

# Agenda Item

## TRAFFORD BOROUGH COUNCIL

**Report to:** Executive  
**Date:** 20 February 2019  
**Report for:** Decision  
**Report of:** Executive Member for Finance and the Corporate Director of Finance and Systems

### Report Title

#### **Executive's Response to Scrutiny Committee's Recommendations to the Budget Proposals for 2019/20**

### Summary

At the Executive meeting on the 28 January 2019 a report was presented by the Scrutiny Committee chair, setting out their comments and findings from the review of the Executive's draft budget proposals for 2019/20.

The Executive values the contribution that the Scrutiny Committee makes to the budget process and is committed to working with Scrutiny Committee during the forthcoming year as part of their planned work programme.

This report contains a detailed response to each of the points raised by the Scrutiny Committee in their report.

### Recommendation(s)

That the Executive's response to Scrutiny be approved.

### Contact person for access to background papers and further information:

Name: Nikki Bishop  
Extension: 4884

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	The Scrutiny review of the budget is a requirement of the budget policy framework. It is relevant to all corporate priorities.
Financial	All financial implications are contained in the body of the report.
Legal Implications:	The Scrutiny review of the budget is a requirement of the Council's constitution.
Equality/Diversity Implications	There are none arising from this report.
Sustainability Implications	There are none arising from this report.
Resource Implications e.g. Staffing	There are none arising from this report.

/ ICT / Assets	
Risk Management Implications	There are none arising from this report.
Health and Wellbeing Implications	There are none arising from this report.
Health and Safety Implications	There are none arising from this report.

### **Other Options**

Not Applicable

### **Consultation**

The report is in response to the consultation carried out by the Scrutiny Committee.

### **Reasons for Recommendation**

The report is in response to the consultation carried out by the Scrutiny Committee.

### **Key Decision**

This is a key decision currently on the Forward Plan: No

**Finance Officer Clearance** .....GB .....

**Legal Officer Clearance** .....JL. ....

**CORPORATE DIRECTOR'S SIGNATURE**

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

### **BUDGET SCRUTINY ACTION PLAN**

<b>Issue</b>	<b>Scrutiny Recommendation</b>	<b>Executive Response</b>
<b>Delayed Transfers of Care</b> – Members still feel that this is an area of concern and has a significant effect on the budget.	Health Scrutiny will be closely monitoring Delayed Transfers of Care as part of its 2019/20 work programme.	The Executive note this position.
<b>Demand led services</b> – As has been the case in previous years with demand led services, any increase in the projected demand could cause a significant budget shortfall.	Scrutiny will continue to monitor the Adults and Social Care services and their budgets via the Health Scrutiny and Children and Young People's Scrutiny Committee work programmes in 2019/20, and ask that they be kept informed of any expected demand increases as they become apparent.	The Executive note this position and confirm that regular updates will be made available.
<b>Adults and Children's</b>	The Health Scrutiny and	The Executive note this

<p><b>Social Care Budget Saving Proposals –</b> Scrutiny has some concerns around the savings proposals associated with the Adults and Children's Social Care budgets, as most of the proposals are considered to be 'cost avoidance measures' (as opposed to actualised savings), which are difficult to forecast accurately.</p>	<p>Children and Young People's Scrutiny Committees will be monitoring the Let's Talk, Reassessments, and Right Care For You, savings targets as part of their 2019/20 work programmes.</p>	<p>position.</p>
<p><b>Budget reserves and provisions –</b> Scrutiny note the general downward trend for budget reserves and provisions over recent years, as well as the projected decrease in upcoming years.</p>	<p>Scrutiny asks that assurances be provided to ensure that this downward trend is appropriate, and that future issues are identified and reported to Scrutiny at an early stage.</p>	<p>The Executive note this position and will provide Scrutiny with updates during the year.</p> <p>The financial strategy includes a priority to bolster reserves when possible. This was the in the period 8 budget monitor when £4.5m, additional income from the MAG dividend and a one-off business rate reallocation from the GM Combined Authority, was transferred to earmarked reserves.</p>
<p><b>Budget Monitoring –</b> Some Scrutiny Members feel that the information being presented and scrutinised at meetings of the Executive is at times out of date, and that the budget needs monitoring more closely in these times of economic uncertainty and funding reductions.</p>	<p>Scrutiny asks that the Executive provides more information on why the budget monitor changed from being produced monthly to bi-monthly to help them understand the reasons behind the change.</p> <p>Scrutiny asks that the Executive give consideration to producing budget monitors monthly again. However, Scrutiny would not want this to be implemented if it was to have significant staffing capacity and / or financial implications.</p>	<p>Executive see the budget monitoring process as highly important.</p> <p>It does require a lot of input from the Financial Management Service and strongly supported by all budget holders, service and corporate leadership teams.</p> <p>Whilst formal budget monitoring reports are presented to the Executive every two months, all high risk budget areas are monitored on a monthly basis. This includes all adults and children's client budget areas with the results presented to CLT.</p>

		<p>Therefore, at this stage, it is not recommended to revert back to formal monthly budget monitoring reports through the formal Executive.</p>
<p><b>Scrutiny Budget to Seek Expert Advice –</b> A motion was agreed at the full Council meeting on 28 November 2018, which committed the Council to declare a Climate Emergency. The motion also called for the establishment of a new Task and Finish which should seek advice from experts to develop a carbon budget and set a challenging target date for carbon neutrality in Trafford. The hiring of these experts would generate a cost.</p>	<p>Scrutiny asks that a budget be made available to seek the relevant advice to inform the Task &amp; Finish Group's work.</p>	<p>A budget will be identified within the Place Directorate in due course and when costings are known.</p>
<p><b>Future Budget Shortfall –</b> Scrutiny welcomes the balanced budget proposals for 2019/20 but notes that a potential future shortfall of circa £25m by the end of the 2021/22 financial year remains.</p>	<p>Scrutiny would like assurances that proposals are already being discussed on how the potential shortfall will be addressed.</p>	<p>The Executive are fully aware of the challenges ahead in balancing the future year's budget where the gap stands at nearly £29m.</p> <p>The hard reset of the business rate baselines, promised by MHCLG, in 2020/21 will mean that funding streams the Council has become reliant on could be lost and this is the major reason the funding gap in later years. It is unlikely that any indicative funding figures will be made available by Government until late summer or early autumn 2019, a concern that the Local Government Association has taken up directly with MHCLG, which will make financial planning difficult for 2020/21. In any event a number of potential</p>

mitigants exist:-

- Government are currently consulting on transitional arrangements which, whilst these will unwind over a period of time, could protect the Council from a sudden and significant fall in resources.
- The Council's current budget contains a modest level of discretionary services which will be reviewed during 2019 as well as fees and charges
- Comprehensive Spending Review and the social care green paper could both signal the trajectory of funding in future years and specifically funding for social care.
- Population growth in Trafford is projected to rise faster than the national average which whilst meaning the pressure on Council services could increase is likely to mean improved levels of Government funding through the new formula which has its basis in population numbers.

The Asset Investment Strategy is realising both regeneration benefits and vital new income streams and proposal in this budget report to increase the size of the Investment Fund will provide greater scope to achieve further new income streams in 2019/20.

With a budget gap for the following two years of £28.87m, the size of the challenge remains significant. For that reason the Council's Executive and Leadership Team will continue to work on developing further budget proposals during 2019/20 to meet this future financial challenge.