

Date: 23 November 2023

Councillor Chris Weaver,
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Dear Chris,

PRAP Scrutiny Committee 22 November 2023: Budget monitoring m6 2023/24

As Chair of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 22 November 2023 to present the budget monitoring month 6 2023/24 report. Please also pass on our appreciation to the Corporate Director Resources, Chris Lee and Head of Finance, Ian Allwood, for presenting an overview. The Committee thanks you for attending in person and has asked me to pass on Member's comments and observations following discussion at the Way Forward.

Budget Position

The Committee notes the improved Revenue budget position at month 6 compared with month 4 has been largely achieved with the use of £800,000 of reserves from the General Contingency fund and a Capital Financing underspend of £1.5m. Members enquired whether this is an artificial improvement. We note that since month 4 the pay award has been agreed therefore is no longer a risk and there remains £1m in the contingency budget. We are assured that the monitoring report is designed to prompt management action to reduce the overspend, there is close collaboration between the Finance team and service areas, regular SMT conversations and focussed one to one review with lead Directors. We note that in a position of budget overspend accountants challenge and potentially delay the filling of all vacant posts where a service is overspent.

Staff Redundancy Option

Members clarified that the option for staff to express an interest in redundancy remains open, that the Council is permitted to capitalise any associated costs within

certain rules, and this will be examined as part of the forthcoming budget. We note the Corporate Director Resources preference for proactive workforce planning.

Childrens Services Overspend

The Committee expressed its disappointment in the Childrens Services overspend and sought clarity as to the breakdown of overspend made available to Cabinet members, whether money was being spent wisely, and indeed whether engaging back bench members in round table conversations could assist. We note you consider the Childrens Services budget position is a corporate issue to resolve, there is a multidisciplinary team looking at potential invest to save options that would also improve outcomes for children, that you consider innovation will be required and will welcome all contributions from back benchers via Scrutiny.

Savings

Members enquired whether service change and efficiency savings had been over ambitious given the level of underachievement. We note the underachievement can be a result of timing, and unforeseen developments, such as the position with St Davids Hall, however services are building in lessons learned. We note that savings through service change always has a higher level of risk than efficiency savings and we agree that percentages achieved will need to increase by year end.

Capital receipts

The Committee is concerned that capital receipts are low at £183,000 compared with the £3m target. We note the Corporate Director Resources view that the delivery of capital receipts must be balanced against ensuring best market values, given it is a 5-year rolling target.

HRA

Members clarified that the Council is able to appropriate HRA funds to purchase council assets for repurposing. There are examples of this being the case, however the Council must ensure the value paid is a fair market rate.

Autumn Statement

The Committee is interested in your view as to how the Chancellors Autumn Statement might impact the Council's budget planning, particularly given the

Council's proposed funding strategy for the Indoor Arena development. Members consider interest rates may take time to fall. We note you are still expecting a challenging 2024/25 budget. There are clearly some difficult decisions ahead and it is with this in mind that we are requesting a written response from the section 151 officer on how the Autumn Statement might impact the Council's budget planning. Members also wish to better understand whether the revised growth figures in the Autumn Statement will impact the delivery of projects funded by borrowing, such as the Indoor Arena.

Requests following this scrutiny:

A written response from the section 151 officer explaining:

- how the Autumn Statement might impact the Council's budget planning
- how revised growth figures in the Autumn Statement will impact the delivery of projects funded by borrowing, such as the Indoor Arena.

Finally, on behalf of the Committee, thank you once again for facilitating monitoring of the budget at month 6 2023/24. With your support, I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet. There is a request for a written statement following the scrutiny, and therefore I look forward to a response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

Cc Members of the Policy Review & Performance Scrutiny Committee;
Leaders of Opposition Parties – John Lancaster, Rodney Berman & Andrea Gibson
Chris Lee, Corporate Director Resources;
Ian Allwood, Head of Finance;
Mr Gavin McArthur, Chair, Governance & Audit Committee.
Chris Pyke, OM Governance & Audit.
Tim Gordon, Head of Communications & External Relations.

Jeremy Rhys, Assistant Head of Communications and External Affairs.
Gary Jones, Head of Democratic Services
Alison Taylor, Cabinet Support Officer
Claire Deguara, Cabinet Business Manager;
Andrea Redmond, Committees Support Officer
Mandy Farnham, Committees Support Officer.