



Council Overview Board
14 December 2016

Budget Scrutiny Overview

Purpose of the report: Scrutiny of Services and Budgets

This report outlines the work undertaken by Scrutiny Boards on their services' budget planning and the outcomes of this work to date.

Introduction

In September 2016, the Chairman of Council Overview Board agreed with the Leader, Chief Executive and Director of Finance an outline of the scrutiny function's role in the Council's budget planning process this year.

Subsequently the Cabinet paper of 20 September recommended that to explore the robustness of the proposals Cabinet Members and officers develop scrutiny boards test the assumptions within proposals during the period from October to Christmas 2016.

As a result the scrutiny boards requested information from services and finance officers to cover the following in private sessions:

- Details of the cash envelope scenario for each service
- Savings plans as identified in the MTFP with, where possible, detail on these proposals including any service changes
- Brief notes on future plans and forward thinking for each service

Activity

Table 1 – Summary of scrutiny board budget meetings

Board	Council Overview Board	Economic Prosperity, Environment and Highways Board	Education and Skills Board	Resident Experience Board	Social Care Services Board	Wellbeing and Health Scrutiny Board
Dates of Meetings	6 October, 23 November	7 July, 17 November	21 October	5 September, 7 November	17 October, 29 November	21 November, 12 December

Boards' performance and finance sub-groups have met throughout 2016 to undertake budget monitoring. During the budget planning process, which this report focuses on, timely receipt of information has been an issue for a number of Boards.

However, when information has been provided it has generally been useful to Members.

The full membership of the **Council Overview Board** has twice met officers most recently alongside the Cabinet Member for Business Services & Resident Experience. The initial session covered the current Medium Term Finance Plan (MTFP) savings targets, budget monitoring data, future areas of search within Finance's 'A' and 'B' scenarios. Additional Cabinet workshop papers presented were considered at the second meeting which offered new savings proposals and actions to increase underspends in-year with the deferral of spend until next year.

The **Economic Prosperity, Environment and Highways Board** continued their work on the budget process from the previous council year into 2016/17. In July its sub-group considered revenue and capital updates for the environment and infrastructure directorate and a MTFP savings update. In November they received an update on the current budget monitoring position and MTFP savings positions, an outline of the main areas of spend, future budget scenario and details of the cash envelope scenario for the services and the areas of focus for savings.

Education and Skills Board held a joint session with Members from the Social Care Services Board to consider the Children, Schools and Families budget as this crosses the remits of the two boards. They considered a breakdown of the directorate's budget, the pressures and areas of overspend and its progress against 2016/17 MTFP savings.

The **Resident Experience Board** has also had two meetings. In November they covered the Surrey Fire and Rescue Service's budget, MTFP savings and further areas of search.

Across two meetings the **Social Care Services Board** received a presentation detailing a reminder of 2016-21 MTFP for Adult Social Care, September 2016 Budget Monitoring Position, County Council Budget Planning and the implications for Adult Social Care Forward Budget (outlining anticipated saving requirements of 2017-22). The Social Care Services Board made three recommendations to the Cabinet regarding the Adult Social Care budget (Annex 1).

Wellbeing and Health Scrutiny Board has met its officers once with a further meeting planned. At its initial meeting it received detail on the Public Health grant income to date, including allocation per head, October 2016 budget monitoring position, including savings and shadow funding, MTFP planning, cost drivers and the evidence of impact from its services.

Outcomes

The Boards all made **additional requests for information** following their first meetings to allow for more specific enquiry and further updates to the financial position as it has emerged including proposals to make additional savings.

Savings targets have been missed and assumptions on the ability of services to reduce costs over-estimated. **Increasing demand** on services across the Council particularly in Children's Services, Special Educational Needs and Adult Social Care has been noted. Discretionary and non-essential spend has been pared back with services delaying spend in this financial year to increase underspends where possible.

Central government policy is key to returning a balanced budget next year. There are limited options open to the Council and fundamental review of what services the Council continues to provide may be needed.

Emerging Themes

Members recognised that there are **implications beyond 2017/18** with particular attention paid to the impact on frontline services.

Income generation is an increasingly important factor for the Council to fund its statutory service delivery. Similarly, partnership working is vital to achieve efficiencies and economies of scale.

Workforce is an issue and the figures spent on locum and agency staff are not sustainable or desirable.

If it becomes clear that a significant increase in **council tax** is likely the Council needs to develop a clear message to the public on the scale of the financial gap and the options it has.

Recommendations

That the Council Overview Board collates the final feedback from the other Scrutiny Boards to formulate conclusions and recommendations to Cabinet for agreement at its January 2017 meeting.

Next steps

Scrutiny Boards complete and agree their findings in preparation for the January 2017 meeting of the Council Overview Board.

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Sources/background papers:

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