £6.5m still needs to be addressed before the Final Budget/ MTFS is submitted to Cabinet and Council in February 2019.
- 5.3 The Council continues to have a structural funding gap in 2020/21 estimated at £18.4m - this rises to £26.4m in 2023/24. This gap will be reduced to the extent that further ongoing budget reductions are identified and put into effect in 2019/20.
- 5.4 Scrutiny panel recommendations relating to 2018/19 savings that were previously considered in December 2017/January 2018 which also form part of the 2018/19 budget setting process are attached at Appendix D.
- 5.5 This meeting is asked to consider the proposals relating to the services within its remit and to make draft recommendations to be referred to the Overview and Scrutiny Committee on 28<sup>th</sup> January 2019 for discussion, prior to approval and referral to Cabinet for consideration in advance of the Full Council meeting on 25<sup>th</sup> February 2019. For reference the remit of each Scrutiny Panel is as follows:
  - Priority 1/People (Children) – Children and Young People Scrutiny Panel
  - Priority 2 / People (Adults) – Adult and Health Scrutiny Panel
  - Priority 3 / Place – Environment and Community Safety Scrutiny Panel
  - Priority 4 / Economy – Housing and Regeneration Scrutiny Panel
  - Priority 5 / Housing – Housing and Regeneration Scrutiny Panel
  - Priority X / Your Council– Overview and Scrutiny Committee

- 5.6 As an aide memoire to assist with the scrutiny of budget proposals, possible key lines of enquiry are attached at Appendix A. This report is specifically concerned with Stage 1 (planning and setting the budget) as a key part of the overall annual financial scrutiny activity.
- 5.7 Appendix B sets out the summary of the Draft Budget / 5 year MTFs by priority area.

## **6. Contribution to strategic outcomes**

- 6.1 The Budget Scrutiny process for 2019/20 will contribute to strategic outcomes relating to all Council priorities.

## **7. Statutory Officers comments**

### **Finance**

- 7.1 There are no financial implications arising directly from this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

### **Legal**

- 7.2 There are no immediate legal implications arising from this report.
- 7.3 In accordance with the Council's Constitution (Part 4, Section G), the Overview and Scrutiny Committee should undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol, which is outside the Council's constitution, covering the Overview and Scrutiny Committee.

### **Equality**

- 7.4 The draft Borough Plan sets out the Council's overarching commitment to tackling poverty and inequality and to working towards a fairer Borough.
- 7.5 The Council is also bound by the Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.
- 7.6 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 7.7 The Council has designed the proposals in this report with reference to the aims of the Borough Plan to reduce poverty and inequality. The Council is committed to protecting frontline services wherever we can and the budget proposals have focused as far as possible on delivering efficiencies or increasing income, rather than reduction in services.

- 7.8 As plans are developed further, each area will assess the equality impacts and potential mitigating actions in more detail. Final EQIAs will be published alongside decisions on specific proposals.
- 7.9 Any comments received will be taken into consideration and a further update will be brought to Cabinet on 12<sup>th</sup> February 2018.

## **8. Use of Appendices**

Appendix A – Key lines of enquiry for budget setting

Appendix B – 5 year Draft Budget (2019-20) / Medium Term Financial Strategy  
(2019/20 – 2023/24) - Cabinet 11<sup>th</sup> December 2018

Appendix C – 2018 (Prior Year) Overview & Scrutiny Recommendations

Appendix D – 2019 (New) Budget Proposals

Appendix E – Summary of Capital Programme

## **9. Local Government (Access to Information) Act 1985**

Background papers: 2019/20 Draft Budget / 5 year MTFS (2019/20 – 2023/24) -  
Cabinet 11<sup>th</sup> December 2018

### **Financial Scrutiny: Understanding your Role in the Budget Process**

This document summarises issues and questions you should consider as part of your review of financial information. You might like to take it with you to your meetings, and use it as an aide-memoir.

#### **Overall, is the MTFS and annual budget:**

- A financial representation of the council's policy framework/ priorities?
- Legal (your Section 151 Officer will specifically advise on this)?
- Affordable and prudent?

#### **Stage 1 – planning and setting the budget**

Always seek to scrutinise financial information at a strategic level and try to avoid too much detail at this stage. For example, it is better to ask whether the proposed budget is sufficient to fund the level of service planned for the year rather than asking why £x has been cut from a service budget.

Possible questions which Scrutiny members might consider –

- Are the MTFS, capital programme and revenue budget financial representations of what the council is trying to achieve?
- Does the MTFS and annual budget reflect the revenue effects of the proposed capital programme?
- How does the annual budget relate to the MTFS?
- What level of Council Tax is proposed? Is this acceptable in terms of national capping rules and local political acceptability?
- Is there sufficient money in “balances” kept aside for unforeseen needs?
- Are services providing value for money (VFM)? How is VFM measured and how does it relate to service quality and customer satisfaction?
- Have fees and charges been reviewed, both in terms of fee levels and potential demand?
- Does any proposed budget growth reflect the council's priorities?
- Does the budget contain anything that the council no longer needs to do?
- Do service budgets reflect and adequately resource individual service plans?
- Could the Council achieve similar outcomes more efficiently by doing things differently?

#### **Stage 2 – Monitoring the budget**

It is the role of “budget holders” to undertake detailed budget monitoring, and the Executive and individual Portfolio Holders will overview such detailed budget monitoring. Budget monitoring should never be carried out in isolation from service performance information. Scrutiny should assure itself that budget monitoring is being carried out, but should avoid duplicating discussions and try to add value to the process. Possible questions which Scrutiny members might consider –

- What does the under/over spend mean in terms of service performance? What are the overall implications of not achieving performance targets?
- What is the forecast under/over spend at the year end?
- What plans have budget managers and/or the Portfolio Holder made to bring spending back on budget? Are these reasonable?
- Does the under/over spend signal a need for a more detailed study into the service area?

### **Stage 3 – Reviewing the budget**

At the end of the financial year you will receive an “outturn report”. Use this to look back and think about what lessons can be learned. Then try to apply these lessons to discussions about future budgets. Possible questions which Scrutiny members might consider –

- Did services achieve what they set out to achieve in terms of both performance and financial targets?
- What were public satisfaction levels and how do these compare with budgets and spending?
- Did the income and expenditure profile match the plan, and, if not, what conclusions can be drawn?
- What are the implications of over or under achievement for the MTFS?
- Have all planned savings been achieved, and is the impact on service performance as expected?
- Have all growth bids achieved the planned increases in service performance?
- If not, did anything unusual occur which would mitigate any conclusions drawn?
- How well did the first two scrutiny stages work, were they useful and how could they be improved?

**HARINGEY GENERAL FUND BUDGET 2019/20 AND MEDIUM TERM FINANCIAL  
PLAN 2019/24**

**Appendix B**

	2018/19 Budget	Movemen t	2019/20 Projecte d	Movemen t	2020/21 Projecte d	Movemen t	2021/22 Projecte d	Movemen t	2022/23 Projecte d	Movemen t	2023/24 Projected
<b>Services</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Priority 1	54,525	4,766	59,291	(401)	58,890	(90)	58,800	0	58,800	0	58,800
Priority 2	91,809	6,319	98,128	(4,584)	93,544	(6)	93,538	39	93,577	(100)	93,477
Priority 3	27,920	(731)	27,189	(1,565)	25,624	(600)	25,024	(70)	24,954	(70)	24,884
Priority 4	4,716	(2,310)	2,406	(15)	2,391	0	2,391	0	2,391	0	2,391
Priority 5	19,833	(1,036)	18,797	(708)	18,089	(573)	17,516	0	17,516	0	17,516
Priority X	38,281	(2,795)	35,487	(2,505)	32,982	(25)	32,957	(6)	32,951	(6)	32,945
Non Service Revenue	13,026	23,521	36,548	(92)	36,456	5,532	41,988	9,416	51,404	8,041	59,445
Further Savings to be identified	0	(6,521)	(6,521)	(11,921)	(18,443)	(1,532)	(19,974)	(4,029)	(24,003)	(2,414)	(26,417)
Contribution from Reserves and Balances		(10,487)	(10,487)	10,487	0	0	0	0	0	0	0
<b>Total Budget Requirement</b>	<b>250,110</b>	<b>10,726</b>	<b>260,836</b>	<b>(11,304)</b>	<b>249,533</b>	<b>2,706</b>	<b>252,239</b>	<b>5,350</b>	<b>257,589</b>	<b>5,451</b>	<b>263,040</b>
<b>Funding</b>											
New Homes Bonus	(2,736)	336	(2,400)	200	(2,200)	0	(2,200)	0	(2,200)	0	(2,200)
Adult Social Care Grant	(718)	718	0	0	0	0	0	0	0	0	0
Revenue Support Grant	(30,202)	8,561	(21,641)	1,626	(20,015)	1,658	(18,357)	0	(18,357)	0	(18,357)
Council Tax	(101,917)	(3,826)	(105,744)	(2,658)	(108,401)	(3,253)	(111,654)	(3,350)	(115,004)	(3,451)	(118,455)
Retained Business Rates by Pool	(20,729)	(3,500)	(24,229)	0	(24,229)	(612)	(24,841)	(500)	(25,341)	(500)	(25,841)
Top up Business Rates	(56,702)	(1,310)	(58,012)	(547)	(58,559)	(1,485)	(60,044)	(1,500)	(61,544)	(1,500)	(63,044)
<b>Total Main Funding</b>	<b>(213,004)</b>	<b>979</b>	<b>(212,025)</b>	<b>(1,379)</b>	<b>(213,404)</b>	<b>(3,691)</b>	<b>(217,095)</b>	<b>(5,350)</b>	<b>(222,446)</b>	<b>(5,451)</b>	<b>(227,897)</b>
Public Health	(20,209)	532	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)
Other core grants	(16,897)	(12,237)	(29,134)	12,682	(16,452)	986	(15,466)	0	(15,466)	0	(15,466)
<b>TOTAL FUNDING</b>	<b>(250,110)</b>	<b>(10,726)</b>	<b>(260,836)</b>	<b>11,304</b>	<b>(249,533)</b>	<b>(2,706)</b>	<b>(252,239)</b>	<b>(5,350)</b>	<b>(257,589)</b>	<b>(5,451)</b>	<b>(263,040)</b>

## Appendix C – Prior Year Overview & Scrutiny Committee Recommendations

### General response to budget consultation process

Ref	MTFS Proposal	Recommendation	Cabinet Response
<b>N/A</b>	<p>In the context of continuing difficult financial circumstances, and in respect of learning from the experience of the MTFS to date OSC agreed scrutiny should be locked in to the process both of monitoring budget and performance and of evaluating strategy, considering risks and setting out mitigation.</p>	<p><b>Cabinet to examine how the Council can ensure that meaningful consultation is undertaken in response to the budget setting process.</b></p>	<p>The Council is required to consult with residents and businesses on any new budget proposals.</p>
		<p><b>Cabinet should regularly monitor progress on achievement of savings, and report regularly on budget, including achievement of savings, projections; risk; and mitigation.</b></p>	<p>The budget monitoring report is on the Council's forward plan to be considered by Cabinet on a quarterly basis.</p>
		<p><b>A) Cabinet members and priority leads as appropriate should report to their scrutiny panels, starting in October on: financial performance against budget, risks and mitigation plans, alongside regular reporting on overall priority performance.</b></p> <p><b>B) Quarterly briefings prepared for all panel chairs on priority performance, budget, risks and mitigation.</b></p>	<p>Cabinet Members and officers regularly attend scrutiny panel meetings and will continue to do so.</p>
		<p><b>Cabinet member for finance should then report to OSC on overall progress against budget, risks and mitigation.</b></p>	



## Appendix C – Prior Year Overview & Scrutiny Committee Recommendations

### Budget Scrutiny Recommendations – Adults and Health Scrutiny Panel

#### Priority 2

Ref	MTFS Proposal	Recommendation	Cabinet Response
2.1	Haringey Learning Disability Partnership	That further financial and strategic information concerning the evidence base for the Learning Disability budget proposal, especially savings for 2018/19, be made available for consideration by OSC on 29 January before final budget scrutiny recommendations are made. Where possible, this information should be provided for the “mid-way” point.	Noted
2.2	Mental Health	That further financial and strategic information concerning the evidence base for the Mental Health budget proposal, especially savings for 2018/19, be made available for consideration by OSC on 29 January before final budget scrutiny recommendations are made. Where possible, this information should be provided for the “mid-way” point.	Noted

## Appendix C – Prior Year Overview & Scrutiny Committee Recommendations

Ref	MTFS Proposal	Recommendation	Cabinet Response
2.2	Mental Health	<p><b>That Cabinet have oversight of the funding available for those with acute mental health needs in a community care setting, and should make representations as appropriate via joint health and care bodies and to NHS England.</b></p>	<p>The Council is working with the four other boroughs and five CCGs in the NCL area to ensure a joined up response on this issue which focuses on the health, wellbeing and quality of life of people with mental health needs living in the community.</p> <p>As well as direct approaches to the Mental Health Trust and to NHS England, to ensure that all those with mental health needs continue to receive the range of support that they require whether in a hospital, forensic or community setting, the Council has also referred the issue to the JHOSC for strategic oversight.</p>

## Appendix C – Prior Year Overview & Scrutiny Committee Recommendations

Ref	MTFS Proposal	Recommendation	Cabinet Response
2.3	Physical Support	That further financial and strategic information concerning the evidence base for the Physical Support budget proposal, especially savings for 2018/19, be made available for consideration by OSC on 29 January before final budget scrutiny recommendations are made. Where possible, this information should be provided for the “mid-way” point.	Noted
2.1	Haringey Learning Disability Partnership	That further information on the risks associated with each of the budget proposals be made available for consideration by OSC on 29 January.	Noted
2.2	Mental Health		
2.3	Physical Support		
2.1	Haringey Learning Disability Partnership	<b>That Cabinet be aware that OSC have significant concerns over the viability of savings proposals to Haringey Learning Disability Partnership, mental health and physical support.</b>	The savings proposals for Priority 2 have been made in cognisance of the impact of increasing demand and market pressures for adults with care and support needs. The range of interventions proposed to achieve the required savings is based on evidence drawn from other local authorities and
2.2	Mental Health		

## Appendix C – Prior Year Overview & Scrutiny Committee Recommendations

Ref	MTFS Proposal	Recommendation	Cabinet Response
2.3	Physical Support		<p>recognise that actions around demand management, market management and operational management are needed.</p> <p>There is a range of risks associated with the delivery of all savings and a risk register has been produced and shared which seeks to set these out. The register identifies actions to mitigate the impact of these risks and to support delivery of the savings</p>
N/A		That further information on the overspend on care packages be made available for consideration by OSC on 29 January.	Noted

Any Other Comments		
<b>Panel's work programme</b>	That the panel examine the impact on clients as they go through changes in services provision in relation to the proposed changes to Haringey Learning Disability Partnership, mental health and physical support	N/A