

# Finance and Resources Scrutiny Committee

## Budget Scrutiny Submission 2023/2024

### Introduction

The process to scrutinise the budget for 2023/2024 has been to meet with Executive members and officers of each directorate in four budget sessions as follows –

Children’s Services	6 <sup>th</sup> January 2023
Place and Economy	17 <sup>th</sup> January 2023
Enabling Services	18 <sup>th</sup> January 2023
Adults, Health Partnerships and Housing	23 <sup>rd</sup> January 2023

The General Budget Summary was provided –

<b>Draft Budget Summary 2023/24</b>			
<b>Summary by Directorate</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
<b>Adults, Wellbeing and Communities</b>	132,530	141,696	158,607
<b>Children and Education</b>	69,530	70,157	71,897
<b>Place &amp; Economy</b>	68,500	72,833	77,316
<b>Enabling Services</b>	36,102	35,536	36,226
<b>Corporate</b>	29,833	37,268	42,196
<b>Base Budget Gross Budget (Excluding DSG Funding)</b>	<b>336,495</b>	<b>357,490</b>	<b>386,242</b>
<b>Total Base Gross Budget</b>	<b>336,495</b>	<b>357,490</b>	<b>386,242</b>
<b>Total Funding</b>	<b>(336,495)</b>	<b>(339,200)</b>	<b>(332,274)</b>
<b>Budget Gap</b>	<b>0</b>	<b>18,290</b>	<b>53,968</b>

***N.B. 2024/25 and 2025/26 have been remodelled following the provisional settlement. The impact of the settlement for the Council in years 2024/25 and 2025/26 are currently being worked through and will be set out within the February reports to Executive and Council.***

The format for each session was similar, with service areas briefly the range of services and responsibilities undertaken, key objectives in 2023/24 for each service and currently identified risks.

Details regarding potential growth and savings were also highlighted, covering both Revenue and Capital. Members of the Committee were able to ask questions and seek clarification on the issues highlighted in each presentation.

It should be noted that the Committee had received presentations from each service area in November/December 2022 which had provided some useful preliminary information for each directorate ahead of the draft budget reports being considered by the Executive on 22<sup>nd</sup> December 2022. These preliminary sessions were welcome.

## **1. General & Corporate Comments**

### **2. Information Provided**

3. For future years, where there are proposals to increase or decrease budgets included within the MTFP, additional details about such proposals should be provided. This to include the base budget and the additional cost or saving being suggested for the subsequent year.
4. The Committee were faced with figures for growth or savings which required the base figure in order to properly assess whether an increase or saving was feasible, sufficient or insufficient and likely to be deliverable.

### **5. Fees & Charges**

6. The Committee repeats its request, as detailed in the Scrutiny Submission 10<sup>th</sup> February 2022 (para.2.11), that there should be a presentation of fees & charges. Whilst recognising that there is either statutory or Executive authority in this matter, the level of income generated is an important component of the Council's funding strategy.
7. Ahead of next year's 2024/25 budget scrutiny, the Committee requests that a directory of fees and charges across service areas is made available for perusal, detailing the fee or charge in question, the fee or charge for 2023/24 together with any proposal to increase or decrease for 2024/25.
8. Additional income from an increase in fees & charges was cited in several presentations, but an understanding of the background to these was not readily accessible.

### **9. Staffing**

10. A theme across all presentations was the continuing problem of retention and recruitment of staff, leading to an over reliance on agency workers. It was noted that there were a number of projects underway to restructure services, which may assist in reducing this reliance, recognising that the use of agency staff to fill short term gaps should always be an option available to managers. The

priority should always be to employ permanent staff, investing in those staff through continuing training and development.

11. The Committee recognised that the Pay & Grading project was well underway, with discussions continuing between employer representatives and representatives of recognised trade unions. The outcome of this project will result in a harmonised set of terms and conditions and grading structures being established. This work underpins the efforts being made to retain and employ staff. The Committee note that a sum of £2.479m has been assumed to cover the outcome of this review in 2023/24.

12. The Committee notes that it is proposed to set aside a budget of £5.441m to reflect potential pay changes of 4% and increments in 2023/24. Given that the impact of the 2022/23 pay award and the likelihood in the near future of increasing costs, the Committee would suggest that the Executive satisfy itself that 4% is a realistic estimate.

### 13. Utility Costs

14. The Committee recognise that events both domestic and international during the previous 12-months have resulted in a significant rise in costs, with utility/energy costs being of particular significance. This has resulted in higher bills above those predicted for 2023/24.

15. The Committee in its Scrutiny Submission 10<sup>th</sup> February 2022 (para. 2.5 & 2.6), highlighted concerns at that time regarding the adequacy of budget allocation to address an increase in utility costs. The Executive acknowledged this concern and addressed it at that time. Subsequent events have overtaken all assumptions, and the Committee seeks assurance that an adequate level of reserves to cover continuing increased costs has been identified.

### 16. Children's Services

17. The Committee recognised the increasing pressures on the directorate and noted that there had been successes in addressing this demand and minimising service delivery issues.

18. The Committee were assured by officers that the Council's application of the Dedicated Schools Grant was appropriate and applied within recommended Government guidelines.

19. It was noted that the Committee had met representatives of the Children's Trust on two occasions. These meetings were welcomed, however the Committee suggested that further detail was required going forward in relation to Trust finances. The Committee noted with concern the additional £5.2m being requested by the Trust from NNC, with a significant additional amount also

being requested from WNC. It was considered important that both the Committee and the Executive received a detailed breakdown of these and future additional requests for monies. The Committee recognised the increasing demands placed on the Trust but sought assurance that value for money and efficiencies of scale were being achieved.

## **20. Place and Economy**

21. The Committee noted the need to readjust income targets for Bereavement Services, particularly in relation to the Wellingborough facility, targets for which had been set by a legacy authority. There was also a discussion regarding the governance arrangements of the facility. The Committee would be grateful to be kept updated on the performance of the service and any governance review undertaken.

22. The Committee noted with concern the increasing cost of the Home to School Transport Service. It was noted that a growth bid of £7m had been submitted. This had previously been identified as a risk by the Council. From presentations made, there was an indication that this would be a continuing area for concern in subsequent years. The Committee were assured that officers were attempting to ensure value for money and to keep increased costs to a minimum, however certain factors were clearly beyond their control.

23. The Committee welcomed the proposal to promote the food waste service in Corby and East Northants. It was noted that the £50k saving based on the reduction of waste going to landfill was an estimate but hoped the service could achieve this, or indeed exceed it.

24. The Committee noted that the Council's estate was extensive and there was a need to assess future Council requirements. The Committee felt that there may be significant savings to be generated by the current review of buildings and property. Given the continuing financial pressures the Council will face over future years, the Council need to ensure this review be concluded as soon as possible.

25. It was noted that usage of the Corby Car Parks had yet to return to pre-lockdown levels. This was of concern and had resulted in the income target being reduced by £108k for 2023/24. The Committee notes that there is a NNC Parking Policy being developed and would welcome the opportunity to consider this and its potential impact on the income and expenditure of the Council.

## **26. Enabling Services**

27. Concern was raised regarding the proposed increase in Audit Fees, although it recognised that these may have been set previously at an unsustainable level and that nationally fees were increasing. Ensuring that the Council had a robust

internal and external audit provision will ensure that issues of concern can be identified and introduction of best practice can continue to be developed.

28. The Committee recognises the complexities of the Pay & Grading project but expresses its hope this is completed as soon as possible. This is an important corporate project, as cited by reference to retention & recruitment problems across all service areas.

29. The restructuring of services within this directorate were noted which would generate both efficiencies and improved service delivery.

### **30. Adults, Health Partnerships and Housing**

31. The Committee received a presentation covering the areas of Housing & Communities, Adult Social Care and Public Health. It was noted that following the recent CLT restructure Public Health and Communities would be part of a separate directorate for accountancy purposes from 2023/24.

### **32. Housing**

33. The Committee noted the proposed rental increase of 7% for 2023/24. Whilst not wishing to place an additional financial burden on Council tenants, the Committee recognised that there continues to be financial pressures for the HRA which need funding. It was noted that currently increases of 4% were being modelled for 2024/25 and 2025/26. There was a need to ensure that efficiencies and value for money was achieved in the HRA and any financial benefits of transformation are realised as soon as possible.

34. In relation to council house building, there is support from the Committee for the Council to continue the policies of the former sovereign Councils, and the need to utilise RTB receipts rather than face potential return to the Government. The Committee noted that the Council were required to reprofile the previous programme due to increased construction costs and increases in the cost of borrowing, however it was hoped the programme would be robust and aspirational. It was felt important that the Council continue to make its contribution to meeting the increasing demand.

35. The Committee welcomed the reduction in the use of “out of area” temporary accommodation. The Committee recognised the amount of work undertaken by officers to minimise use of “out of area” accommodation, against an increasing demand due to the current economic crisis and noted the proposed saving in 2023/24 of £200k. The Committee noted that a review of temporary accommodation was being undertaken, and Members looked forward to having sight of this upon completion.

36. It was noted that for 2023/24 additional resources were being proposed to address the backlog in Repairs & Maintenance in both Corby and Kettering. This was welcomed and the Committee hopes that this will reduce the backlog and address tenants concerns.
37. The Committee discussed the current arrangements for the HRA and the continuity of the two separate trading accounts for Corby and Kettering. The Committee recognised the requirement for this, and that it would be a lengthy process to aggregate these two accounts. It was noted that there was no deadline for completion of this exercise. The Committee expressed its hope that work on aggregation would continue at a pace to ensure further efficiencies and economies could be achieved, ensuring that resources were allocated appropriately maximising benefits to all tenants and service users.
38. As with other service areas, the retention and recruitment of staff was a significant issue; hopefully, the outcome of the Pay & Grading project would assist in this matter.

#### 39. Communities

40. The Committee noted the intention of developing one business plan for the service area and the creation of a "Profit and Loss" account to maximise resources and income opportunities. This would improve financial and service planning, and the Committee were assured that it would not reduce the ability to scrutinise the financial position of individual facilities or services.
41. The lack of provision regarding the presentation of trading accounts for Chester House was noted, however the Committee were informed that income targets were ahead of schedule and that it was proposed to reduce the NNC subsidy in 2023/24 by £298k.
42. The Committee would request an early opportunity once the proposed business plan and "Profit and Loss" account was developed to scrutinise this, so a clearer picture of the financial sustainability of the Communities service could be assessed and areas of strength and concern identified.
43. The Committee recognised that the increase in energy costs will continue to have a significant impact on many facilities. There was also a need to ensure the service area continued to reduce its carbon footprint, as a contribution to the Council's stated objective, and welcomed assurances that steps were being taken to achieve this.
44. The Committee express concern regarding the proposed reduction in support by £112k to community centres, which would impact on local communities, particularly in Corby. There was concern expressed regarding the lack of meaningful consultation, with some centres only being contacted relatively

recently. The Committee noted that in the Executive report of 22<sup>nd</sup> December 2022, under 13.40 Community Impact, it states “No distinct community impacts have been identified as a result of the proposals included in this report.” The Committee would be grateful to receive details of any community impact assessment undertaken in the formulation of this proposal. Most centres are run and managed by volunteers and form an important community hub and contribute to supporting local residents. The viability of these centres may be brought into question, and the Committee requests that this item be withdrawn for 2023/24 ahead of a full detailed assessment of impact, and the opportunity for wider consultation and consideration.

#### **45. Adult Services**

46. The Committee recognise the significant service requests being received by the service area, together with the positive initiatives taken since Vesting Day to improve service delivery and increase efficiencies.

47. The Committee noted the current discussions regarding the future management and operation of Thackley Green and were assured that due diligence would be undertaken before the transfer of the facility to NNC.

48. The Committee sought and received assurance that residents in rural areas were not receiving an inferior service, given the higher costs associated with transport etc.

49. The retention and recruitment of staff was a significant issue; hopefully, the outcome of the Pay & Grading project would assist in this matter. It was noted that there was currently a 50% vacancy rate for social workers, which was meaning an over reliance on agency staff.

#### **50. Public Health**

51. The Committee noted that the services was still implementing the outcomes of the disaggregation of the service in October 2022.

52. The details provided regarding core services provided was welcomed. It was noted that current contracts would be disaggregated over time.

#### **53. Conclusion**

54. The Committee wants to thank scrutiny members, officers and Executive members for their time and assistance during the Budget Scrutiny process. The decision to schedule in both Stage 1 & Stage 2 Budget Scrutiny sessions in the Municipal Timetable 2023/24 is welcome.

55. The Committee again stress its desire for appropriate training and development for scrutiny members to be rolled-out during 2023/24 to enhance the role that Members can play in this important duty. Dedicated scrutiny officer support is required. Whilst this has previously been promised it is not yet in place and needs to be prioritised.
56. The Committee will consider as part of the exercise for 2024/25 Budget Scrutiny obtaining external support or mentoring to assist in Budget Scrutiny. Whether this be Peer support or officer support to be considered.
57. At the time of composition of this submission, the Committee is unaware of the outcome and public participation in the Council's Budget Consultation. The Committee reserves the right to consider whether it wishes to make comment on this at a later time.
58. In conclusion, the Committee recognised the significant and increasing demands being placed on Council services and across the wider local government sector. There were evidenced risks and issues highlighted during Budget Scrutiny both for 2023/24 and future years. The current national economic climate and squeeze on public sector finances will exacerbate these risks to service delivery. The Committee is keen to ensure it works with the Executive in addressing these future challenges and seek to maintain and/or enhance services to local residents and businesses whilst promoting good financial forward planning and promotion of good quality service delivery.

**END**