

DRAFT REPORT OF THE BUDGET SCRUTINY PANEL – 2023/24 DRAFT BUDGET

Foreword by Councillor Charles, Chair of the Panel

There have been a number of unprecedented events in recent years which have made a significant impact locally, nationally and globally. The Council has risen to each challenge, continuing to maintain services across the borough and support customers wherever possible. Over time, financial pressures on the council have got stronger and it is becoming increasingly difficult to provide the level of service expected by our customers. The Covid-19 Pandemic, the steady reduction in government funding, the war in Ukraine and the current cost-of-living crisis have contributed towards increasing financial challenges.

The Council has been proactive in identifying ways to make efficiency savings, making processes more streamlined and using digital transformation where appropriate. In addition, the Council's commercialisation portfolio has grown and is currently generating around £1.5m annually. Maintaining the current level of service provision across the Council is, however, likely to prove difficult in the coming years, as the Council makes necessary adjustments to achieve financial sustainability.

The Budget Scrutiny Panel have thoroughly scrutinised the draft budget and highlighted a number of observations to put forward to Cabinet. This scrutiny has helped to ensure the Council's funds are used in the most efficient and productive ways and that the residents of the Borough receive value for money and assurance that the Council is using its limited financial resources wisely.

1. Background

Following a decision of the Scrutiny Commission at its meeting on 12th September 2022, a Budget Scrutiny Panel has undertaken scrutiny of the Council's draft budget for 2023/24.

2. Panel Membership

Councillors Charles (Chair), Miah, Parsons, Popley, Seaton

3. Meetings and Matters Considered

31st October 2022

At this meeting, the Panel considered:

- A draft Terms of Reference and a meeting plan

- A presentation on the financial position of the Council
- The approach to 2023/24 budget setting

13th December 2022

At this meeting, the Panel considered:

- The draft budget 2023/24
- Possible Budget Scrutiny Panel Recommendations
- Identification of Lead Members/Directors/Heads of Service to attend final meeting

4th January 2023

At this meeting, the Panel considered:

- An update on the financial settlement from government
- A review of Specific Budget Elements
- The draft panel report

The detail of the discussion at the above meetings is set out in the minutes of those meetings, attached as **appendices** to this report.

4. Officers and Cabinet Lead Members

The Panel was assisted in its scrutiny of the Council's draft budget for 2023/24 by:

The Lead Member for Finance and Property Services
The Lead Member for Investment
The Lead Member for Private Housing
The Lead Member for Public Housing
The Director of Finance, Governance and Contracts (S151)
The Director of Housing and Wellbeing
The Director of Commercial and Economic Development
The Head of Finance
Democratic Services Officer

5. Recommendations -

No formal recommendations were made by the panel.

6. Observations

The Panel wishes to make the following observations in respect of future budgets and budget scrutiny:

- (i) Capital funding would be better spent on site acquisitions, rather than construction. Construction costs were increasing significantly and would reduce in effectiveness for any given level of spend. Site acquisitions would be more likely to appreciate in value.
- (ii) The Commercialisation reserve did not have specific governance arrangements and officers should ensure the funds were used for the intended purpose of covering vacant commercial properties and for any renovations required to properties in the commercialisation portfolio.
- (iii) The Council had a growing structural deficit and some of the Council's funding streams (such as the commercialisation income and income generated by increased interest rates) were not completely guaranteed. Ideally, these should be considered as a safety margin, as opposed to a necessary source of income.

7. Background Papers

No further papers to those already identified in/appended to this report.

8. Appendices

Minutes of the meetings of the Budget Scrutiny Panel held on 31st October 2022 and 13th December 2022.