

Report for: Overview and Scrutiny Committee – 18 January 2021

Title: Scrutiny of the 2021/22 Draft Budget/5 Year Medium Term Financial Strategy (2022/22-2025/26) - Recommendations

Report authorised by: Cllr Pippa Connor, Vice Chair Overview and Scrutiny Committee and lead for Budget Scrutiny

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Ward(s) affected: All

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

1. Describe the issue under consideration

- 1.1 This report sets out how budget proposals detailed in the draft 5 year Medium Term Financial Strategy (2021/22 – 2025/26) have been scrutinised and the draft recommendations that have been reached by the Overview and Scrutiny Committee (OSC) and Scrutiny Review Panels.
- 1.2 Members of the Committee are asked to consider and agree recommendations contained within this report so that these can be considered by Cabinet on 9th February 2021, when they will also agree the final MTFS proposals that will be put to Council on 22nd February 2021.

2. Recommendations

- 2.1 That the Overview and Scrutiny Committee:
 - (a) Approves the final budget recommendations to be put to Cabinet on 9th February 2021, as outlined in **Appendix A**.
 - (b) Notes 2021/22 Draft Budget & 2021/26 Medium Term Financial Strategy Report, as presented to Cabinet 8th December 2020 (**Appendix B**) and the proposals therein, as considered by the Scrutiny Panels and the Overview and Scrutiny Committee in December 2020/January 2021.

Reasons for Decision

- 3.1 As laid out in the Council's Overview and Scrutiny Procedure Rules (Constitution, Part 4, Section G) the Overview and Scrutiny Committee is required to 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. Alternative Options Considered

N/A

4. Budget Scrutiny Process

- 5.1 The Overview and Scrutiny Protocol lays out the process for Budget Scrutiny. This 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 above, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the new Medium Term Financial Strategy. Each Panel shall consider the proposals in this report, for their respective areas. The Scrutiny Review Panels may request that Cabinet Members 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. Budget Scrutiny to Date

- 6.1 Following consideration by Cabinet, all four Scrutiny Panels met in December to scrutinise the draft budget proposals that fall within their portfolio areas. In addition, the Overview and Scrutiny Committee met on 12 January to consider proposals relating to Your Council.
- 6.2 Cabinet Members, senior service officers and finance leads were in attendance at each meeting to present proposals and to respond to questions from members. A list of draft recommendations arising from the meetings referred to above, is provided at Appendix A. The detailed report on the MTFS that was submitted to Cabinet on 8 December 2020 is attached as Appendix B. A link to further detail on the individual savings proposals is included at the end of this report.
- 6.3 The Panels and the Committee heard that the MTFS agreed by Council in February 2020 assumed two years of relatively low budget gap (£1.9m & £3.1m) for 2021-2023; this was before the pandemic. The pandemic continues to have a significant adverse effect on the wider economy and public finances, reducing demand and supply in the short and medium term, presenting individuals, businesses and organisations with unprecedented challenges. The medium to

long-term impact is unknown, though the OBR has forecast a return to pre-pandemic levels will not take place until late 2022.

- 6.4 The impact of Covid-19, has been such that the Council has fundamentally reconsidered its corporate planning including its change programmes and, reviewing the outputs and learning from the Recovery and Renewal work to understand the changed context in which it now works.
- 6.4 The Draft 2021/22 Budget and 2021/26 MTF5 has sought to respond to this shift in Borough Plan via its General Fund (GF) and Housing Revenue Account (HRA) financial strategies and capital investments, including a more holistic approach to achieving organisational transformation and associated revenue savings, via work that spans across the organisation’s departments. It also incorporates our best understanding of the ongoing implications of the COVID19 pandemic on our services and plans. It has been clear all the way through what have been many months of financial planning that this would be an extremely difficult budget for the Council. Before making any additional savings and the recent SR20 announcements, the Council’s forecast budget gap for 21/22 had increased to £17m, an increase of £15m on the February forecast.
- 6.5 The recent SR 20 provides some level of financial improvement to this and other authorities for next year’s budget, including additional social care grants. However, the main opportunity it provides for local authorities, including this council, is to generate funding to protect services at this key moment by increasing its council tax income. This draft budget therefore includes an assumption of additional income from a general council tax increase of 1.99% (the threshold set by government is 2%) and a further Adults Social Care Precept of 3% (the maximum allowed by Government), which give a total council tax charge increase of 4.99%. This proposed increase forms part of the budget consultation.
- 6.6 As it stands (and before any late adjustments), the Council is able set out a balanced draft budget for 2021/22, but only with a significant one-off use of £5.4m of reserves.

6. Next Steps

- 7.1 The table below sets out the remaining steps in the budget scrutiny process:

Date	Meeting	Comments
18 January 2021	Overview and Scrutiny Committee	Recommendations agreed and formally referred to Cabinet
9 February 2021	Cabinet	Cabinet will set out its response to recommendations made by the Overview and Scrutiny Committee
	Full Council	Final budget setting

22 February 2021		
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7. Contribution to Strategic Outcomes

- 8.1 The budget scrutiny process has contributed to each of strategic outcomes relating arising from the Borough Plan 2019-23.

9. Statutory Officers Comments

Finance

- 9.1 The Chief Finance Officer has been consulted on this report and acknowledges the importance of budget scrutiny in preparing and subsequently approving the Council's Medium Term Financial Strategy (MTFS).
- 9.2 There are no specific financial implications as a result of the scrutiny process but there may be an impact on the overall Council budget if recommendations are made for change. Any such implications would be considered as part of February's Cabinet MTFS report.

Legal

- 9.3 There are no immediate legal implications arising from this report. The Overview and Scrutiny Committee is exercising its budget scrutiny function. This is part of the constitutional arrangements for setting the Council's budget, as laid out in Part 4, Section G of the Haringey Constitution.

Equality

- 9.4 The Council has a 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.
- 9.5 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. In addition, marriage and civil partnership status applies to the first part of the duty.
- 9.6 The proposals in the draft Medium Term Financial Strategy are currently at a high level and will be developed further as service changes and policy changes are

progressed. Equality impact assessments will be developed as part of this process.

9.7 The Committee should ensure it addresses these equality duties by considering them within its work. This should include considering and clearly stating;

- How specific savings / policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
- Whether the impact on particular groups is fair and proportionate;
- Whether there is equality of access to services and fair representation of all groups within Haringey;
- Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

10. Use of Appendices

Appendix A. – List of Comments and Recommendations from Budget Scrutiny Process

Appendix B. – 2021-22 Budget and 2021-2026 Medium Term Financial Strategy: Report to Cabinet 8th December 2020

Appendix C. – MTFS Savings Trackers

11. Local Government (Access to Information) Act 1985

11.1 Background papers:

- Pro formas for individual budget reduction proposals (Cabinet 8th December 2020): [Deatiled pro formas for individual budget reduction proposals Agenda Supplement for Cabinet, 08/12/2020 18:30 \(haringey.gov.uk\)](https://www.haringey.gov.uk/minutes/2020/12/08/08-12-2020-18-30)
- 2020/21 Quarter 2 Finance Update Report - Cabinet 8th December 2020 <https://www.minutes.haringey.gov.uk/documents/s119987/Q2%20Finance%20Update%20Report%20ver2.0%20Cabinet%20FINAL.pdf>