

CABINET

27 JANUARY 2023

REFERENCE REPORT FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE

A.1 SCRUTINY OF THE BUDGET

(Report prepared by Keith Durran and Keith Simmons)

BACKGROUND

In accordance with the requirements of the Budget & Policy Framework Procedure Rules the Resources and Services Overview and Scrutiny Committee undertook its scrutiny of the budget for the Council. Prior to its meeting on 11 January 2023, the Members of the Committee, met informally on 4 January 2023 with senior officers of the Council as well as the Portfolio Holder for Corporate Finance & Governance. The informal meeting aided the Members of the Committee in developing key lines of inquiry for its formal scrutiny meeting that was held on 11 January 2023.

At the Committee's formal meeting on 11 January, it heard how the General Fund and the Housing Revenue Account (HRA) Budget proposals for 2023/24 had been considered by Cabinet on 16 December 2022.

The Committee had been provided, as part of the material for them to consider, the following:

- 1) Updated General Fund Financial Forecast Including Proposed Budget Changes in 2022/23 along with Budget Proposals for 2023/24 – the report considered by Cabinet on 16 December 2022.
- 2) Updated Housing Revenue Account Business Plan and Budget Proposals 2023/24 – the report considered by Cabinet on 16 December 2022.

The format for the meeting provided for the following elements:-

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| 11.00am - 11.30am | - Private meeting of Members of the Committee to make final arrangements for the rest of the meeting. |
| 11.30am - 12.00noon | - Public meeting opens and a presentation by the Section 151 Officer on an introduction to the 2022/23 current budget position, the proposals for 2023/24 and the MTFs |
| 12.00noon - 12.30pm | - Cllr Alex Porter, Portfolio Holder for Leisure and Tourism |
| 12.30pm - 1.00pm | - Cllr Michael Talbot, Portfolio Holder for Environment and Public Space |
| 1.00pm - 2.00pm | - Adjourn for lunch |
| 2.00pm - 2.30pm | - Cllr Paul Honeywood, Portfolio Holder for Housing |
| 2.30pm - 3.00pm | - Cllr Carlo Guglielmi, Portfolio Holder for Corporate Finance & Governance (Deputy Leader of Council) |
| 3.00pm - 3.30pm | - Cllr Neil Stock OBE, Leader of the Council |

A series of questions were asked by the Committee and responses were provided in writing to the Committee. The Minutes of the meeting record those questions and responses in an Appendix. Further supplementary questions were asked of Cabinet Members and responses provided.

During the dialogue with individual Cabinet Members, the following commitments to written responses being provided were given to the Committee:

- Cllr Alex Porter, Portfolio Holder for Leisure, and Tourism - regarding the implemented measures to reduce energy costs in leisure facilities and the envisaged pay back position in cash terms for those measures and the CO₂ savings generated, the Council's position on sea defences at the Naze in Walton-on-the-Naze and, separately, about past and future surveys of relevant beaches in relation to the need for future recharges of sand on those beaches.
- Cllr Paul Honeywood, Portfolio Holder for Housing – in relation to empty Council housing stock, its liable for the same Council Tax premiums as a private dwelling and, how many empty Council homes were subject to the different premium levels levied for Council Tax.
- Cllr Carlo Guglielmi, Deputy Leader of the Council and Portfolio Holder for Corporate Finance and Governance - question regarding the premium council tax rate on empty homes, how many empty homes were there at the start of the year versus how many at the end of the year and if he considers the levying of the premium to be a success.

The Committee expressed their gratitude to the Council's Section 151 Officer for his support for the budget scrutiny process, and more generally in respect of the budgetary position of the Council. In addition, the Committee thanked the Members of Cabinet and the officers who had assisted the process of the review over the days leading up to the meeting, and on the day of its meeting in considering the questions posed by the Committee and providing responses.

RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE'S RECOMMENDATION(S) TO CABINET

That Cabinet -

- a) requests a comprehensive piece of work be undertaken to assess the true costs of services subject to discretionary Fees and Charges (including full on-costs) to ensure that cost recovery is being achieved and that inadvertent subsidy of services from Council Tax income does not exist where those full costs should be met through relevant Fees and Charges;**
- b) requests that progress be made (at pace) in the coming months to ensure that Zero Based Budgeting is applied consistently to all major net expenditure areas for the Council and that this process should involve robust challenges to ensure efficiency, effectiveness and economy of those service based budgets;**
- c) makes any necessary arrangements so that, particularly while the current economic conditions prevail, strict caution is observed around estimates of costs of proposed projects/schemes (provided in support of decisions around those projects/schemes) with a view to supporting realistic budgetary allocations being made that more closely align with the costs identified for the projects/schemes following procurement in respect of those projects;**
- d) records that the failure of the External Auditors (to conclude in a timely fashion the Audit of the Council's accounts for 2020/21) is an impediment to**

good governance, including through this Overview and Scrutiny process, and to support the sterling efforts by the Council's Audit Committee to address this failure with the External Auditors;

- e) concurs that, for future years, the Community Leadership Overview and Scrutiny Committee, shall be requested to examine and enquire into the spend in relation to grants to statutory and voluntary sector partners and to submit its findings to the Resources & Services Overview and Scrutiny Committee in time for its budget scrutiny process;
- f) takes measures (without delay) to ensure that the Housing Stock Survey of the Council's homes is commenced at the earliest opportunity (with a view to it being completed within 2023/24), that regular updates on the Survey be made to all Councillors and that steps be taken to dispose of vacant Council homes that have particular long term maintenance issues with a view to the disposal sum being re-invested in properties that are easier to maintain and, potentially, meeting housing need locally more closely;
- g) supports the statements to the Resources & Services Overview and Scrutiny Committee, that the New Homes Bonus for 2023/24 be held without being allocated until after the 4 May 2023 elections;
- h) proposes to Council that the shortfall between income and expenditure which would otherwise occur in 2023/24 be met by utilising the Forecast Risk Fund and that the use of the Corporate Investment Plan 'Reserve' and Building for the Future Use be applied to balance the budget in 2024/25 if required; and
- i) arranges that an update on the approved and pipeline schemes within/through the Corporate Investment Plan, since its creation, being submitted to the Resources & Services Overview and Scrutiny Committee's meeting on 21 February 2023 to enable that Committee to undertake an enquiry into the process around that Plan.

PORTFOLIO HOLDER COMMENT(S) AND RECOMMENDATION(S) TO CABINET

PORTFOLIO HOLDERS' COMMENTS

The comments of the Corporate Finance & Governance and Housing Portfolio Holders (as appropriate) will be submitted to Cabinet at the meeting, to be considered as part of items 10 and 11 of the agenda, which are the General Fund and HRA final budget proposals.

RECOMMENDATIONS TO CABINET:

That the recommendations made by the Resources and Services Overview & Scrutiny Committee be noted and that it be further noted that the response of the Portfolio Holders thereto will be considered as part of items 10 and 11 of the agenda.