

OVERVIEW AND SCRUTINY RECOMMENDATIONS TO CABINET: BUDGET 2016-17 AND MEDIUM TERM FINANCIAL PLAN 2016-20

To: **Extraordinary Cabinet - 28 January 2016**

Main Portfolio Area: **Financial Services and Estates**

By: **Portfolio Holder for Finance and Estates**

Classification: **Unrestricted**

Ward: **All wards**

Summary: **To consider the recommendations of Overview and Scrutiny Panel in respect of the 2016-17 Budget and 2016-20 Medium Term Financial Plan**

For Decision

1.0 INTRODUCTION

1.1 The purpose of this report is for Cabinet to consider the recommendations of Overview and Scrutiny Panel on 26 January 2016 in respect of the 2016-17 Budget and 2016-20 Medium Term Financial Plan, as approved by Cabinet on 19 January 2016.

2.0 OVERVIEW & SCRUTINY PANEL RECOMMENDATIONS

2.1 In its scrutiny of the Budget, Overview & Scrutiny Panel (OSP) on 26 January made the following recommendations to Cabinet:

That the Panel accepts the budget as it stands, with the addendum that no further capital expenditure goes ahead in 2016-17 until the capital programme has been fully reviewed.

2.2 In discussions around this recommendation OSP members questioned the continued suitability of the capital project scoring matrix, with particular reference as to whether or not all the capital spending scheduled for 2016-17 had been subject to being tested against the new corporate priorities.

3.0 POSSIBLE CABINET RESPONSES TO OSP

3.1 Cabinet could choose to accept the OSP recommendation and add it to Cabinet's recommendations to Council; or it could choose to reject the OSP recommendation. Reasons to reject include:

3.2 Fit to Corporate Priorities

- Each of the capital projects that will incur expenditure in 2016-17 have been matched to the new corporate priorities.
- In terms of the 2016-17 programme of £4,332k in the Budget report Annex 2, a list of the projects and reference to corporate priorities is set out below:

| Project | £000 | Corporate priority |
|--|--------------|--|
| Disabled Facilities Grants | 1,277 | Priority 2: Supporting Neighbourhoods - Ensuring local residents have access to good quality housing |
| CCTV Upgrade | 243 | Priority 1: A Clean and welcoming environment - Maintaining zero tolerance to encourage positive behaviour to help improve our environment Priority 2: Supporting Neighbourhoods - continuing to work with partners to improve community safety |
| Dreamland | 450 | Priority 3: Promoting Inward Investment and job creation |
| Ramsgate Port & Harbour - Low Carbon Plan | 339 | Priority 3: Promoting inward investment - Working with partners to make the most of the buildings and land we own. Maximising commercial opportunities for key assets Value 1: Delivering Value for money through efficiency savings against electricity costs and income generation by feeding back to the National Grid |
| Swimming Pool/Sports Halls Essential Capital Repairs | 30 | Priority 3: Promoting Inward Investment - Actively seeking inward investment which supports growth in the visitor economy. Maximising commercial opportunities for key assets |
| Operational Services Vehicle Replacement Programme | 750 | Priority 1: A Clean and welcoming environment - continuing to improve waste and recycling services |
| Ramsgate Harbour - Smart Metering | 168 | Priority 3 - Promoting Inward investment which support growth in the Visitor Economy by improving the experience for visiting boat owners Value 1: Delivering Value for money by transforming and targeting resources to deliver the right services in the right way to improve the customer experience. Also better income collection as no vessels are missed |
| Ramsgate Port - Berth 4/5 Replacement | 1,000 | Priority 3: Promoting Inward Investment - Actively seeking inward investment which supports growth in the visitor economy. Also by having the Infrastructure in place. Value 1: Value for Money by ensuring we achieve a stable and sustainable budget - by protecting existing contractual arrangements and encouraging further use |
| Capitalised salaries | 75 | n/a |
| Total | 4,332 | |

- A full list of current capital projects, some of which may slip into 2016-17 but which are not included in the Cabinet budget report, is available and all projects are matched to corporate priorities.

3.3 Financial considerations

- Removing externally funded projects could result in repayment of grant with interest for which there is no budget set aside.
- Cancellation of projects could damage the credibility of the council in the eyes of external funders.
- If a project is aborted and there is no asset created, the costs would have to be written off to revenue for which there is no budget.
- Some projects have already entered into contractual agreements so to pull out will depend on the break clause of the contract and could have financial penalties as well as damage relationships with partners.

- Changes to the borrowing of the Council would require a revised Treasury Report to go to Governance & Audit Committee, Cabinet and Council.
- Some schemes such as the Low Carbon Plan have a built-in assumption for income generation/efficiency savings and would have a revenue impact and so would require compensating budget savings.

3.4 Unpicking past decisions

- Capital projects are subject to evaluation and prioritisation, before inclusion in the programme for member approval. All the capital schemes scheduled to be spent in 2016-17 have already been through this process. The recommendation would reverse past decisions of Cabinet and Council, including the 24 November 2015 Cabinet decision on the 2016-17 capital programme.
- A newly elected Council is likely to establish new priorities. This does not mean that everything previously agreed but not acted upon, should be subject to a fresh decision.

4.0 POSSIBLE OPTION FOR OSP

4.1 In recognition of the essence of OSP's concerns, Cabinet may wish to suggest that OSP includes within its own work programme a review of the process of prioritisation for capital projects. This would not involve OSP in making decisions regarding any capital projects or programmes, but would allow OSP the opportunity to comment on the criteria used to prioritise capital projects.

5.0 OPTIONS

5.1 Cabinet could choose to accept the OSP recommendation and add it to Cabinet's recommendations to Council; or it could choose to reject the OSP recommendation.

6.0 CORPORATE IMPLICATIONS

6.1 Financial and VAT

6.1.1 Contained in the body of the report.

6.2 Legal

6.2.1 None.

6.3 Corporate

6.3.1 As explained in the report, Cabinet's budget proposals and in particular, the capital programme, will contribute towards the delivery of corporate priorities.

6.4 Equity and Equalities

6.4.1 There are no equality issues relevant to Cabinet's consideration of the Overview and Scrutiny Panel's recommendation.

7.0 Recommendation(s)

7.1 That Members do not accept the recommendation from Overview and Scrutiny Panel based on the reasons set out above.

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| Contact Officer: | Tim Willis, Director of Corporate Resources and S151 Officer |
| Reporting to: | Madeline Homer, Chief Executive |

Background Papers

| Title | Where to Access Document |
|---|--------------------------|
| Budget 2016-17 and Medium Term Financial Plan 2016-2020 | Cabinet 19 January 2016 |

Corporate Consultation Undertaken

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|----------------|--|
| Legal | Tim Howes, Director of Corporate Governance & Monitoring Officer |
| Communications | Hannah Thorpe, Interim Head of Communications |