

DRAFT BUDGET PROPOSALS 2022/23: COMMENTS FROM SELECT COMMITTEES

Committee name	Corporate, Finance & Property Select Committee
Officer reporting	Liz Penny, Democratic Services
Papers with report	Appendix A - Relevant draft minute extracts from individual Select Committee meetings.

HEADLINES

This report includes the full set of Select Committee comments on Cabinet's draft budget proposals, which are to be considered by the Committee and submitted to Cabinet.

RECOMMENDATIONS:

That the Corporate, Finance and Property Select Committee:

- 1. Considers the formal comments on the Cabinet's budget proposals from the other three Select Committees, seeking clarification if necessary;**
- 2. Agrees its own final comments on the Cabinet's budget proposals for submission; and,**
- 3. Subject to the above, submits a combined set of formal Select Committee comments to Cabinet for consideration.**

SUPPORTING INFORMATION

As part of the Constitution (Budget and Policy Framework Procedure), select committees have a statutory role to review the Cabinet's draft budget proposals, which were set out at Cabinet on 16 December 2021. This opportunity enables Councillors, who are not in the Cabinet, to provide input or comment on aspects of the budget for the ensuing year.

At each select committee in January 2022, consideration was given to the relevant part of the Cabinet's budget proposals pertaining to that committee's remit. Members sought clarification from finance officers present and then agreed to provide formal comments on behalf of that committee to the Cabinet, whether agreed at the meeting or delegated to finalise after the meeting.

It is the role of the Corporate, Finance and Property Select Committee to now consider these comments and provide a combined response back to Cabinet on behalf of all the select committees. Comments received are detailed in the table below.

For Members' broader understanding of what was discussed and scrutinised at these meetings relating to the budget, an extract of the draft minutes of each committee is attached as Appendix A for information only.

Proposed formal comments from select committees on Cabinet's 2022/23 budget proposals:

Select Committee	Comments
Families, Health & Wellbeing Select Committee 5 January 2022	<p>The Committee recognised the uncertainties associated with the final outcome of discussions with the DfE over the Safety Valve Agreement, in relation to the Dedicated Schools Grant deficit.</p> <p>It was noted that the Committee would regularly monitor this matter through its scrutiny responsibilities, and should there be no agreement, the Committee would wish to address the broader implications of this for the Dedicated Schools Budget and in respect of the Council's current budgetary position.</p> <p>However, the Committee welcomed budget proposals to increase investment into services to reflect market and demand led pressures, as well as the emphasis on service transformation with preventative measures across both portfolios to help address demand and improve outcomes for residents. The capital proposals for investment in school places, including SEND were also welcomed.</p>
Public Safety & Transport Select Committee 18 January 2022	<p>The Public Safety and Transport Select Committee welcomed the well-constructed and sound budget proposals for the services under the Select Committee's remit. It was noted that the budget addressed the uncertainty posed by the Covid-19 pandemic and the medium-term financial forecast demonstrated a sustainable road ahead.</p> <p>Proposals were particularly welcomed for investment in Street Lighting Works, Highways Structural Works and the maintenance of the CCTV Programme.</p> <p>The Committee noted that the reduced budget in a number of works programmes from 2021/22 to 2022/23 was primarily attributed to a significantly heightened spend in 2021/22 as a result of the Covid-19 pandemic. Many Council services had been subject to restrictions throughout the 2020/21 financial year and a catch up spend was required in 2021/22.</p> <p>The Committee accepted that reviewed fees and charges would deliver efficiency savings and wished to highlight that they remained significantly more favourable than other neighbouring boroughs. Finally, the Committee also wished to acknowledge that the final Transport for London settlement was currently</p>

	unknown and may require an in-year budget amendment.
Environment, Housing & Regeneration Select Committee 20 January 2022	<p>The Committee noted that it was gratifying to see that, despite the financial pressures faced by the Council as a result of rising inflation, increasing demand for services, and the ongoing impact of the COVID-19 pandemic, the Council was able to maintain adequate funds for projects and services for residents, including a programme of activity around homelessness prevention, investment in the Chrysalis programme, renewal of estates and playgrounds, and the delivery of more than 100 new homes per annum to support increasing demand for social housing within the Borough.</p>
Corporate, Finance & Property Select Committee 12 January 2022 and 2 February 2022	<p>In accordance with a corporate change in approach, it was noted that Members had received an abridged version of the budget proposal report compared to that presented to the Committee in previous years. A request for a more detailed report was noted by the Committee.</p> <p>The Committee noted and welcomed the overall budget from officers and recognised their ongoing work in delivering a balanced budget following the continued inflationary and demand-led pressures from the Covid-19 pandemic.</p> <p>In regard to the areas within the Corporate, Finance and Property Select Committee's remit, it was noted that savings would be achieved through streamlining of transactional financial processes and automation of business processes. Not only would these deliver savings, but also technological enhancements that would improve efficiencies in services.</p> <p>The Committee also noted the significant capital investment planned to deliver facilities across the north and south of the Borough for Hillingdon residents, together with major steps to reduce the Council's carbon footprint.</p>

DRAFT MINUTES EXTRACT OF BUDGET DISCUSSIONS

Below are the draft minutes detailing the broader discussion and scrutiny of the Cabinet's budget proposals for 2022/23:

Families, Health & Wellbeing Select Committee - 5 January 2022

The Head of Finance – Business Partnering and Transformation and the Corporate Director for Planning, Environment, Education introduced the report detailing the draft revenue budget and capital programme for the services within the remit the Committee.

Key points from the report were highlighted, including details of the financial pressures generated by the ongoing Covid-19 pandemic and the additional funding received from government, together with earmarked Council reserves, in order to manage such pressures.

Budget proposals for 2022/23 had been prepared in the context of a wider strategy addressing the five-year MTFF period. The latest monitoring position for the 2021/22 financial year reported a net underspend of £419k which would leave uncommitted General Balances at £26,520k entering the 2022/23 financial year. Of the £10,416k savings within the 2021/22 budget, 79% were either already banked or track for delivery, with 12% at an earlier stage of implementation and potential risks on 9% - relating to the Leisure Centre management fee. The budget for 2022/23 was based on a 1.8% per annum increase in Council Tax and 1% per annum increases in the Social Care Precept. Funding available to support service expenditure was projected to grow by £32,034k to £270,279k between 2021/22 and 2026/27.

The Committee noted that Cabinet would consider the budget proposals on 17 February 2022 and the report would include comments from Select Committees. Members were informed that Council would meet to agree the 2022/23 budgets and Council tax levels on 24 February 2022.

Although this had been a challenging budget to set, it was the most robust and there was a strong understanding of the figures particularly on the social care demographics. It was noted that the ongoing Covid impact in specific areas such as mental health was difficult to predict and £11 million in Earmarked reserves had been set aside for covid impacts for 2022/23. In relation to the volatility for covid recovery, the assumption was that this would start to decrease over time. A number of pressures in SEND transport had been covered with covid money in the current year and built into budgets in 2022/23.

Further information would be provided on how the borrowing requirements for the London Borough of Hillingdon stood compared to neighbouring boroughs. It was confirmed that the figure in relation to Harlington School had been included in the figures for secondary school expansion. It was noted that monies for youth provision was earmarked the construction of scouts and guides huts.

The proposals for the education budget were part of the DSG deficit recovery plan, which had the support of the schools forum.

In terms of the provision of semi-independent and shared accommodation, it was explained that once a child reached over 18 they would be placed in shared accommodation. The Council approach to purchasing block accommodation in preference to spot placements can lead to significant savings.

Concerns in relation to the safety valve agreement were noted and some Members considered that it was difficult to give comments to Cabinet when there was not enough information at this time. It was noted that the SEND transport demand was expected to grow but it was hoped that with the new in-borough provision included in the capital programme, the costs would decrease. Questions were raised regarding the national transfer scheme and UASC, and it was explained that the Home Office had increased funding on the asylum grant, and it was sufficient to cover the cost of placements, but not the associated staffing resource required to support these looked after children. The library service had been subject to a BID review to inform future service development options to meet resident's needs.

The Committee noted the strong, well-constructed proposals particularly around the investment in schools and infrastructure. Although there were some uncertainties, the £4.7 million remaining balance at the end of the MTFF period was noted to be low at this stage in the process. There were many positives around the new mental health pathway, the major review of Adult Education and stronger families programmes. It was important to focus on how the Council changed the way services were delivered.

RESOLVED: That authority be delegated to the Chairman and Labour Lead in consultation with Democratic Services to agree comments to be submitted to Cabinet.

Corporate, Finance & Property Select Committee - 12 January 2022

Iain Watters, Head of Finance – Financial Planning, Capital, Treasury & Systems, introduced the 2022/23 budget proposals report for services within the remit of the Corporate, Finance and Property Select Committee.

Members were informed that, following consideration by Cabinet on 16 December 2021, the budget proposals were now out for public consultation and were being presented to the relevant Select Committees in January 2022.

In terms of the Budget Strategy, the Committee heard that funding levels were based on the outputs set out in the Chancellor's spending review in October 2021. Based on a 1% per annum increase in the Social Care Precept and a 1.8% per annum uplift in core Council tax, funding available to support service expenditure in the Borough was projected to grow by £32,034k to £270,279k between 2021/22 and 2026/7. However, it was noted that, over the same period, there would be increased demand on services (partly related to the Covid-19 pandemic), additional inflationary pressures and a need to support capital investment which would add some £66m to the Council's costs. In light of this, there would be a gap of approximately £34m to bridge over a 5-year period. Members heard that work to date had identified some £30m of savings to balance the budget leaving a gap of £4,735k to be identified in later MTFF cycles. There was no reliance

on General Balances to bridge the gap.

The Committee was informed that Covid-19 had had a significant impact on the budget; pandemic related costs over and above planned service expenditure had totalled over £32m in 2020/21 and approximately £19m in 2021/22. These additional costs had been funding through external Government support to date; however, it was recognised that the pandemic would continue to impact on services in the future and it was not expected that further funding would be forthcoming.

It was confirmed that General Balances were set to stay within the recommended range at £26m over the five-year MTFF period. The draft budget outlined £383m of proposed capital expenditure over the MTFF period including substantial investment in local infrastructure, delivery of additional high needs school places, redevelopment of the Civic Centre and £25m for the carbon reduction agenda. Members heard that the peak level of borrowing in the MTFF period would be £311m; this had been factored into the budget plans.

The Committee was advised that a significant inflationary increase was expected between 2021/22 and 2022/23 which would particularly impact on the services under the Corporate, Finance and Property Select Committee since the centralised energy and fuel budgets sat within its remit. In terms of savings, £10,381k of savings proposals had been incorporated into the draft budget for 2022/23, with £1.9m falling within the remit of the Corporate, Finance and Property Select Committee.

Members enquired how the inflationary increases set out in Table 2 had been calculated as these were not consistent. Members also noted that the figure for fuel inflation seemed low. It was confirmed that different levels of inflation had been applied to different areas of spend hence the variations in inflation levels. In terms of the 14% for fuel inflation, the Committee was informed that an inflationary uplift of 7/8% from the previous year had been included with another 14% being built on top of this.

Members noted that the budget report appeared shorter than previous reports with less information provided regarding the strategy, calculations of changes and details of the proposed savings. Moreover, there appeared to be a lack of detail regarding capital projects. Some Councillors felt that the lack of information provided could discourage meaningful consultation especially for residents who did not have the opportunity, as elected members did, to ask questions.

Further to the Committee's queries regarding the inflation figure for workforce expenditure (1.5%) which seemed low given current levels of inflation and those projected for the future, it was confirmed that the figures had been based around Bank of England projections and would be kept under review - any future changes would be factored in.

With regards to the savings set out on page 34 of the agenda pack, Members noted that a review of the Exchequer and Business Assurance function was expected to secure £200k efficiency savings. Concerns were expressed that, if this involved a reduction in the Corporate Fraud Team, there was a risk that the amount recovered could go down. In response to this, the Committee was informed that most of the savings would come from the Exchequer area of the service – particularly from the planned service review following on from robotics automation work within the Council. It was further clarified that the planned £150k savings from streamlining of transactional

financial processes were separate to this – they were also linked to automation but related to purchase to pay systems etc.

In respect of the £100k savings to be made from measures to minimise damage to the Council's vehicle fleet, Members enquired how this could be achieved at no extra cost. It was confirmed that these savings related to measures including training and the refocussing of training budgets within the fleet service to apply them in different ways. Investment in trackers in vehicles would enable management to direct training better.

In relation to technical administration and customer contact, Members noted significant planned efficiency savings and requested clarification as to the total budget for these services and how the savings could be achieved. The Head of Finance - Financial Planning, Capital, Treasury & Systems confirmed that technical administration savings would be achieved by bringing together disparate functions. In terms of customer contact, in future residents would be able to source information more readily online without needing to call in. He agreed to check the budget figures and confirm to Democratic Services for the minutes (*following the meeting it was confirmed that the 500k planned efficiency savings from the on-going review of technical administration represented 13.5% of the current £3,712k service budget and the 415k savings linked to the in-hand review of customer contact represented 13.3% of the current £3,129k budget for the Customer Contact centre*).

In response to queries regarding the £300k savings to Democratic Services, it was confirmed that these would be achieved by a reduction in the number of Councillors following upcoming elections and reductions in back-office support.

Councillors noted a budget of £35m for Civic Centre work and enquired what this entailed. In response to this the Committee was advised that this budget was for planned modernisation of the Civic Centre which would lower its carbon footprint – the intention was to make better use of the land on the site which would generate income to offset most of the costs. The £35m was an indicative figure only at this stage. It was confirmed that the additional budget of £25m for carbon reduction as set out in the report was to support the Council's wider net zero ambition by other means. Extra Government funding was also expected to support this.

In response to Councillors' further requests for clarification, it was confirmed that a facility for watersports was still planned to replace HOAC. This would be funded by HS2 funding and the figures represented the latest and best budget estimates. In relation to funding for Botwell Leisure Centre, an error on page 39 of the agenda pack was noted and it was confirmed that there was a budget of £200k for this as shown on page 37 of the pack. Members heard that the Woodside Development budget of £2.575m in 2023/24 related to a planned housing development.

The Chairman read out the following proposed budget comments to be submitted to Cabinet on behalf of the Corporate, Finance and Property Select Committee "The Committee notes and welcomes the overall budget from officers and recognises their ongoing work in delivering a balanced budget following the continued inflationary and demand-led pressures from the Covid-19 pandemic.

With regards to the areas within the Corporate, Finance and Property Select committee's remit, savings will be achieved through streamlining of transactional financial processes and automation

of business processes. Not only will these deliver savings, but also deliver technological enhancements that will improve efficiencies in services. The Committee also notes the significant capital investment planned to deliver facilities across the north and south of the Borough for our residents, as well as major steps to reduce the Council's carbon footprint."

Members were happy with these comments but requested the addition of an opening sentence to highlight the fact that there was less information provided in the budget reports this year than had previously been the case. It was agreed that the wording of this additional sentence be delegated to the Democratic Services Officer to sign-off with the Chairman, in consultation with the Labour Lead.

RESOLVED:

- 1. That the Committee noted the budget projections contained in the report and commented as appropriate on the combined budget proposals affecting the relevant service areas within the Property & Infrastructure, Finance and Corporate Services & Transformation Cabinet Portfolios, within the context of the corporate budgetary position; and**
- 2. That the final wording of the additional sentence relating to the Select Committee's budget comments be delegated to the Democratic Services Officer to sign off with the Chairman, in consultation with the Labour Lead**

Public Safety & Transport Select Committee - 18 January 2022

By way of introduction the Chairman emphasised that any comments from Members on this item should be kept within the Select Committee's remit. Andy Goodwin, Interim Financial Planning Manager, was present for this item highlighting that it was his second appearance at the Select Committee following the mid-year budget update in July 2021. A brief overview of the 2022/23 budget proposals was delivered and a breakdown of the budget proposals for services within the remit of the Select Committee were outlined. With regard to inflation, £885k in cost pressures were projected against 2021/22 expenditure going into 2022/23, half of this related to workforce budgets, with the remainder coming from contracted expenditure and energy costs. Savings of £1,754k had been incorporated into the draft budget under the Select Committee's remit including £200k of efficiency savings to be delivered from a review of Parking Services and £,1554k arising from a review of fees and charges within the Public Safety and Transport portfolio.

Clarifications were sought as to the substantial reduction in the 2022/23 budget proposals for a number of works programmes when compared to the 2021/22 budgets; namely the CCTV Programme, Highways Structural Works Programme and Road Safety Programme. Officers confirmed that this was primarily attributed to a significantly heightened spend in 2021/22 as a result of the Covid-19 pandemic. Many Council services were subject to various restrictions and supply chain issues throughout the 2020/21 financial year and a catch up spend was required in 2021/22. It was also confirmed that the CCTV Programme budget had been spread evenly over a five year capital programme, the 2022/23 CCTV Programme budget was intended to maintain the Council's CCTV infrastructure rather than to expand the offering.

The Committee commended officers on the well-constructed budget proposals despite the uncertainty posed by the Covid-19 pandemic and welcomed the proposed investment within highways, street lighting and the maintenance of the CCTV Programme. A query was raised regarding the increase of roughly £500k in the Transport for London (TfL) grant as it had been noted that TfL had been substantially affected financially by the Covid-19 pandemic. Officers confirmed that the Council was still awaiting news of the final TfL settlement and that this was unlikely to arrive ahead of finalising the 2022/23 budget in February. Depending on the final TfL settlement, Officers would prospectively be required to carry out a budget amendment.

Concerns were raised as to the savings projected to be delivered through increases in fees and charges. Officers confirmed that a yearly benchmarking exercise was carried out whereby fees and charges were reviewed in the context of neighbouring local authorities. Across neighbouring boroughs, per resident fees and charges averaged at £150, the proposed review of fees and charges for Hillingdon averaged out at £113 per resident.

The Committee also acknowledged that there may be broader implications for the Public Safety and Transport proposed budget related to discussions with the Department for Education regarding the Dedicated Schools Grant deficit. It was noted that this matter would be scrutinised under the remit of the Families, Health and Wellbeing Select Committee.

The Committee commented that the budget proposals were balanced in the face of a difficult financial period brought about by the Covid-19 pandemic and Members were encouraged by the continued investments in many works programmes. Members accepted that the increase in fees and charges was not ideal but when benchmarked against neighbouring local authorities, Hillingdon provided more affordability for residents.

RESOLVED:

- 1. That the Select Committee noted the budget projections contained in the report and commented, as appropriate, on the combined budget proposals affecting the relevant service areas within the Public Safety & Transport Cabinet Portfolio, within the context of the corporate budgetary position.**
- 2. That the final wording of the additional sentence relating to the Select Committee's budget comments be delegated to the Democratic Services Officer to sign off with the Chairman, in consultation with the Labour Lead**

Environment, Housing & Regeneration Select Committee - 20 January 2022

Iain Watters – Head of Finance - Financial Planning, Capital, Treasury & Systems, and Gemma McNamara – Head of Finance – Business Partnering & Transformation, introduced a report detailing Cabinet's budget proposals for the next financial year.

The report was summarised, with the General Fund Budget and Housing Revenue Account (HRA) budgets highlighted. Officers advised that, despite rising inflation and service demand, together with ongoing pressures as a result of the COVID-19 pandemic, delivery of a balanced budget was expected for 2022/23, leaving a residual budget gap of £4,735k in later years of the 5-year MTFF period.

HRA budget strategy was confirmed to focus on the delivery of 100 new homes per annum, the regeneration of housing estates, and a five-year cycle of enhanced programme works.

Officers concluded by advising that the budget forecasts presented a sustainable balanced budget in the medium term that would allow for the continued provision of services to Hillingdon residents.

The Committee sought further information on whether the budget provided for improvements in housing stock fixtures and fittings. Officers advised that there was a rolling programme of housing stock renewals in place, to ensure homes were of the 'minimum lettable standard'. Where required, provision was available for families who needed support with upkeep and/or the purchasing of white goods.

In response to further queries, officers advised that the 100 new homes per annum were to be delivered through a combination of acquisition and construction, though with a greater focus on construction. Officers went on to advise that the capital programme also included renewal of playground and open spaces.

Members noted the contents of the report, and suggested the following comments to be submitted as the Committee's comments on the budget:

'The Committee noted that it was gratifying to see that, despite the financial pressures faced by the Council as a result of rising inflation, increasing demand for services, and the ongoing impact of the COVID-19 pandemic, the Council was able to maintain adequate funds for projects and services for residents, including a programme of activity around homelessness prevention, investment in the Chrysalis programme, renewal of estates and playgrounds, and the delivery of more than 100 new homes per annum to support increasing demand for social housing within the Borough.'

The comments were agreed, and it was:

RESOLVED:

- 1. That the report be noted;**
- 2. That the Committee's agreed comments on the budget be included in the forthcoming report to the Corporate, Finance and Property Select Committee.**