

PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE AGENDA

Wednesday, 24th November 2021 at 7.15pm

Council Chamber, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB

This meeting is open to the public - This meeting will be available to view via
the Council's webcast and YouTube channel

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Members of the Performance Management Scrutiny Committee are requested
to attend this meeting to transact the business set out in the Agenda.

Councillor J Coleridge	Councillor S Rehman
Councillor G Courtauld	Councillor B Rose
Councillor Mrs C Dervish	Councillor P Schwier (Vice Chairman)
Councillor T Everard	Councillor N Unsworth
Councillor M Radley (Chairman)	

Members unable to attend the meeting are requested to forward their apologies for absence
to the Governance and Members Team on 01376 552525 or email
governance@braintree.gov.uk by 3pm on the day of the meeting.

A WRIGHT
Chief Executive

INFORMATION FOR MEMBERS – DECLARATIONS OF INTERESTS

Declaration of Disclosable Pecuniary Interests (DPI), Other Pecuniary Interests (OPI) or Non-Pecuniary Interests (NPI).

Any Member with a DPI, OPI or NPI must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a DPI or OPI or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the Chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Public Question Time – Registration and Speaking:

The Agenda allows for a period of up to 30 minutes for Public Question Time.

Members of the public wishing to participate are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by midday on the second working day before the day of the Committee meeting. For example, if the Committee meeting is due to be held on a Tuesday, the registration deadline is midday on Friday, (where there is a bank holiday Monday you will need to register by midday on the previous Thursday).

The Council reserves the right to decline any requests to register for Public Question Time if they are received after the registration deadline.

All questions or statements should be concise and should be able to be read within 3 minutes allotted for each question/statement.

The Chairman of the Committee has discretion to extend the time allocated for public question time and to amend the order in which questions/statements are presented to the Committee.

Public Attendance at Meetings:

Public attendance is welcomed, but is subject to restrictions due to the Council's arrangements for keeping Causeway House Covid secure and visitors safe.

Public attendance is limited and will be on a first come first served basis with priority given to Public Registered Speakers. In order to maintain safe distances, the Council may have to refuse entry to members of the public. The public will not be able to sit in the Council Chamber, but will be permitted to observe the meeting from a public gallery through a large screen. Alternatively, the Council meetings are webcast and are available via the Council's YouTube Channel and can be viewed by the public as a live broadcast, or as a recording following the meeting.

Public speakers and public attendees are required to attend on their own, and where possible only one representative of any community group, family household or Company should attend.

Members of the public intending to come to Causeway House to observe a meeting are recommended to watch the meeting via the webcast, or to contact the Governance and Members Team to reserve a seat within the public gallery.

Health and Safety/COVID:

Causeway House is a Covid secure building and arrangements are in place to ensure that all visitors are kept safe. Visitors are requested to follow all instructions displayed at Causeway House or given by Officers during the course of their attendance. All visitors will be required to wear a mask or face covering, unless an exemption applies.

Anyone attending meetings is asked to make themselves aware of the nearest available fire exit. In the event of an alarm you must evacuate the building immediately and follow all instructions provided by staff. You will be directed to the nearest designated assembly point until it is safe to return to the building.

Documents:

Agendas, Reports, Minutes and Public Question Time questions and statements can be accessed via www.braintree.gov.uk

Data Processing:

For further information on how the Council processes data, please see the Council's Privacy Policy.

https://www.braintree.gov.uk/info/200136/access_to_information/376/privacy_policy

Mobile Phones:

Please ensure that your mobile phone is switched to silent during the meeting in order to prevent disturbances.

Webcast and Audio Recording:

Please note that this meeting will be webcast . You can view webcasts for up to 6 months after the meeting using this link: <http://braintree.public-i.tv/core/portal/home>. The meeting will also be broadcast via the Council's YouTube Channel.

Comments and Suggestions:

We welcome comments to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended, you can send these to governance@braintree.gov.uk

1 Apologies for Absence

2 Declaration of Interests - Scrutiny Committee

1. To declare the existence and nature of any interests relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice (where necessary) before the meeting.

2. To declare the existence and nature of any instruction given by or on behalf of a political group to any Councillor who is a member of that group as to how that Councillor shall speak or vote on any matter before the Committee or the application or threat to apply any sanction by the group in respect of that Councillor should he/she speak or vote on any particular matter.

3 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Performance Management Scrutiny Committee held on 6th October 2021 (copy previously circulated).

4 Public Question Time

(See paragraph above)

5 Scrutiny of the Priorities for 2022-2023 and Initial Budget Position

To receive a presentation from the Cabinet on the progress of the developing Budget position for 2022-23 and an update on the Medium Term Financial Strategy for 2022-23 to 2025-26.

6 Decision Planner

To consider the Decision Planner for the period 1st November 2021 to 31st January 2022.

7 Urgent Business - Public Session

To consider any matter which, in the opinion of the Chairman, should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

Report Title: To provide an update on the process and timetable for developing the 2022/23 Budget and updating of the Medium Term Financial Strategy for 2022/23 to 2025/26	
Report to: Performance Management Scrutiny Committee	
Date: 24 th November 2021	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Cllr Tom Cunningham, Deputy Leader and Cabinet Member for Economic Growth and Cllr John McKee, Cabinet Member for Finance and Corporate Transformation	
Enquiries to: Phil Myers, Head of Finance (phil.myers@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 This report provides a summary of the progress to date on updating the General Fund Financial Profile and Medium-Term Financial Strategy for the period 2022/23 to 2025/26 (MTFS).
- 1.2 The report also outlines a change in approach to the budget consultation process conducted through the Performance Management Scrutiny Committee, including a revised timetable.

2. Recommendations

- 2.1 The Committee is asked to note the provisional updates to the General Fund Financial Profile and MTFS.
- 2.2 The Committee is asked to note the revised approach and timetable for the 2022/23 Budget process.

3. Summary of Issues

- 3.1 Under the Council's Constitution the Cabinet should provide initial budget proposals to the Performance Management Scrutiny Committee as part of the consultation process. The Performance Management Scrutiny Committee shall canvass the views of local stakeholders. The Performance Management Scrutiny Committee consultation shall take place by way of a meeting to which all Members of Council shall be invited to attend and ask questions of the Cabinet on the proposals being put forward.
- 3.2 The original timetable for the 2022/23 Budget process was agreed at Cabinet at the meeting held on 6th September 2021, and which had scheduled that the budget consultation with the Performance Management Scrutiny Committee would commence at this meeting on 24th November 2021. This would be based on initial budget proposals for revenue and capital developed following the Cabinet Strategy Workshop on 8th October 2021.

- 3.3 At the Strategy Workshop the Cabinet were provided with an update on the national context for next year's budget and updating of the MTFS. This highlighted the great uncertainty that existed around a number of major issues, not least the future of local government finance. At that time, the Government's comprehensive spending review was planned to be concluded on the 27th October 2021 alongside the Autumn Budget statement.
- 3.4 On the 27th October 2021 the Chancellor announced the outcomes of the Spending Review (SR21) which indicated new government grant funding of £1.6 billion per annum (total £4.8bn over the period) for councils over the next three years. Core spending power for local authorities is estimated to increase by an average of 3% in real-terms each year over the SR21 period, although this includes the assumption that all councils increase council tax by the maximum allowed. SR21 makes no mention of whether local government will receive a three-year financial settlement or whether and when local government finance reforms, such as the fair funding review, will be implemented. Further details are not expected until the Department for Levelling-up, Housing and Communities (DLUHC) publishes the provisional Local Government Finance Settlement (LGFS). Only then will the Council have a much clearer picture on its overall financial position. Whilst a target date of 5th December 2021 has been previously stated, there is as yet no firm date for the announcement of the provisional LGFS.
- 3.5 SR21 also referred to the government's levelling-up agenda and confirmed that a White Paper on this will be published later this year which will set out further detail on the government's plans in this area.
- 3.6 With forecast inflation increasing above levels that have typically been experienced in recent years it is appropriate that the current assumptions in the MTFS are further considered in terms of impact on pay and other cost pressures.
- 3.7 The longer term impact on services from the Covid pandemic also remains unclear and continues to be kept under review. An updated forecast for the year has been assessed as at the end of the second quarter (30th September 2021) and is included in the Q2 Quarterly Performance report that will be received by Cabinet at its meeting to be held on 29th November 2021. The budget position for next year will need to be further reviewed in light of the Q2 position and any changes or developments from that reported at Q1.
- 3.8 At the Strategy Workshop it was agreed that given all the uncertainties that existed the usual approach to the budget process needed to be adapted to allow further consideration of any initial budget proposals, and that another workshop should be convened later in the calendar year. An additional Cabinet Strategy Workshop has therefore been initially scheduled for 9th December 2021. In the meantime proposals for next year's budget and updating of the MTFS would continue to be further developed.

3.9 Following discussions by the Chief Executive with the Leader of the Council and the Chair of the Performance Management Scrutiny Committee, it was agreed that for this meeting the Scrutiny Committee would receive a brief update from the Deputy Leader and the Cabinet Member for Finance and Corporate Transformation, and a revised budget timetable leading up to Full Council in February 2022.

4. Summary Update on developing the Budget for 2022/23 and updating the MTFs for the period 2022/23 and 2025/26

4.1 The MTFs covering the period 2021/22 to 2024/25 approved at Full Council on 21st February 2021, forecasted a base budget gap over the four year period of £1.657m. This was based on various assumptions, including the rate of future Council Tax increases, and other changes in costs and revenues.

4.2 Over the last few months a number of areas of work have been undertaken and which has contributed to updating the budget position and MTFs:

4.2.1 The Investment and Development Programme (IDP) which was created to identify a pipeline of projects that will help deliver additional income and/ or savings to address the budget gap by 2025. The IDP comprises four workstreams: Commercial; Strategic Investment; Asset Management; and Treasury Management. A number of projects within the current pipeline have achieved a stage of delivery whereby these have now been able to be reflected in the Financial Profile and MTFs, leaving a further current pipeline of projects still being developed of circa £1.5m.

4.2.2 The '£1.6m Challenge', which was launched by the Chief Executive in July has generated over 100 ideas that have been submitted by staff for potential savings, innovation, or increased income. These ideas are currently being reviewed to identify those that can be added to the IDP pipeline for further investigation and development.

4.2.3 A Service Review was carried out with all service managers to review their budgets in light of last year's outturn and first quarter projections in the current year to identify opportunities for savings and efficiencies. Some of the proposals that came forward included a number that would require Member support as they represented a potential change in service provision. Through the Service Review managers were also asked to identify any unavoidable budget pressures or areas of proposed budget growth.

4.2.4 The Council's planning enforcement arrangements are currently being reviewed by a Member Reference Group. Options are being explored, and once recommendations made the resource implications of these will need to be identified and considered alongside the overall budget position. In the meantime a provisional sum has been included as a growth item for financial planning purposes.

- 4.3 On 9th September 2021 the Government announced a temporary 1.25 percentage point increase to National Insurance contributions for the 2022 to 2023 tax year, with the revenue raised to go directly to support the NHS. From April 2023 onwards, the National Insurance contributions rates will decrease back to 2021 to 2022 tax year levels and will be replaced by a new 1.25% Health and Social Care Levy where the revenue will be ringfenced to support UK health and social care bodies.
- 4.4 The MTFS for 2021/22 to 2024/25 included three items of potential future budget growth that had been previously identified: Waste Management (£155k); staffing costs for Economic Development (£90k); and provision for a reduction in Housing Benefit Administration Grant (£45k). As part of the Service Review these items have all been reviewed.
- 4.5 Based on the foregoing, and rolling forward the MTFS one-year to include the 2025/26 financial year, an updated Financial Profile with supporting Schedules, was presented at the Cabinet Strategy Workshop alongside a number of key questions. On the basis of the responses to these questions a provisional update to the MTFS has been made.
- 4.6 On the basis of the provisional views expressed the table below summarises the impact these would have on the current Base Budget¹:

Provisional changes	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Rolling forward MTFS	-	-	-	175	175
Existing MTFS items	(205)	(85)			(290)
Management savings	(420)	(28)	(36)	-	(484)
Member savings	(25)	(2)	-	-	(27)
Unavoidable demand	249	25	25	25	324
Growth items	256	75	9	-	340
Agreed budget demand	26	-	-	-	26
Health & Social Care Levy	125	-	-	-	125
Base Budget Change	6	(15)	(2)	200	189

¹ An addition/ (reduction) to Base Budget represents a permanent recurring budget item

- 4.7 There are still a number of areas that need to be confirmed before the overall financial position can be established, including: reviewing and, if necessary, updating pay and inflationary assumptions; investment income and capital financing; Collection Fund balances for Council Tax and Business Rates; taxbase; and the detail of government funding .
- 4.8 The Budget Strategy agreed in February 2021, included the use of General Fund balances as a means of bridging the funding gap whilst action was taken to identify and implement budget savings and/ or additional income. Recognising that projects within the IDP, including those that are added from the £1.6m Challenge, will take some time to come to fruition, there is an expectation that balances will need to be further applied over the course of the MTFS. The actual level of balances that may be required to be used will be impacted by the issues set out in paragraph 3.10, and final decisions taken on those items already considered at the Strategy Workshop.

5. Revised Budget Timetable

- 5.1 The revised key dates for the Budget process for 2022/23 are provided in the table below:

Early/ mid-December 2021	Government announcement	Provisional Local Government Finance Settlement
9 th December (tbc)	Cabinet Strategy Workshop	Review priorities, finances, savings and investment proposals
5 th January 2022	Performance Management Scrutiny Committee	Consultation on initial budget proposals (revenue and capital) - All Members invited to attend
January 2022	Business Community	Consultation on budget proposals – article included in January edition of the Business Bulletin
2 nd February 2022	Performance Management Scrutiny Committee	Consultation on final budget proposals and updated MTFS - All Members invited to attend
7 th February 2022	Cabinet	Final budget proposals and updated MTFS
21 st February 2022	Council	2022/23 Budget and Council Tax approved

6. Options

- 6.1 To agree/ not agree the proposed change to the budget timetable and consultation process and propose amendments.

7. Financial Implications

- 7.1 There are no new financial implications arising out of this report.

8. Legal Implications

- 8.1 There are no new legal implications arising from this report.
- 8.2 In line with the Council's Constitution the revised timetable provides 4 weeks between provisional proposals for the Budget being considered by the Committee at its meeting on 5th January 2021 and the receipt of final proposals at the following meeting on 2nd February 2021, before these are considered by the Cabinet on 7th February 2021.

9. Other Implications

- 9.1 There are no other implications arising out of this report.

10. Equality and Diversity Implications

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 10.3 The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

11. Background Papers

- 11.1 [Council Budget and Council Tax 2021/22 and Medium-Term Financial Strategy 2021/22 to 2024/25 report to Cabinet 8th February 2021 and Full Council 22nd February 2021](#); and
- 11.2 [Medium-Term Financial Strategy 2021/22 to 2024/25 Update report to Cabinet 6th September 2021](#).