

West Northamptonshire Council

Draft Report of the Corporate Overview and Scrutiny Committee

6 February 2024

Recommendations of the Corporate Overview and Scrutiny Committee on the draft Budget 2024/2025 and Medium Term Financial Plan – General Fund Revenue and Capital

Draft Version 3 – 1 February 2024

1 Recommendations

1.1 It is recommended that:

1.1.1 This report is forwarded to the Executive Director – Finance (Chief Finance Officer) to be appended to the report to Cabinet and then to full Council on the budget 2024/2025 and Medium-Term Financial Plan – General Fund Revenue and Capital and Housing Revenue Account; and the following recommendations of the Corporate Overview and Scrutiny Committee are highlighted:

1.1.2 Homelessness and Temporary Accommodation

Scrutiny of the budget for homelessness and temporary accommodation contained within the draft budget was undertaken. A detailed presentation from the Executive Director for Place and Economy and the Assistant Director for Finance (Strategy) was received which addressed all the key lines of enquiry as detailed in the terms of reference for this budget scrutiny group.

1.1.3 The good work that is being undertaken in relation to temporary accommodation was recognised but the Committee has concerns regarding a potential increase in homelessness and proposed to Corporate Overview and Scrutiny Committee that it includes within its work programme a review of the budget and situation in relation to temporary accommodation.

1.1.4 The Committee notes that considerable work has been undertaken in various work strands in relation to homelessness and temporary accommodation.

Members of the Committee recommend that:

(Recommendations to be determined at the meeting)

1.1.5 Adult Social Care

1.1.6 The Committee has concerns regarding Adult Social Care budgets as it is aware the budgets are always overspent, which is a national problem. There is a key challenge with the 10% reduction in unavoidable budget growth for 2024-25. The Committee realises that the projected overspend at budget period 9 is £4.1 million but welcomes and notes the building blocks that are in place for next year's budget and welcomes that the base budget has been developed based on forecast demand. It acknowledges that this may however be challenging.

1.1.6 The Committee supports the stringent financial control mechanisms that are in place for every £1 that is spent and, in general, is satisfied that Cabinet has demonstrated that appropriate monitoring, and oversight is in place.

Members of the Committee recommend that:

(Recommendations to be determined at the meeting)

1.1.8 Miscellaneous Budgets

1.1.9 The Committee undertook budget scrutiny of a number of "miscellaneous budgets" namely:

- trading standards
- historic spending analysis by directorate
- analysis of contract inflation focussing on the growth in this area for 2024-25 (£15.5m) compared to 2023-24 (£17.9m), analysis of the areas and percentage getting contract inflation this year compared to last year
- capital projects analysis
- analysis on the use of reserves
- Pothole funding analysis; and
- Council Tax

Note: The final two bullet points were added to the terms of reference of the group at the request of the Chair of the Resources Scrutiny Committee.

1.1.10 The Committee conveys its concerns regarding the library of contracts and that the contracts could have a negative impact on the budget and the 150% increase in audit costs.

1.1.11 Overall reserves have reduced to £73 million which the Committee perceives could be a risk to the Authority.

1.1.12 There is a projected underspend in the budget for roads maintenance of £xx (to be determined) with an estimated reduction of £1.9 million for next year, noting that there may be one off funding grants announced

1.1.13 The Breakout room recommends to the Committee:

That Corporate Overview and Scrutiny Committee includes within its Work Programme 2024/25:

- a review of the audit costs to the Authority,
- a review of reserves and how they are used,
- a review of the budget for road repairs; and
- a review of the spend on the Council Tax Hardship fund

The Committee recommends to Cabinet:

- **Draft:** that long term investment is provided to the roads maintenance budget and it is not reliant upon ad-hoc grant funding.

1 Purpose

1.1 The purpose of this report is to provide the comments of West Northamptonshire Council's Corporate Overview and Scrutiny committee on the draft Budget 2024/2025 and Medium-Term Financial Plan – General Fund Revenue and Capital.

2 Context and Background

2.1 Budget scrutiny is included within the work programme 2023/2024 for Corporate Overview and Scrutiny Committee (the Committee).

Budget Scrutiny

2.2 The Committee commenced its budget scrutiny process much earlier this year, with its initial budget scrutiny planning taking part on 16 September 2023 (**Meeting one**). At this meeting the Committee agreed it would undertake budget scrutiny over a series of meetings.

2.3 Confidential briefings (**Meetings two and three**) took place in October 2023 on the budget position of the Council were given by the Leader of the Council, the Cabinet Member for Finance along with the Executive Director for Finance. These briefings provided important background information to inform the budget scrutiny process. The Committee was able to put questions to the Cabinet Member and Executive Director.

2.4 At its meeting on 16 November 2023 (**meeting 4**), the Committee confirmed that it would in the form of a Task and Finish Group undertake budget scrutiny in the same format as previous years.

2.5 At the informal agenda planning meeting of the Committee held on 11 December 2023 (**meeting 5**), the Committee finalised its budget scrutiny planning process. It was agreed that other non-Executives, in addition to the members of Corporate Overview and Scrutiny should be invited to join the Task and Finish Group and provide input into the budget scrutiny process for 2024/2025. The Committee also identified three areas of the draft budget to focus on:

- Adult Social Care
- Homelessness and Temporary Accommodation
- Miscellaneous budgetary issues – trading standards, historic spending analysis by directorate, analysis of contract inflation focussing on the growth in this area for 2024-25 (£15.5m) compared to 2023-24 (£17.9m), analysis of the areas and percentage getting contract inflation this year compared to last year, capital projects analysis, and analysis on the use of reserves.

2.5 At its meeting on 24 January 2024 (**Meeting 6**) – the Committee, together with a number of other non-Executives met. The meeting took the form of a Task and Finish Group. Members received a short update on the draft Budget by the Chief Finance Officer who made reference to any changes that had emerged since the draft budget 2024/25 was produced.

2.7 Following the short address of the Chief Finance Officer, the Task and Finish Group then split into three breakout groups, each looking at one of the key areas of the draft budget that had been identified previously. The lead Councillor from each breakout group fed back the views and comments of each of the breakout groups. Each breakout group had an hour in total to consider the key areas. The Chair of the Committee went into each breakout room periodically to listen to the debates.

Adult Social Care

2.8 The comments and questions that the Breakout Room raised in relation to Adult Social care were around the issues as detailed below:

- Significant Independent care pressure for 2022-2023 had driven by increase in demand in clients between 21-22 and 22-23 (22%). £29million of growth recognised the level of demand into the 2023-24 budget and high inflationary pressures. Long Term client numbers have stabilised in 2023-24 although pressures driven by short term placements. From 2021/22 to 2023/24 there has been an increase of 22% in active clients. It was acknowledged that clients are beginning to level off.
- Transformation investment in additional Social Workers being employed in Social Supported Living Spaces was acknowledged created £60,000 savings. A business case had been produced to increase staffing in the team that assesses individuals over the age of 65.

- The breakout room was concerned regarding Adult Social Care budgets as it was aware the budgets were always overspent as it was a national problem. There was a key challenge with the 10% reduction in unavoidable budget growth. The projected overspend at budget period 9 is £4.1 million. It is however, welcomed and noted that building blocks are in place for next year's budget and the base budget had been developed based on forecast demand. It is acknowledged that this could however be challenging.
- Notional savings that could be achieved by each service in WNC were acknowledged if the unit cost was set relative to other councils in WNC's Nearest Neighbour group. Adults Social Care is in red, even if the unit costs were to the bottom 20% of authorities this would cost an extra £7.3million.
- There is connectivity between children and adults, for example if a child was living in a £10,000 a week placement, this continues when they reach the age of 18.
- It was realised that each time there is an increase to the national living wage, this increase may be passed on to the providers.
- The Breakout Room supported the financial controls that are in place for every £1 that is spend.
- 57 care homes are signed up to the Standard Care Home Framework which is very positive.
- There is less demand for care home placements and more demand for care in the home.
- Transport costs were a concern, and the Breakout room welcome the forthcoming recruitment of drivers and the leasing of minibuses which would reduce these costs.

Homelessness and Temporary Accommodation

2.9 The Breakout Group made the following comments in relation to the budget for homelessness and temporary accommodation:

- Homelessness and temporary accommodation are challenging areas and can and has affected all demographics of society, for example mortgage payment arrears, evictions, Section 21 Notices, and those people who's fixed rate mortgage deal had ended, and they have been forced to move home.
- The good work that is being undertaken in relation to temporary accommodation was recognised but the Breakout Room had concerns regarding a potential increase in homelessness and proposed Corporate Overview and Scrutiny Committee includes within its work programme a review of the budget and situation in relation to temporary accommodation.
- The Breakout Room noted that considerable work had been undertaken in various work strands in relation to homelessness and temporary accommodation.

Miscellaneous

2.10 The comments and questions that this Breakout Group raised in relation to the issues in respect of the miscellaneous budgets are detailed below:

- The Breakout Room expressed concern regarding the library of contracts and potentially the contracts could have a negative impact on the budget
- There has been a 150% increase in audit costs.
- It was noted that overall reserves have reduced to £73 million which could be a perceived risk to the Authority.
- Concern was conveyed that there is less external funding for road repairs and not all of the budget for road repairs has been spent this year and there is a need to the reasons for this.
- People Overview and Scrutiny Committee had asked that the budget scrutiny session to look at the Council Tax hardship fund that had £70,000 remaining in the budget for this financial year.
- It was suggested that Corporate Overview and Scrutiny Committee includes within its Work Programme 2024/25: a review of the audit costs to the Authority, a review of reserves and how they are used, a review of the budget for road repairs and a review of the spend on the Council Tax Hardship fund.

2.11 **Meeting 7** – The Committee at its meeting on 6 February 2024, agreed its final report which comprises a summary of the outcome of its budget scrutiny and recommendations to Cabinet.

2.12 Attached at **Appendix A** are the notes detailing the deliberations of the main Task and Finish Group, and each of the three Breakout Groups on the three key areas from the draft Budget 2024/2025.

3 Conclusions

3.1 Over a series of seven meetings Corporate Overview and Scrutiny Committee undertook in-depth Budget Scrutiny and considered three key areas of the draft Budget 2024/2025: providing comment as part of the West Northamptonshire Council's budget consultation process.

3.2 The Committee agreed that its budget scrutiny process had worked very well and had been both engaging, informative and had enabled the Committee to fulfil its budget scrutiny role, this was heightened by the inclusion of other non-Executives who were not members of Corporate Overview and Scrutiny Committee being involved in the budget scrutiny process this year.

3.3 The budget scrutiny session held on 23 January 2024 highlighted a number of potential issues for inclusion onto the Committee's work programme 2024/2025 which will be considered at a future meeting of the Committee.

