Background

At its meeting on the 26th September 2013, the Scrutiny Committee resolved that:

an in depth scrutiny Members' working group be set up to consider the draft budget presented to Cabinet on 5 December 2013;

b) the draft terms of reference as set out in the report be agreed; and

c) the working group consist of the following Members: Cllrs Abraham, Mrs Bracken, Butler, Gaywood and Maskell.

The Draft budget presented to Cabinet on 5 December (the "December Budget") included the 'growth and savings' items presented to the Advisory Committees for the services under their jurisdiction. Shortly thereafter the Coalition Government announced the Government Support Settlement for Sevenoaks, which required officers to make additional savings of approximately £300,000. Accordingly, the December Budget became quickly obsolete. Revised budget figures were presented to Cabinet on 9 January 2014.

The first task of the budget working group ("Working Group") has been to consider its terms of reference in light of these rapidly changing circumstances. The Working Group is mindful that it is not a supplemental 'advisory' committee but is a scrutiny committee tasked to look at decisions or processes retrospectively to the greatest extent possible, bearing in mind the need for flexibility in its approach.

The Working Group has identified certain core areas which it wishes to present to the Scrutiny Committee as suggestions for revised terms of reference for scrutiny of the 2014/2015 Budget once it is agreed at Full Council later in the month. Once the 2014/2015 Budget has been set, the Working Group can properly scrutinise the process leading up to its implementation, features of interest and critical decisions taken about aspects of the budget at various points.

The core areas discussed by the Working Group for further consideration and scrutiny are as follows:

- The Budget Setting Process. Currently, most Members do not participate in material decisions regarding the budget (other than the savings and growth items which come under the services of the committees on which they sit). The process, for whatever reason, has been condensed into a January time frame and falls primarily under the responsibility of Cabinet. As a result, there is little scope for Members to participate at the point when critical decisions are taken (the budget then becomes a "fait accompli"). The Working Group wishes to explore the budget-setting process and the timing of decisions, particularly the possibility of more Members looking at the budget (or aspects of it) at earlier junctures.
- As a follow on to the previous point, careful scrutiny should be made of the Risks and Assumptions supporting the budget, the scope of review of them and the timing of their presentation to Members. The Working Group considered them in brief and noted some anomalies (assumptions regarding parking revenue and provision made for future maintenance of Swanley White Oak or other leisure properties) and would wish to investigate these and other matters in greater detail. The timing of presentation of the Risks and Assumptions to Members is another area for scrutiny. The Risks and Assumptions underlying the 2014/2015 budget were presented to, and noted by, the Finance and Resources Advisory Committee on 21 January 2014, but no other Committee has reviewed them and, given the timing of their presentation to FRAC, there would be limited scope to modify any of them and recalculate the budget to accordingly. The Working Group would wish to explore whether it would be possible to submit these critical items to Members earlier in the budget-setting process, possibly as part of the 'growth and savings' discussions undertaken by the Advisory Committees.
- The Working Group also discussed the possibility of Members undertaking an in-depth look at services within the jurisdiction of the Advisory Committees on which they sit, particularly as regards very expensive services (Planning, Rubbish collection) and non-statutory services. The Working Group would wish to understand the role of the Portfolio Holder for the various services in determining the budget for those services (and the possibility of efficiency savings as well as growth items), and how the relevant 'service' Portfolio Holders liaise with the Portfolio Holder for Finance and Resources. The Working Group would like to explore whether a 'rolling review' of services could be set up so all services would receive in-depth scrutiny by the Advisory Committees over a set period.

- The Working Group would like the latitude to consider some or all of the discretionary services with a view to understanding how they provide value for money.
- The Working Group noted the issues surrounding the Council's provision of leisure services. The Working Group was advised that a report would go to FRAC in March regarding the same, which the Working Group would wish to consider as part of its scrutiny of provision made in the 2014/2015 Budget.
- The Working Group also raised the issue of the reserves and their depletion over time. The Working Group was advised that at the end of the 10 year budget, the Council would be expected to "live within its means" rather than continue to spend in excess of receipts and rely on reserves to subsidise the overspend. The Working Group would wish to understand more detail about the use of the reserves and the feasibility of assumptions about them, particularly in terms of what is projected for the future.
- The Scrutiny Committee is aware that officers and Cabinet have been discussing the possibility of using reserves to make investments (the "Invest To Save" proposals). These proposals are currently being investigated, and little detail is known about them, but the Working Group is keenly interested in exploring them as they emerge, as they raise a variety of legal and financial issues and have a direct impact on numerous aspects within the budget.
- The Working Group also would wish to scrutinise the Council's Grant programme and the use of resources to support it and whether it is feasible in its current shape given pressures on the budget.
- Finally, the Working Group would request that the terms of reference reflect the need for flexibility and wide investigative scope. For example, the Working Group cannot, at this point, predict with any accuracy the Risks and Assumptions which bear further review. The Working Group requests that the terms of reference allow the Group to, with the agreement of the Chairman and Vice-Chairman of the Scrutiny Committee, explore all relevant and related aspects of the budget which may arise as the Group does its work and which are reasonably necessary for the Group to make an informed and useful presentation to the Scrutiny Committee.