



WOKINGHAM BOROUGH COUNCIL

COMMUNITY AND CORPORATE OVERVIEW & SCRUTINY COMMITTEE

SCRUTINY OF THE BUDGET SETTING PROCESS 2020-21 AND THE MEDIUM TERM FINANCIAL PLAN 2020-23

REPORT, PROCESS OVERVIEW AND OBSERVATIONS

JANUARY 2020

Committee Members:

Councillor Guy Grandison (Chairman)

Councillors Ken Miall (Vice Chairman), Keith Baker, Shirley Boyt, Paul Fishwick, Pauline Helliar-Symons, Emma Hobbs, Graham Howe, Clive Jones, Abdul Loyes, Barrie Patman and Rachelle Shepherd-DuBey

Foreword by Councillor Guy Grandison

The agreement of a Medium Term Financial Plan (MTFP) is one of the most important decisions that every Local Authority is required to make. The MTFP sets out the funding proposals for all statutory and discretionary services provided by the Local Authority, which will have a direct impact on the lives of residents and service users.

In previous years at Wokingham Borough Council (WBC), many of the emerging MTFP proposals have not been shared with Overview and Scrutiny Committees, or the wider public, prior to the publication of the agenda for the February Budget Council meeting. It was agreed during the 2018/19 Municipal Year, that the Community and Corporate Overview and Scrutiny Committee would receive access to the 2020-23 MTFP as it was developed and amended through various iterations.

The Committee were aware of the huge budgetary pressures facing WBC's services, particularly within Children's Services and Adult Social Care. Continuing provision of these statutory services whilst accounting for an increase in demand was a priority at every level of the Council, and the Committee was keen to support the Executive and Directors in ensuring that key statutory services had sufficient and balanced funding.

The focus of this initial year of Overview and Scrutiny's involvement in reviewing the proposed MTFP was twofold, identifying areas of risk within the proposed MTFP and adding value to the budget setting process.

On behalf of myself and the Committee, I would like to thank the Executive and Deputy Executive Members, Directors and Assistant Directors, Members and Officers who engaged throughout this process and enabled a successful overview of the 2020-23 MTFP.

Special thanks should be given to Councillor John Kaiser (Executive Member for Finance and Housing) and Graham Ebers (Deputy Chief Executive – Director of Corporate Services) for their support in enabling this process, providing frank and thorough answers at each meeting of the Committee, and for making the development of the MTFP more transparent and comprehensible than ever.

Guy Grandison,
January 2020

Background and Process

- 1.1 It is common practice across the United Kingdom for the MTFPs of Local Authorities to be scrutinised by the relevant Overview and Scrutiny Committee(s). This is the norm for a variety of reasons, including checking that budgetary proposals have clear links with operational plans, and ensuring services (both statutory and discretionary) are offering an acceptable end product for residents whilst providing value for money.
- 1.2 Overview and Scrutiny of the MTFP has become more important over recent years as a result of a reduction in public sector funding by Central Government, whilst Local Authorities have seen significant growth in demand for their services. Allowing Scrutiny to offer insight and analysis of the proposed budget and accompanying budget setting process, ensuring that potential discrepancies and areas of risk are identified and addressed prior to implementation
- 1.3 Local Authorities have begun to make more use of their Overview and Scrutiny Committee's when assessing the MTFP in recent years, as they are constituted by Members from a range of business and financial backgrounds. Engaging Members from a range of backgrounds allows for different perspectives on proposals to be assessed. A variety of lines of questioning can also make the Executive and Directorate think about their proposals in a different light.
- 1.4 Overview and Scrutiny of the MTFP should not be seen as a conflict with the Executive, but instead as a critical friend that can add value to the budget setting process. The MTFP belongs to the Executive and the Service areas, and Scrutiny's role is to challenge assumptions, risks and funding proposals. For example, asking for more detail such as how many residents would be served by a specific revenue bid could lead to that figure being revised, altered or the scheme being changed. The scrutiny process is driven by a desire to improve the MTFP and to make it as functional as possible for the residents that we serve.
- 1.5 For effective Overview and Scrutiny of the MTFP to take place, cooperation of the Executive and Directorate is crucial. At WBC, the Executive and Directorate have embraced this initial year of in-depth budget scrutiny, outlining all revenue proposals over £50,000, all special item proposals and the entire Capital Programme.
- 1.6 Executive Members and Directors of relevant Service areas were invited to attend the Committee to provide background to specific proposals and to answer Member queries. Where answers to specific technical questions could not be answered on the evening, answers were circulated to the Committee in good time. Throughout the whole process, all questions and queries put to the Executive Members and Directorate were answered in full and to the satisfaction and appreciation of the Committee.

- 1.7 The Committee's general lines of questioning can be summarised in three points, asking for more detail on specific proposals, identifying if the given figures were sufficient and/or suitable, and probing areas which have the most significant impact on residents (particularly vulnerable residents) to ensure that proposals are well thought out and meeting the needs of our residents. Where proposals were identified to be comparable areas of risk, the Committee spent additional time probing proposals and asking for additional detail.
- 1.8 All revenue bids over £50,000 were presented to the Committee within a detailed and readable bid sheet. This enabled all Members, with a range of financial backgrounds, to digest specific bids and understand what each piece of funding was intended to achieve. A positive consequence of this format also allows for residents and other members of the public the same opportunity to read and understand specific proposals and areas of interest. This in turn has created a more transparent and user-friendly budget setting process that is as detailed as it is readable.
- 1.9 Where changes were made to revenue bids between different lockdown versions of the MTFP, the Committee were provided with updated figures and detail on how the changes in proposed funding would affect each bid. Changes were made for a variety of reasons, including change in forecasted demand, realignment of costs (for example inflation) and reconsideration of provision. Where changes were made, it was key to ensure that the budget was balanced elsewhere to reflect movement of funds.
- 1.10 When assessing the revenue budget, it was important to review not only the growth bids but also savings proposals. Savings proposals are key in supporting the development of a balanced budget, by reducing costs in areas where efficiency and infrastructure improvements can be made. By making realistic and manageable savings, funds can be reallocated to other areas of the budget where additional expenditure is required to fund new and existing service requirements.
- 1.11 Where savings were proposed, the Committee endeavoured to question whether the proposals were both realistic and whether they could have any impact on front line service delivery. The vast majority of savings proposals focussed on increased utilisation of new and existing systems and databases, which would not affect front line service delivery and in many cases would actually improve service delivery for residents.
- 1.12 Other lines identified as savings were in fact income generation for WBC. Examples of these income streams include a return on WBC's property investment portfolio, income generation from solar farms and income from Wokingham owned houses. The Committee recognised a concerted effort by the Executive to generate income for the Council using methods which did not penalise residents, whilst providing additional funds to spend on key service delivery areas.

- 1.13 When assessing special items, the Committee probed whether these spends were realistic one off spends, or whether they should be included within a recurring growth bid. Many of the special items contained within the 2020-23 MTFP were in place to cover transitional periods within departments and to finance one off reviews of service areas.
- 1.14 The full suite of proposed capital expenditure was carefully reviewed by the Committee. These spends ranged from projects to enable the initial Climate Emergency Action Plan, to funding for a proposed elderly peoples' dementia care home, and highways structural maintenance schemes. The Committee probed to identify what specific benefits each spend would bring, whether each scheme had enough funding to be carried out effectively, and where specific funds would be provided from (for example the Local Enterprise Partnership or specific grants).
- 1.15 The process of questioning proposed spends and savings in a public environment causes all stakeholders within the budget setting process to pause and reflect on whether each item had been presented with solid reasoning and suitable resourcing. It also enables the Executive and Directors to be more confident about their proposals, as they have to think about them in ways which they otherwise may not have considered. It demonstrates commitment to residents by being open and transparent about major funding proposals which will impact on residents across the Borough.

Observations

- 2.1 Spending within Children's Services continues to increase. Within this years' proposed MTFP a concerted effort was being made to bring the Council's OFSTED rating up to 'Good' for the first time. To enable this, a variety of spends were being proposed including an increase in capacity to deliver Special Education Needs and Disabilities (SEND) services, increased funding of social worker staffing including allowing non-funded posts to become part of the establishment and thus recruited to, and improvements to WBC's virtual school. Accompanying growth bids were a variety of savings proposals, including administration efficiencies and increased capitalisation of systems and databases.
- 2.2 There was a strong commitment by the Executive to fund and support Children's Services in order to achieve a 'Good' OFSTED rating. This was seen as one of the most significant commitments within the MTFP, with a clear and measurable outcome. Results focussed targets are positive for both the decision makers and those overseeing proposals, as they allow for questions to be directed towards ascertaining whether the specific funding allocations are suitable to achieve the desired results.
- 2.3 Following the publication of the initial Climate Emergency Action Plan, a large commitment has been made towards funding the implementation of these initial plans. Over the next three financial years, approximately £50m of Capital Expenditure is proposed to deliver the initial plan. Schemes ranging from development of solar farms to measures to tackle congestion and pollution were included. Spending within this area is expected to change as the development of the Climate Emergency Action Plan continues and evolves.
- 2.4 Adult Social Care was continuing to receive increased demand for its services across the Borough. As a result, additional expenditure has been proposed in key areas such as care and support funding and additional staff requirements within the adult safeguarding hub. Alongside these growth bids were a plethora of savings proposals including Adult Social Care Pathway redesigns and reviews of various arms of the Service. There was a clear commitment to adequately fund this vital service which deals with some of our most vulnerable residents, whilst looking at ways to make the service more efficient, cost effective and well structured.
- 2.5 Corporate Services were looking to take an active and leading role in income generation. This included income generation from the Council's commercial property portfolio, income from enhanced community parks and assets, and income from WBC owned houses. By generating additional income with no penalty to residents, whilst improving assets in the Borough for use by our residents, WBC hopes to be able to fund key service delivery areas whilst simultaneously having a positive impact on various areas of the Borough for residents.
- 2.6 Customer and Localities were proposing a variety revenue spends, including additional funding of WBC's street cleansing contract and revenue funding for highways capital investment. The majority of their proposed spending is found within the capital proposals, including highways carriageways structural

maintenance, Toutley highways depot modernisation, investment in future road building and enhancement of existing relief roads. All stakeholders recognised that highways affected all residents within the Borough and were a key area where investment and maintenance were required to maintain a high level of service provision.

- 2.7 Several large scale capital projects were being proposed, including the creation of an in-Borough crematorium, and new build projects to provide additional primary school places in Arborfield, Barkham and Matthews Green. WBC has a good track record of spending within the capital budget. Nevertheless, major capital projects should continue to be monitored throughout their viability, planning and implementation stages.
- 2.8 A significant sum of revenue support was being placed within WBC's Continuous Improvement Programme (sometimes referred to as the transformation programme). The intention of this programme was to provide the infrastructure to enable continual improvement of all service areas, with a particular focus on Children's and Adults Services.

Conclusion and Future Years

- 3.1 Being the first year that detailed budget scrutiny has taken place, the Committee went into this process with varying expectations. Throughout this process, Executive Members and Directors have been thorough and frank with their answers and have aided the Committee in providing a helpful oversight of the proposed MTFP and budget setting process.
- 3.2 The Committee were particularly pleased with the format in which revenue bids over £50,000 were presented. By including a detailed bid sheet, outlining how the proposed funding would achieve specific goals, Members of all levels of financial experience could engage with the process and make meaningful contributions. The Committee are very hopeful that this will continue in future years, and that large special items proposals will follow suit and be appended to a detailed bid sheet.
- 3.3 A selection of 'bid spend' items will be monitored by the Committee during the next Municipal Year. These items may include the highways carriageways structural maintenance scheme, the Continuous Improvement Programme, social work staffing strategy, and increased care and support demand expenditure within Adult Social Care. The Committee wish to review proposed big spend bids that will have the largest impact on residents.
- 3.4 Going forwards, the Committee hopes that that this process of Budget scrutiny will continue in future years and that Scrutiny, the Executive and the Directorate continue this positive relationship to deliver a sound and balanced budget that meets the needs of our residents and fulfils our statutory obligations.
- 3.5 Overview and Scrutiny have received positive responses from Executive Members and Directors with regards to this initial year of detailed Budget scrutiny. Whilst Overview and Scrutiny realise the additional burden being placed on Members and Officers to enable this scrutiny process to take place, the additional oversight and questioning of specific proposals from Overview and Scrutiny adds value to the whole budget setting process and puts a further level of safeguarding into the process.