

Budget Challenge Meetings Report January 2023

Budget & Resources Scrutiny Committee



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Note on the Text

After the first reference, the Budget and Resources Scrutiny Committee will be referred to as “the Committee” and Milton Keynes City Council will be referred to as “the Council” throughout this report.

1. Introduction and Committee Membership

The Budget and Resources Scrutiny Committee provides dedicated, cross-party scrutiny of the Council's finances and other resources such as staff and capital assets. The Committee's Terms of Reference can be found at Annex A.

For the council year 2022/23 the Committee is composed of councillors:

Cannon, Clarke (Vice-Chair), Geary, Hume (Chair), Imran, M Khan, N Khan, Taylor and Wardle (Vice-Chair).

For the January Challenge Meetings, the Committee was joined by Councillor Long, substituting for Councillor N Khan during a period of ill health.

The Committee's Planning Group (Chair and Vice-Chairs) is supported with technical financial advice by the Director of Finance and Resources (Section 151 Officer), Steve Richardson, and the Council's two Heads of Finance, Natasha Hutchin and Anna Rulton.

Elizabeth Richardson serves as the Overview and Scrutiny Officer.

Budget & Resources Scrutiny Committee 2022/23



Left to right: Councillor Cannon, Councillor Imran, Councillor N Khan, Councillor Clarke (Vice-Chair), Councillor Hume (Chair), Councillor Wardle (Vice-Chair), Elizabeth Richardson (Overview and Scrutiny Officer), Councillor M Khan, Councillor Geary

Inset L: Councillor Long, Inset R: Councillor Taylor

2. Foreword from the Chair

This is the second report from the Budget and Resources Scrutiny Committee on the work it has done during 2022/23 to scrutinise the draft 2023/24 budget proposals.

The purpose of this report, which is the result of the Committee's scrutiny and deliberations during January 2023, is:

- (i) to outline the pre-2023/24 budget preparation work the Committee has carried out scrutinising the Council's finances; and
- (ii) to present the Committee's recommendations to Cabinet on 7 February 2023.

Over the last 12 years the public sector has experienced austerity, pandemics and now a cost of living crisis, which show no signs of improving.

There has been a lot of uncertainty leading to this budget from inflation, multiple changes in government ministers leading to lack of information from government on local authority finances. However, having said this there is some stability for the next two years in the financial settlement from central government.

Some key themes that have come across include the impact of inflation, the increasing demand on adult and children services and the effects of covid which are still being felt.

Despite all this, the budget is one that has protected frontline services and is focused on alleviating the challenges of the cost of living crisis that could be experienced in the next year by residents in our city.

On behalf of the Committee, I commend this report to the Cabinet and the wider Council for their consideration.

Councillor Ed Hume

Chair, Budget & Resources Scrutiny Committee

January 2023

3. Committee Work Programme

The Committee met on four occasions during January 2023 to consider the following:

Date	Subject
4 January 2023	<ul style="list-style-type: none">• Issues affecting Housing Revenue Account and the impact of the 7% rent cap on social housing
10 January 2023	<ul style="list-style-type: none">• Reductions/Savings & Income Generation Proposals
12 January 2023	<ul style="list-style-type: none">• Housing Infrastructure Fund – Eastern Expansion Area• Fees and Charges for 2023/24• Changes to Pressures / One-Off Pressures since October 2022
17 January 2023	<ul style="list-style-type: none">• Political Pressures• Report Writing

Details of any requests for additional information are included in the Appendix to this report.

The agenda, reports, presentations and minutes for each of the above meetings are available on the Council’s website at: [Committee Management Information System \(CMIS\) - Budget & Resources Scrutiny Committee](#)

Recordings of the meetings are available to view for 6 months on the Council’s own [YouTube](#) channel.

This report will be presented to Cabinet for comment on 7 February 2023 and will form part of the final budget papers to be presented to full Council for decision on 22 February 2023.

4. Acknowledgements, Thanks and Commendations

The Committee would like to thank all those, particularly members of the Finance Team, who assisted with preparing documents and presentations, giving up their time to speak at the meetings and their assistance in supplying supplementary information when requested to do so.

Particular thanks should go to Steve Richardson, Director of Finance and Resources and the Council's Section 151 Officer, the two Heads of Finance, Anna Rulton and Natasha Hutchin, and their colleagues in the Finance Team for helping officer colleagues and Cabinet members identify the 2023/24 budget reductions, savings and income growth opportunities considered by the Committee during January 2023.

On behalf of all councillors, the Committee would like to thank the finance staff for their hard work, dedication and expertise in handling the Council's finances in what is becoming an increasingly difficult and uncertain financial climate for local authorities, and for keeping not just the Cabinet and senior officers, but all councillors, up to date with the Council's financial position. They should also be thanked for the clarity of their presentations and reports to the Committee during the year and their helpful explanations in response to questions from the Committee.

Preparing the draft annual budget is a council-wide exercise and the Committee would like to thank the relevant officers from the various council departments for their work to support their colleagues in Finance and the Cabinet Members in preparing the draft documents, for attending the January meetings when asked to do so and answering the Committee's questions with clarity and expertise.

In particular, the Chair is grateful for the diligence and patience of Elizabeth Richardson in managing the Committee through an intense workload, and for her work in producing such a comprehensive report, reflecting both the work carried out by the Committee and its views.

During the year, a number of councillors have acted as substitutes for colleagues who, for whatever reason, were unable to attend meetings, most notably Councillor Long substituting for Councillor Nas Khan during the January Challenge meetings. The Committee would like to thank all the substitutes for their support and contributions to the work of the Committee.

Finally, the Chair would also like to thank Councillors Wardle and Clarke for their vital input and support as Vice-chairs.

5. Recommendations

Housing

1. That the Council looks at ways in which income streams within the Housing Revenue Account (HRA), such as additional service charges, could be optimised, but without causing undue pressure on tenants who may already be in financial difficulties.
2. That the Committee commends the Council's policy of fully recovering service charges and welcomes the proposed involvement of tenants in a review of the service charges applicable within the HRA.
3. That as rental garages are not subject to the 7% cap on social housing rents, the Committee is surprised by the decision to only increase these by 7%. However, the Committee acknowledges that garage rents need to be set at rate which the market will bear, noting that the 7% is currently below the cost of living rate.
4. That the Committee welcomes the proposed review of the Council's stock of rental garages and hopes that this will lead to them being managed and marketed in a more commercially responsive manner, reduce the number of voids and improve the income stream from this source.
5. That the Committee supports the use of the £100k Working Tenant Support Fund to assist working tenants not entitled to assistance with rental costs to manage financial crises during the current cost of living squeeze.
6. That despite the current, difficult circumstances, the Council keeps the HRA under constant review so that it can maximise investment potential within the HRA as and when conditions are favourable.
7. That in order to encourage more private sector landlords to work with the Council in the provision of suitable accommodation for the homeless, the Council continues to return private sector rental properties to landlords in good condition, developing a positive reputation for its care of the private sector properties it uses.

Adult Services

8. That the Cabinet member for Adults, Housing and Healthy Communities reviews the current level of spending on residential care placements and explores alternative forms of care for those vulnerable and elderly residents who may need additional support from the Council.

Capital Programme

8. That the Committee is seriously concerned about the estimated costs of the Milton Keynes East developments and remains unconvinced that the projected uplift in the tariff will be sufficient to cover any increases in costs and the danger this poses to the Capital Programme budget.

Therefore, as a matter of urgency, the Committee seeks clarification as to the extent of the Council's liability for any increased costs and that the measures are in place to manage this risk appropriately.

9. That the Committee supports the Cabinet in its efforts to access funds from any available source, including writing to the MPs for Milton Keynes requesting their help in obtaining further government funding for local infrastructure works, particularly in light of recent comments by the MPs on the need to invest in good infrastructure works before the development of new areas can begin.
10. That measures are put in place to strengthen the understanding by council departments, and parish councils, of the benefits of claiming s106 money and any other funding streams, to support appropriate projects which they might not otherwise be able to afford.
11. That the relevant Cabinet member and the Housing Delivery Team note the lessons learned in hindsight in response to the issues raised by the conversion of The Laurels into three separate dwellings, so as to ensure the same mistakes are not made if any such conversions are proposed in the future.

General

12. That the Bereavement Services Team continues to ensure that Milton Keynes City Council remains committed to offering a diverse range of burial and cremation options for the multicultural demographic of Milton Keynes.
13. That while the Committee supports the Council's Apprenticeship Programme, it has concerns as to whether there will be sufficient suitable jobs available for apprentices to move into once they have completed their apprenticeship.

The Committee was disappointed to note that one of the posts removed as a result of the role rationalisation process was an apprenticeship post and would urge the Council to use the apprenticeship programme to encourage more young people to join and make their careers with the Council.

14. That the Council makes every effort to encourage those officers benefitting from continued professional development through the Planning Academy to continue to work in a planning role at the Council, providing a return on the Council's investment in them.
15. That the Council remains aware that there is a limit as to how many jobs can be cut before service delivery is affected.

Scrutiny

16. That the Scrutiny Management Committee be asked to include detailed scrutiny of how well the Integrated Environmental Services Contract is performing in the 2023/24 Scrutiny Work Programme.
17. That the Committee urges the relevant scrutiny committees to consider reviewing the changes to staffing structures proposed in the draft budget for both Adult and Children's Services during 2023/24 to ensure service delivery is being maintained.
18. That the relevant Scrutiny Committee be asked to consider reviewing bereavement services provided to ethnic and cultural minorities following concerns which were raised with the Budget & Resources Scrutiny Committee during the January Challenge meetings.

6. The Evidence

The Committee received a number of detailed reports and presentations from both the Council's Finance Team and officer colleagues in other departments, setting out the Council's current and future financial positions.

04 January 2023

The Committee received a very comprehensive presentation on the current position of the Housing Revenue Account (HRA) and the implications for the HRA's budget in 2023 of the 7% rent cap imposed by the Government. The session covered an overview of the HRA budget (ie a recap of the position as at December 2022), pressures and core assumptions, identified savings, an overview of the rent setting process, the outcome of the Government's rent cap consultation, a recap of how the Council's ability to borrow against the HRA (borrowing headroom) worked, the Treasury Overview of the HRA and the next steps to prepare the final budget for presentation in February 2023.

However, although the Committee found the information useful in putting the HRA into the context of the overall budget and increasing its understanding of how finances within the HRA worked, due to the fact that the detail of the draft 2023/24 HRA budget was still being worked on, it was not possible for it to carry out full scrutiny and was only able to scrutinise some aspects of the budget in general terms.

10 January 2023

Following a short presentation on the planned reductions during the current Medium Term Financial Plan (2023/24 – 2026/27) totalling £8.9m, which included previously agreed reductions and savings of £2.6m, with £6.3m of new reductions and savings, the Committee reviewed the list of individual proposals as set out in Annex B of the agenda pack.

Each of the reductions and savings was backed up by a detailed business case which the Committee had had the chance to study prior to the meeting. The Directorates most impacted by the proposed reductions were Adult Services and Environment and Property. The meeting was therefore attended by the Director of Adult Services, Victoria Collins and the Director of Environment and Property, Stuart Proffitt, so that the Committee could discuss the proposals relating to these Directorates with them first hand.

The meeting was also attended, via Teams, by the Head of Environment and Waste who discussed the proposed savings which will be generated by a reduction in waste tonnage and improvements in recycling across Milton Keynes

when the new wheelie bin scheme and waste contract go live later in 2023.

The Finance Team also took away a number of queries from the Committee in relation to Annex B and agreed to supply written answers before the meeting scheduled for 17 January.

A significant proportion of the savings involved reductions in staffing. Although many of these were being achieved by natural wastage, eg retirement, people moving on to other jobs and the deletion of a number of long-term vacancies to which the Council had been unable to recruit, the Committee agreed unanimously to invoke article 12A of the Local Government Act 1972 to exclude the public and press from the meeting because of the nature of the business to be transacted might include:

- i) Information relating to an individual; or
- iv) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

Each of the staffing reductions was supported by a detailed business case which had been produced as “pink” papers due to the confidential nature of their content.

12 January 2023

At its request, the Committee received an additional briefing paper from the Council’s Tariff Programme Manager, explaining how the Government’s Housing Infrastructure Fund support scheme was being used to create the necessary infrastructure to allow the proposed Eastern Expansion Area to proceed and the agreements that the Council had in place with the developers. The Committee discussed this in detail with the Tariff Programme Manager and the Finance Team, raising a number of concerns and seeking reassurance that the proposals were robust and could be delivered within the financial framework set out in the briefing paper.

This meeting was the first of this year’s challenge meetings where a member of the public had asked to speak, raising a number of questions in relation to the Parking Revenue Account (Annex G in the agenda pack). He also offered some advice on the presentation of the information in the schedule which would make it clearer for the public to understand. These suggestions were endorsed by the Committee and the Finance Team agreed to implement these in future versions of the schedule.

The Committee received a presentation on the proposed Fees and Charges in the draft 2023/24 budget (Annex D in the agenda pack), which covered the

Council's Income Policy, how and why charges were set, income from fees and charges during 2022/23 and the key changes for 2023/24.

The Committee then scrutinised the Annex D schedule in detail, raising a number of questions with the Finance Team, who undertook to provide answers by the meeting on 17 January.

Finally, the Committee reviewed the changes to the schedules of pressures and one-off pressures which had developed since it first scrutinised these in October. Included with the updated list of pressures / one-off pressures was a list of Political Priorities which had been identified by the Cabinet rather than service departments. The Committee was of the view that as there were no business cases available for these pressures, it had insufficient information to comment on them in any meaningful way. It therefore requested that the Leader of the Council be invited to attend the final meeting on 17 January.

17 January 2023

At the request of the Committee, the Leader of the Council, Councillor Peter Marland, attended to discuss the list of additional, "Political Priority" pressures the Committee had only received the week before.

Councillor Marland gave a brief overview of the Cabinet's strategy in relation to the draft 2023/24 budget, explaining that although the position of the Council's finances had improved since October due to changes in the Government's fiscal policies toward local authorities, the overall strategy had not changed.

Due to the increased rate by which local authorities could raise Council Tax, the Council would be able to develop balanced budgets for both 2023/24 and 2024/25, provided inflation stayed at no more than 9%.

Since the Provisional Local Government Finance Settlement had been announced in December, the Council's core spending power had increased by 9.3%, however it was not prudent to balance the budget based on on-off government funding. This meant the Council had some leeway on how it allocated this funding which had allowed the Cabinet to develop its Political Priorities list.

The Committee then discussed the individual items with Councillor Marland, noting the rationale behind them how they might work in practice.

During the second part of this meeting, the Committee reviewed the draft report and formulated its recommendations on a number of budget items.

The Committee also reviewed the whole process of the 2023/24 Challenge Meetings, both October and January and considered an outline approach for the 2024/25 draft budget Challenge Meetings, suggesting that senior officers be invited to present the anticipated pressures in their service areas during the

October sessions, with Cabinet Members attending the January meetings to discuss the policies behind any reductions and savings with the Committee.

Appendix: Requests for Additional Information

Prior to the January Challenge Meetings

- Update on Capital Programme Items (The Laurels, Rowlands Close etc)
- Briefing on the Housing Infrastructure Fund Delivery for the Eastern Expansion Area
- Update on Investment in the Smarter Working Programme & IT Improvement
- Contractual Inflation Assumptions 2023/24
- Table setting out the Council's financial position as at October 2022, the original proposals in the draft 2023/24 budget and the revised position following the announcement of the 2023/24 Local Government Finance Settlement

4 January 2023:

- List of what constitutes "other income" in the HRA
- More detail on HRA loans
- More detail on "Role Reduction" items in Annex B

10 January 2023:

- Changes to Annex A (Pressures)
- Summary of the Adult Social Care budget showing gross expenditure and income
- S23-24N - New Integrated Environment & Waste Contract – an updated business case was requested in due course
- S23-7N – lack of detail in the business case - more detail on roles of Leisure Manager, Leisure Officer & Community Solutions Manager – front line posts, so what did they do and what won't now get done if posts not filled?

12 January 2023:

- Breakdown of management costs for multi-storey car park
- Update on loan payments for "new" crematorium – how closer is it to being paid off?
- School Improvements – what are the IP costs for the service?
- Why are HRA garage rents being capped at 7% when Committee was advised that there was no cap at meeting on 04/01?
- P23-2L (Older People) and P23-5L (Homeless Prevention & Access) – What is the reason for the increased pressures in Adult Services?
- P23-22L (Highways Adoption) – explanation in writing of why this budget is breaking even
- Background update on Planning Appeal provision
- More detail on the "Political Pressures"

Annex A: Terms of Reference

1. To implement the work programme agreed by the Scrutiny Management Committee by:
 - (a) providing dedicated, cross-party consideration of the Budget and the Council's finances with a view to establishing and maintaining resources which are fit for purpose and address the needs and aspirations of the people of Milton Keynes and the Council Plan priorities;
 - (b) making recommendations on:
 - Priority of Services
 - Service efficiencies
 - Value for money
 - Financial strategies
 - Risk Management of financial proposals
 - (c) considering and commenting on Procurement, Workforce, ICT and Property issues in the light of the Council's Financial Strategy;
 - (d) monitoring the in-year progress of the budgets for the Revenue Account, Capital Programme, the General Fund and the Housing Revenue Account;
 - (e) scrutinising and commenting upon annual out-turn reports for the Revenue and Capital Budgets, and identify learning points;
 - (f) being consulted during the preparation of the annual Revenue and Capital Strategies and Budgets;
 - (g) scrutinising the draft Revenue and Capital Budgets;
 - (h) making recommendations to the Cabinet on any of the above matters at any time, and to submit comments to the Council in relation to the Cabinet's proposed Revenue and Capital Budgets at the appropriate time;
 - (i) appointing a planning group to oversee the implementation of the Committee's work programme;
 - (j) appointing, subject to the agreement of the Scrutiny Management Committee, co-opted persons in a non-voting capacity, to add to the expertise, breath of knowledge and understanding of the work of the Committee; and
 - (k) inviting expert witnesses in respect of particular items to be considered by the Committee.
2. To establish a sub-committee to consider all called-in Cabinet, individual Cabinet member or officer decisions, as referred by the Scrutiny Management Committee in accordance with the Overview and Scrutiny Procedure Rules.

Scrutiny – An Explanation

As Milton Keynes Council has a Cabinet (Executive) system it is required by law to have a Scrutiny function to support and scrutinise its executive decision-making arrangements.

Scrutiny committees and scrutiny task and finish groups are not “decision making” bodies but are bodies which monitor and influence the decision makers. The committees and task and finish groups are made up of non-Cabinet members, and are designed to support the work of the Council in the following ways:

- assisting the executive in research, policy review and development and thus helping drive improvements in public services;
- reviewing and scrutinising decisions to be taken, or ones which have been taken by the Cabinet and officers, also known as acting as a “critical friend”, challenging policy and decision makers;
- considering the Council’s performance;
- reviewing the work of external organisations operating in the Borough to ensure that the interests of local people are enhanced by collaborative working; and
- enabling the voice and concerns of the public to be heard and listened to.

Each scrutiny committee or task and finish group has its own terms of reference. The scrutiny committees / task and finish groups consider issues by receiving information in a number of ways including by receiving presentations and taking evidence from councillors, Council officers and external witnesses or partners to develop an understanding of proposals or practices. As scrutiny committees and scrutiny task and finish groups have no decision-making powers they can present their recommendations to the Cabinet, full Council, Council officers, or external partners. The committees will often request a formal response and progress report on the implementation of recommendations that they have provided to various parties.

Attending Meetings of Scrutiny Committees / Task and Finish Groups

Meetings of scrutiny committees and task and finish groups are held in public and are generally open for everyone to attend. If you would like to attend, then please just turn up.

If you would like to make a representation to councillors on behalf of yourself or others on one or more the items on the agenda, let us know you are attending before the meeting so that the Chair can be advised in advance, either by calling 01908 691691 (ask for the Scrutiny Team in Democratic Services) or by emailing democracy@milton-keynes.gov.uk. You will have up to 3 minutes to address the meeting.

On occasion there may be specific issues that the meeting must consider in private so everyone except members of the committee / task and finish group and key officers

will be asked to leave.

If you want to speak on a matter that is not scheduled to be discussed by a scrutiny committee or task and finish group, then please either call or email the address above and we will contact you to discuss how best to take this forward.

Meetings are generally held at the Civic Offices, Central Milton Keynes. The Chair of the meeting will try and make the meeting as informal as possible, but, by their nature, local authority meetings must retain a degree of formality, with the meeting being controlled by the Chair.

If you are to speak on an agenda item, you will be able to speak when the item is considered. The Chair of the meeting will call out your name when it's your turn if you have given prior notice. You will either be invited to come forward to the witness desk to speak or remain in your seat – the Chair will let you know.

Depending on the room in which the meeting is being held the committee / task and finish group may be using microphones. If so and you are asked to come forward to sit at the witness table provided, a microphone will already be there; if you are asked to remain in your seat, a colleague will bring a hand-held microphone to you.

When asked to speak, please give your name and let us know if you are representing any organisation or speaking in your own right.

The maximum time you will have to speak is 3 minutes. If there are lots of people wanting to speak, then the Chair might reduce the time per person to one or two minutes to enable everyone to have their say. Please try not to repeat what has been said before.

If you have been invited to give evidence to the scrutiny committee or task and finish group as a witness, you will have been contacted by one of the Council's scrutiny officers who will have briefed you on what the committee or task and finish group would like you give evidence and what to expect at the meeting. You will be allowed sufficient time to speak to give your evidence. You will not be limited to 3 minutes.

Dates for the Council's public meetings, together with the papers for the meetings, are available on the Council's website at: [CMIS](#)

If you have any questions about the scrutiny process, please send them either to: democracy@milton-keynes.gov.uk, or The Scrutiny Team, Democratic Services, Milton Keynes Council, Civic Offices, 1 Saxon Gate East, Milton Keynes, MK9 3EJ. Alternatively, or call 01908 691691 and ask for the Scrutiny Team in Democratic Services.

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