

TRAFFORD COUNCIL

Report to: Executive
Date: 29 January 2018
Report for: Consideration
Report of: Scrutiny Committee

Report Title

OVERVIEW AND SCRUTINY REVIEW OF THE EXECUTIVE'S DRAFT BUDGET PROPOSALS FOR 2018-19

Summary

The Executive's Draft Budget Proposals for 2018/19 were agreed at its meeting held on 16 October 2017. The Leader of the Council gave a presentation to the Scrutiny Committee on 15 November 2017 setting out the proposals.

A Budget Scrutiny Working Group session was then held on 5 December 2017 with the relevant Executive Members and senior officers in attendance to give background to the proposals and answer questions.

This report reflects the outcome of those discussions and summarises issues for the Executive's further consideration in developing its final proposals and response.

Members welcome the balanced budget proposals for 2018/19, but this report also identifies some key areas of concern where the Executive needs to satisfy itself of the robustness of the proposals. These are:

- **Amber risks totalling circa £6m**
- **Demand led services**
- **Adult Social Care**
- **Budget Reserves**

Recommendation(s)

That the Executive consider and respond to the report and recommendations made.

Contact person for access to background papers and further information:

Name: Chris Gaffey, Democratic and Scrutiny Officer
Extension: 2019

Background Papers: None

BUDGET SCRUTINY REPORT - 2018/19

Foreword by the Chairman and Vice-Chairman of Scrutiny Committee

We welcome the opportunity for Scrutiny Members to review and comment on the budget proposals at an early stage. On behalf of Scrutiny Members, we would like to thank the Executive, Corporate Leadership Team and Scrutiny and Health Scrutiny Members for their patience and contribution to the process.

Members acknowledged that the Council continues to work within an increasingly challenging financial climate and the focus of Scrutiny input has been on the robustness and deliverability of the current proposals in the light of experience of budget savings already made in previous years, and the potential impact on communities and service users.

We hope that our Budget Scrutiny will contribute to the decision making process and in ensuring that robust processes are in place to manage changes. We have identified areas where we feel that there are risks and we look forward to receiving details of how the Executive will address these.

Councillors Michael Young and Mike Cordingley

Chairman and Vice-Chairman, Scrutiny Committee.

December 2017

1.0 Background

This year the approach to budget scrutiny was agreed by the Scrutiny Committee, with a programme designed to forward any recommendations / observations to the Executive at the earliest opportunity in response to its consultation.

A Budget Scrutiny Working Group session was held to look at the proposals. Scrutiny Members noted that the approach to eliminating the budget shortfall for 2018/19 and later years has consisted mostly of income generation and the continuation of services delivery efficiencies agreed and implemented as part of past budget proposals. The approach this year was to use the session to look at the current proposals in two sections:-

- i) The Children, Families and Wellbeing Directorate
- ii) The General Budget, focused on Investment, Risk Assessments, and the Transformation & Resources and Economic Growth, Environment and Infrastructure Directorates

Whilst Members welcomed the opportunity to provide scrutiny of the budget process, Scrutiny were disappointed that the sessions scheduled for 7 December had to be rearranged. Although the second session was not ultimately required, the need to change the process at a relatively late stage caused issues for all involved with the Budget Scrutiny process. As was the case in 2017, the 2018 Budget Scrutiny sessions will be confirmed at next year's Annual Council meeting, and Scrutiny ask that these dates be noted by all to ensure the same issues do not arise.

Members also feel it can be difficult to process the volume of information presented at the working group session, and requested that future presentations be circulated in advance of the meeting. The Budget Scrutiny process as a whole will be reviewed to ensure that it is as effective and efficient as possible.

The main findings from the session are set out below.

2.0 Key Messages

Scrutiny is pleased with the elimination of the budget shortfall for 2018/19, and welcomes the announcement that Trafford will receive an additional circa £4-5m from the 100% GM business rates retention scheme. Members also welcome the fact that there will be no significant new changes to front line services as part of the proposals. Scrutiny would like to thank the Executive and the Officers for informative presentation and for the hard work put in to produce a balanced budget proposal for the coming year.

However; although the draft proposals show a balanced budget for 2018/19, Scrutiny Members have identified the following issues.

- **Amber risks totalling circa £6m** – The risk assessment document circulated at the meeting detailed the risks identified as part of the proposals, with each risk assigned a RAG rating. Circa £6m of these risks were assigned an amber risk rating. Scrutiny understands that a risk would only receive a green rating if the saving was guaranteed as it was an already agreed saving / income stream. However, it is noted that a significant portion of the projected savings / income are not guaranteed. Scrutiny note that a significant amount of the savings proposals relate to demand led services, and Members are concerned that any

unforeseen increase in demand could cause substantial strain on the budget. Members also have concerns with the assumptions made as part of the income streams and whether the Council will see the returns on their investments as quickly as expected. Scrutiny request that they be updated on progress against these risks throughout the coming year.

- **Demand led services** – The budget proposals contain a number of workstreams to deliver savings in the Children, Families and Wellbeing directorate, which are a continuation of service delivery changes agreed as part of previous budgets. However, 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 Members note the current position of the Adults and Children Services budgets in the Period 6 Budget Monitor, which indicates a projected overspend in Adult Services, as well as a possible overspend in Children’s Services should there be any variance between now and the end of the current financial year. Members are concerned whether there are sufficient contingencies / reserves in place to cover any further significant variances. Scrutiny would like to be kept informed of any expected demand increases as they become apparent.
- **Adult Social Care** – Members are particularly concerned by the ability to make savings in the Adult Social Care sector, and will continue to keep a close eye on these services throughout the 2018/19 municipal year. Issues around the workforce and the fair price of care will need to be monitored.
- **Budget reserves** – Scrutiny note that a portion of the Council’s budget reserves were used to bridge the shortfall in the budget proposals again this year. Although Scrutiny recognises that this is a necessity, Members are concerned that these reserves will not be available in perpetuity. Once these reserves have been exhausted, any unforeseen increases in demand led services could create a budget deficit with no way to remedy it.

Once again, Scrutiny would like to thank the Executive, Corporate Leadership Team and Scrutiny Councillors for their patience and contribution to this year’s Budget Scrutiny process.

BUDGET SCRUTINY ACTION PLAN

Issue	Scrutiny Recommendation	Executive Response
<p>Budget Scrutiny Process – Scrutiny Members will again review the Budget Scrutiny process to ensure it is working as effectively and efficiently as possible.</p>	<p>Scrutiny will be reviewing the Budget Scrutiny process ahead of next year and will provide the Executive with their recommendations once the review has been undertaken. Members request that any information and presentations be provided in advance of the meeting in future.</p>	
<p>£6m amber risks - Members are concerned about the level of risks rated as amber as part of the proposals.</p>	<p>Scrutiny would like regular updates on the progress made against these risks throughout the 2018/19 municipal year.</p>	
<p>Adult Social Care – Members are concerned by the pressures on the Adult Social Care sector.</p>	<p>Health Scrutiny will be closely monitoring Adult Social Care as part of its 2018/19 work programme.</p>	
<p>Budget Reserves – Scrutiny are concerned by the diminishing amount of reserves held by the Council.</p>	<p>Scrutiny would like assurances that the Executive are aware of the diminishing reserves and would welcome information on any contingency plans considered.</p>	
<p>Investment Income - Members are concerned that the assumptions made as part of the investments will not materialise as expected, which could leave a budget deficit.</p>	<p>Scrutiny will be monitoring the returns on investment and will invite the Executive to provide the Committees with periodic updates.</p>	