

Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 12 October 2020

Subject: Capital Programme Review, Revenue Budget Update 2021/22 and Budget Savings Proposals

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

1.1 The purpose of this report is to provide Board Members with an update on the budget position for 2021/22 and consider both the Revenue Budget Update and Savings Proposals and Capital Programme Review reports approved by Executive Board on 24 September 2020.

2. Background information

2.1 At its July meeting the Strategy and Resources Scrutiny Board considered the initial impact of Covid-19 on the Council's budget position both in terms of the current year and the projected impact on financial year 2021/22. Since that time Executive Board considered a further budget update and savings proposals for 2021/22 at its meeting on 24 September 2020.

2.2 As part of wider consultation with Scrutiny Boards on the budget challenge faced by the Council and agreed with Scrutiny Board chairs a Strategy & Resources Scrutiny Board Working Group session considered the budget saving proposals relevant to the remit of the Board on 25 September 2020. Other Scrutiny Boards have been carrying out similar sessions in relation to their respective remits.

3. Main issues

- 3.1 The budget gap for 20/21/22 stands at £118.8m of which £59.7m is due to pressures identified prior to the impact of COVID-19 with the balance of £59.1m resulting from the ongoing financial impact of COVID-19.
- 3.2 Executive Board considered an initial tranche of proposals on how the budget gap can be addressed at its meeting on 24 September. A series of Financial Challenge Reviews have so far identified savings of £32.3m with a further £0.3m of savings identified through the Capital Programme Review. The Financial Challenge Reviews have focussed on two categories of savings; Business as Usual proposals which can be implemented within the council's delegated decision-making framework and without consultation, and 'Service Reviews' which will require meaningful consultation with relevant stakeholders prior to any decisions being taken.
- BAU proposals are those that do not require consultation to implement: for example, they relate to improving the efficiency of the service, are cost reduction measures with no impact on service users or, where there are budgeted staffing reductions, these are anticipated to be met through deletion of vacant posts or voluntary means, as has been collectively agreed. Where voluntary measures have a modest and/or residual impact on the workforce, local / BAU consultation would be expected.
 - Service Review proposals (some cross-council, some service-specific) are those requiring consultation: for example, the way in which a service is delivered or the level of service provided is impacted and so meaningful consultation with service users is needed; and/or the proposal relates to a significant internal restructure, requiring consultation with trade unions and staff.
- 3.3 Of the £32.3m identified through the Financial Challenge Programme £24.2m relates to Business as Usual and £8.2m relate to Service Review measures. In respect of the Board's remit the Resources and Housing Directorate (in which the majority of the services covered by the Board's remit sit) has identified £5.01m of Business as Usual savings and £6.33m that relate to service reviews that will require further consultation.
- 3.4 A strategic approach with regard to the level of savings which can be achieved in 2021/22 is also currently being considered with further alternative measures being explored that will take into account this autumn's Comprehensive Spending Review and subsequent local government provisional financial settlement in December.
- 3.5 The budget savings proposals are now being submitted to Scrutiny for consideration, review and comment; and the Scrutiny Board (Strategy & Resources) is asked to consider matters and proposals relating to service areas that fall within its remit. Other Scrutiny Boards will be considering elements of the budget savings proposals relevant to their terms of reference. Full details of the Revenue budget update and budget saving proposals are provided at Appendix 1 for members' consideration.
- 3.6 In addition the Executive Board also approved a report on the Capital Programme Review at its meeting on 24 September 2020. In recognising the financial challenges that the Council is facing measures have been taken to restrict further capital spending whilst the capital programme is reviewed. The exception to these

restrictions include essential health and safety work, Covid19 related spend and schemes where the Council has received external income/grants.

3.7 The Capital Programme Review report is attached as Appendix 2 and provides members with full details of the work undertaken. This has primarily focussed on schemes with a borrowing element to them:

- Uncommitted schemes LCC borrowing - the Council has not entered into a contractual commitment; and
- Committed schemes LCC Borrowing - where there remains an element of the scheme that the Council is not contractually committed to but does not impact on the completion of a scheme/project.

3.7 The review has resulted in £131.5m of proposals that are forecast to deliver £8.6m of revenue savings by 2024/25. The proposals still allow for schemes to come forward that demonstrate through robust business cases that additional debt costs will be paid for by additional income or reduction in costs.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Senior officers and elected members have been engaged in developing the savings proposals set out in the Executive Board reports. Trade unions have also been informed in headline terms of the emerging savings proposals. Where required, further consultation and engagement will be carried out with staff, trade unions, service users and the public as appropriate on the Service Review proposals set out at Appendix 2 within the Executive Board's report.

4.1.2 All Scrutiny Boards will be considering the budget savings proposals, as relevant to their remits, during their October meeting cycle, as well as holding additional working group meetings to further engage in the development of the budget savings proposals.

4.1.3 Relevant Executive Members and senior officers have contributed to the Scrutiny Board's working group meeting held on 25th September 2020 as well as attending today's meeting to discuss the attached reports and address any issues raised by the Scrutiny Board.

4.1.4 The attached report explains that the outcomes of any consultation will inform the council's decision-making and be incorporated into the 2021/22 to 2023/24 Budget Report timetabled for initial consideration by the Executive Board at its December meeting.

4.1.5 Linked to this, any comments and recommendations made by the Scrutiny Board (Strategy and Resources) during this consultation process are to be captured within a composite report from Scrutiny to be submitted to the Executive Board in December.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Equality Act 2010 requires the Council to have “due regard” to the need to eliminate unlawful discrimination and promote equality of opportunity. The law requires that the duty to pay “due regard” be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show “due regard”.
- 4.2.2 Equality impact screenings have been carried out on the service review savings proposals and included with those proposals at Appendix 2 of the attached Executive Board report. It is also acknowledged that, where appropriate, equality impact assessments will be carried out as part of the decision-making process.

4.3 Council policies and the Best Council Plan

- 4.3.1 This report comments on revenue budget savings proposals for 2021/22 and the ongoing Capital Programme Review both support the Best Council ambition of offering value for money through being an efficient and enterprising organisation.

Climate Emergency

- 4.3.2 These are factual reports detailing with the Council’s budgetary position for 2021/22 and the Capital Programme Review. In terms of specific impacts one of the service reviews within the Resources and Housing directorate focuses on the Sustainable Energy and Air Quality Team. The proposals will see a reduction of three FTEs through voluntary means to save £150K and a target of increasing grant income by £100K which if secured would enable more investment in measures to improve air quality in the city through specific projects.

4.4 Resources, procurement and value for money

- 4.4.1 All resources, procurement and value for money implications are detailed in the main body of the attached Executive Board reports.

4.5 Legal implications, access to information, and call-in

- 4.5.1 All associated legal and access to information implications are detailed in the main body of the attached Executive Board reports.

4.6 Risk management

- 4.6.1 All associated risk management issues are detailed in the main body of the attached Executive Board reports.

5. Conclusions

- 5.1.1 The attached reports, as considered by the Executive Board at its meeting on 24th September 2020, present the latest revenue budget update for 2021/22 and budget savings proposals and details of the ongoing Capital Programme Review. All Scrutiny Boards will be considering the budget savings proposals, as relevant to their remits, during their October meeting cycle, as well as holding additional

working group meetings to further consider the option appraisal process linked to the development of the budget savings proposals at this stage.

- 5.1.2 Any comments and recommendations made by the Scrutiny Board (Strategy and Resources) during this consultation process are to be captured within a composite report from Scrutiny to be submitted to the Executive Board.

6. Recommendation

- 6.1.1 The Scrutiny Board (Strategy and Resources) is asked to consider the attached reports and review and comment on matters and proposals relating to service areas that fall within the Scrutiny Board's remit.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.