

Report for: Budget Scrutiny Panels

- Adults and Health Scrutiny Panel, 14th December 2017
- Children and Young People Scrutiny Panel, 18th December 2017
- Housing and Regeneration Scrutiny Panel, 19th December 2017
- Environment and Community Safety Scrutiny Panel, 21st December 2017
- Overview and Scrutiny Committee, 11th January 2018

Item number:

Title: **Scrutiny of the Draft 5 Year Medium Term Financial Strategy (2018/19-2022/23)**

Report authorised by: Clive Heaphy, Chief Finance Officer and s151 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 draft 5 year (2018/19 to 2022/23) Medium Term Financial Strategy 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 Medium Term Financial Strategy 2018/19 to 2022/23 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 Medium Term Financial Strategy. 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 Health 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 5 year MTFS (2018/19 – 2022/23)

- 5.1 In July of this year the Overview and Scrutiny Committee considered the MTFS (2018/19 – 2022/23) planning timetable and budget scrutiny process for 2018/19. As set out in that report, work commenced on a new five year MTFS in July 2017 and a draft MTFS is now in place for consideration by Cabinet.
- 5.2 After taking into account anticipated funding reductions, demand pressures and a review of the base financial position including the achievability of previously agreed savings and new savings proposed, there is an underlying gap of approximately £15m in the budget and further action will need to be taken by the council to bridge this budget gap.
- 5.3 The savings proposals to be considered by Scrutiny panels are split into two categories:
- MTFS savings previously considered as part of 2017/18 budget setting (Appendix C), but further savings are expected to be delivered from these savings options in 2018/19; and
 - New savings proposals submitted as part of this year's (2018/19) budget setting (Appendix E).
- 5.4 Scrutiny panel recommendations relating to 2017/18 savings that were previously considered in December 2016/January 2017 which also form part of the 2018/19 budget setting 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 29th January 2018 for discussion, prior to approval and referral to Cabinet for consideration in advance of the Full Council meeting in February 2018. For reference the remit of each Scrutiny Panel is as follows:

- Priority 1 – Children and Young People Scrutiny Panel
- Priority 2 – Adult and Health Scrutiny Panel
- Priority 3 – Environment and Community Safety Scrutiny Panel
- Priority 4 – Housing and Regeneration Scrutiny Panel
- Priority 5 – Housing and Regeneration Scrutiny Panel
- Priority X – 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 five year MTFS by priority area.

6. Contribution to strategic outcomes

6.1 The Budget Scrutiny process for 2018/19 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 Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation
- Advancing equality of opportunity
- Fostering good relations

In addition, the Council complies with the Marriage (same sex couples) Act 2013.

7.5 The Act covers nine protected characteristics which are:

- age
- disability
- gender and gender reassignment
- pregnancy and maternity status
- marriage and civil partnership
- ethnicity
- religion or belief
- sexual orientation

7.6 The Public Sector Equality Duty came into force on 5 April 2011. The broad purpose of the equality duty is to integrate consideration of equality and good relations into the day-to-day business of public authorities - in shaping policy, in delivering services and in relation to their own employees, and for these issues to be kept under review. If we do not consider how a function can affect different groups in different ways, it is unlikely to have the intended effect. This can contribute to greater inequality and poor outcomes.

7.7 Every person can identify with a combination of these characteristics; we all have an age, a disability status, a gender, our own beliefs and a sexual orientation. It is not the purpose of equalities monitoring to put people in boxes but to ensure that all groups of people have their needs met.

7.8 Haringey Council believes the Equality Impact Assessment process is an important way of informing our decision making process.

7.9 Tackling inequality is a priority for the council and this is reflected in the objectives and performance targets we have set out in the corporate plan 2015-18, as well as the ambition for the Council's Borough Plan, which will set the vision for Haringey from 2018 to 2022.

7.10 The new savings proposals in this report are currently at a high level and will be developed further as new operating models, service changes and policy changes are progressed and implemented. Equalities impact assessments will be developed as part of this process. Where there are existing proposals on which decisions have been taken, existing equalities impact assessments will be signposted.

7.11 Any comments received will be taken into consideration and a further update will be brought to Cabinet in February 2018.

8. Use of Appendices

Appendix A – Key lines of enquiry for budget setting

Appendix B – 5 year Medium Term Financial Strategy (2018/19 – 2022/23) - Cabinet
12th December 2017

Appendix C – 2017 Budget (Savings) Proposals

Appendix D – 2017 (Prior Year) Overview & Scrutiny Recommendations

Appendix E – 2018 (New) Budget Proposals

9. Local Government (Access to Information) Act 1985

Background papers: 5 year Medium Term Financial Strategy (2018/19 – 2022/23) -
Cabinet 12th December 2017

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 COUNCIL MEDIUM TERM FINANCIAL PLAN - APRIL 2018 - MARCH 2023
Appendix 1

	2017/18	Movement	2018/19	Movement	2019/20	Movement	2020/21	Movement	2021/22	Movement	2022/23
Services	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1	55,913.43	(1,748)	54,165.18	(310)	53,855.18	0.00	53,855.18	0.00	53,855.18	0.00	53,855.18
Priority 2	91,173.29	679.82	91,853.11	10.29	91,863.41	65.05	91,928.46	188.71	92,117.17	319.10	92,436.28
Priority 3	29,073.90	(1,660)	27,413.90	(150)	27,263.90	0.00	27,263.90	0.00	27,263.90	0.00	27,263.90
Priority 4	5,372.53	(50)	5,322.53	0.00	5,322.53	0.00	5,322.53	0.00	5,322.53	0.00	5,322.53
Priority 5	19,959.01	(50)	19,909.01	(120)	19,789.01	0.19	19,789.20	(0)	19,788.96	0.00	19,788.96
Priority X	38,759.28	(226)	38,533.78	(3,725)	34,808.78	(1,500)	33,308.78	(20)	33,288.78	0.00	33,288.78
Non Service Revenue	15,510.83	1,360.14	16,870.97	11,360.25	28,231.22	4,666.28	32,897.50	6,175.24	39,072.74	6,584.18	45,656.92
Total Budget Requirement	255,762.27	(1,694)	254,068.48	7,065.54	261,134.03	3,231.52	264,365.55	6,343.72	270,709.26	6,903.28	277,612.54
Unidentified Savings	0.00		0.00		9,941.05		11,163.08		12,698.74		13,073.41
Balanced Budget Position	255,762.27		254,068.48		251,192.98		253,202.46		258,010.52		264,539.14
Funding											
New Homes Bonus	5,711.50	(3,012)	2,699.78	0.00	2,699.78	0.00	2,699.78	0.00	2,699.78	0.00	2,699.78
Adult Social Care Grant	1,195.00	(1,195)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue Support Grant	38,590.00	(38,590)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Council Tax	93,773.00	8,143.77	101,916.77	4,627.88	106,544.65	2,695.04	109,239.69	4,354.84	113,594.53	4,528.61	118,123.14
Retained Business Rates	22,084.00	86,423.98	108,507.98	(3,526)	104,981.51	1,921.29	106,902.79	438.77	107,341.56	2,000.00	109,341.56
Top up Business Rates	54,232.00	(54,232)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Main Funding	215,585.50	(2,461)	213,124.54	1,101.40	214,225.94	4,616.32	218,842.26	4,793.61	223,635.87	6,528.61	230,164.49
Public Health	20,742.00	(539)	20,202.71	(525)	19,677.44	0.00	19,677.44	0.00	19,677.44	0.00	19,677.44
Other core grants	10,652.76	2,587.66	13,240.43	4,049.17	17,289.60	(2,607)	14,682.76	14.45	14,697.21	0.00	14,697.21
Contribution from /to Reserves	8,782.00	(1,282)	7,500.00	(7,500)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FUNDING	255,762.26	(1,695)	254,067.67	(2,875)	251,192.98	2,009.49	253,202.46	4,808.06	258,010.52	6,528.61	264,539.14