

Report for: Overview and Scrutiny Committee – 20 January 2022

Title: Scrutiny of the 2022/23 Draft Budget/5 Year Medium Term Financial Strategy (2022/23-2026/27) - Recommendations

Report authorised by: Ayshe Simsek, Democratic Services and Scrutiny Manager

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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 (2022/23 – 2026/27) have been scrutinised and the draft recommendations that have been reached by the Overview and Scrutiny Committee (OSC) and Scrutiny Review Panels.
- 1.2 In view of the very high covid infection rates, the Children and Young People's Scrutiny Panel and Overview and Scrutiny Committee considered the budget proposals for their respective remits at fully virtual meetings and the recommendations, arising from these discussions are put forward for agreement as part of recommendation 2.1a and in accordance with section 4e.
- 1.3 Members of the Committee are asked to consider and agree recommendations contained within this report so that these can be considered by Cabinet on 8th February 2022, when they will also agree the final MTFS proposals that will be put to Council on 1st March 2022.

2. Recommendations

- 2.1 That the Overview and Scrutiny Committee:
 - (a) Approves the final budget recommendations to be put to Cabinet on 8th February 2022, as outlined in **Appendix A**.
 - (b) Notes the 2022/23 Draft Budget & 2022/27 Medium Term Financial Strategy Report, as presented to Cabinet 7th December 2021 (**Appendix B**) and the proposals therein, as considered by the Scrutiny Panels and the Overview and Scrutiny Committee in December 2021/January 2022.

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

4.1 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

5.1 Following consideration by Cabinet, the four Scrutiny Panels met in December 2021/January 2022 to scrutinise the draft budget proposals that fall within their portfolio areas. In addition, the Overview and Scrutiny Committee is scheduled to meet on 13 January 2022 to consider proposals relating to Your Council.

5.2 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 7 December 2021 is attached as Appendix B. A link to further detail on the individual revenue growth proposals is included at the end of this report.

Extract from report to the budget scrutiny panels

- 5.3 The report provided from finance officers to the Panels and the Committee summarised the approach to the draft budget and 5-year MTFS as follows:
- 5.4 “The approach taken to the financial planning process has been markedly different this year, planned to lead to what is now a very different kind of budget being proposed. We have been clear from the onset that we need to continue our council change agenda, particularly in light of the ongoing effects of the Covid-crisis and change in needs that that has brought about. We have also recognised that this type of change is difficult and takes time, and that the Council-wide huge exercise that is now starting to consider how the new four year borough plan should be framed will provide the essential new plan for that change. Our 2022/23 budget strategy also allows us to better focus on the delivery of the next year of our already agreed savings strategy, which in itself represents £12m.
- 5.5 Our strategy therefore has been to look to align fundamental future budget decisions with knowledge of our fundamental future funding position, in the context of that new borough plan, which means that next year’s MTFS will be pivotal in this. We have also gone into this budget round knowing that the Council as part of its outturn for 20/21 was able to assign £10m into the Strategic Budget Planning reserve, in anticipation of the timescales that would be associated with such future change.
- 5.6 This planned approach to our multiyear financial planning, coupled with a short term improvements in the assumable level of government grant funding, allows a draft budget for next year which addresses essential budget growth requirements totalling of £11.8 in 2022/23 across most parts of the organisation, over and above that already assumed in the existing MTFS. This strategy does require a short-term use of balances in the 22/23 financial year to make this possible. This considered use of one-off funding will enable the Council to have more time and space to determine the new programme of change required to address the structural c. £20m gap in the medium term, which will align with the launch of the Council’s new Borough plan.
- 5.7 The revenue growth within this budget will address, not just the pressures in our main demand led services (Adults, Children’s and temporary accommodation), but also bolster budgets where necessary to ensure that we are a sustainable, stronger and fit for purpose organisation in the best position to tackle the sizeable change required to meet the structural funding gap in the medium term. The priorities that have framed this budget are:
- Ensuring that we can meet the growing need of our most vulnerable residents – through substantial additional investment in children’s and adult’s services; and in resources for the provision of temporary accommodation and with our partners investing in earlier intervention and early years.
 - Enhances support for women and girls impacted by domestic abuse and other forms of violence

- Supports our ambitious plan to play our part in tackling the climate emergency
- Invests where necessary to ensure we are a sustainable and fit for purpose organisation able to deliver the high-quality services our residents, businesses and partners expect, with co-production running through everything we do
- Invests for the long term in our public realm including roads, pavements and parks; our schools and young people’s services; and our Civic Centre.

5.8 The Spending Review announcements in late October (SR21) provided some level of financial improvement to this and other authorities for next year’s budget however, beyond 2022/23 the majority of funding remains cash flat. This means that for 2023/24 and 2024/25, increasing their Council Tax level is the only means by which local authorities, including this council, can generate more corporate funding to protect services and respond to demand led growth. 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 1% (the maximum allowed by Government), which give a total Haringey Council Tax charge increase of 2.99% for 2022/23, with the same assumptions built into the draft MTFS for the following two years for modelling purposes. This proposed increase for 2022/23 forms part of the budget consultation.”

6. Next Steps

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

Date	Meeting	Comments
20 January 2022	Overview and Scrutiny Committee	Recommendations agreed and formally referred to Cabinet
8 February 2022	Cabinet	Cabinet will set out its response to recommendations made by the Overview and Scrutiny Committee
1 March 2022	Full Council	Final budget setting

7. Contribution to Strategic Outcomes

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

8. Statutory Officers Comments

Finance

- 8.1 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).
- 8.2 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

- 8.3 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

- 8.4 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.
- 8.5 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.
- 8.6 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.
- 8.7 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.

9. Use of Appendices

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

Appendix B. – 2022-23 Budget and 2022-2027 Medium Term Financial Strategy: Report to Cabinet 7th December 2021

10. Local Government (Access to Information) Act 1985

10.1 Background papers:

- New revenue growth proposals (Cabinet 7th December 2021): [Appendix 2 New Revenue Growth Proposals.pdf \(haringey.gov.uk\)](#)
- 2021/22 Quarter 2 Finance Update Report - Cabinet 7th December 2021 [Q2 Finance Update Report Cabinet 7 Dec 21 ver1.0 FINAL.pdf \(haringey.gov.uk\)](#)