

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

10 March 2022

Report of the Management Team

Part 1- Public

Matters for Information

1 BUDGETARY CHANGES AND STRATEGIC RISK REGISTER

An information report giving Members of this Committee high level information in terms of the budget position and direction of travel. In addition, it points Members to the red rated risks on the Strategic Risk Register.

1.1 Introduction

1.1.1 At the meeting of this Committee on 2 December 2021, Members recommended at Minute OS 21/29 that:

- 1) Officers be invited to consider how the agenda for each meeting of the Committee include an item on an element of financial matters which identifies any changes in the budgetary position since the previous meeting;
- 2) the Risk Register be reported to the Committee on a regular basis to provide an update on those identified as 'red' and identify actions taken to negate those risks.

1.1.2 This regular report will address these 2 recommendations.

1.2 Budgetary changes

1.2.1 As Members are aware, the Finance, Innovation & Property Advisory receives at each of its meetings - (except for the Estimates meeting in January) - a very detailed report from the Director of Finance & Transformation entitled Financial Planning and Control. The report sets out information on key budget areas - salaries, major income streams and investment income together with details of approved variations, virements and issues identified via revenue budget monitoring.

1.2.2 It is not the intention of this regular report to replicate this information, and Members are invited to read the latest report on the agenda packs for the Advisory Board.

- 1.2.3 What this report will do, however, is set out any significant changes to the budget which have been recommended or approved by other Advisory Boards or Committees. This should give Members of this Committee a general sense of the “direction of travel” as far as the Council’s budgets and financial plans are concerned.
- 1.2.4 The **starting point for this particular report** is the Budget and Medium Term Financial Strategy recommended by Cabinet on 10 February 2022 and subsequently approved by Full Council on 22 February 2022.
- 1.2.5 At the meeting of Street Scene and Environmental Services Advisory Board on 8 February 2022, Members recommended a programme of **roll out of communal recycling** to flats across the borough. In order to achieve this, it was explained that it is essential that the project is led by the experienced Waste Services Officer whose contract would need to be extended until the end of the calendar year. The cost of this unbudgeted *in-year* expenditure is just less than £30k. Due to the timing of the report and its recommendations, this cost was not factored into the 2022/23 Estimates, and will therefore be a first call on the ‘Management Savings’ (i.e. the savings achieved each year through staff turnover etc).
- 1.2.6 On 15 February, the Communities and Housing Advisory Board (CHAB) received a report detailing the outcomes of a piece of consultancy work relating to the **homelessness and the provision of temporary accommodation**. As Members are aware, this piece of work was commissioned following the escalation of cost in this service area. Members should note that in order to kickstart the process of ‘recovery’ and cost reduction it will be necessary to engage additional staff resources for a temporary period. We are in the process of preparing a “shadow budget” for this service, but Members should be reassured that the net overall cost will be less, or certainly no more, than the published net budget approved by Full Council. Further information will be provided through Advisory Boards in due course.
- 1.2.7 In addition to the above, CHAB also received a report on **grants to the voluntary sector**, and Members should note that it was recommended that there is a small reduction on grant awarded by £1,600. This will contribute to the forthcoming savings targets.
- 1.2.8 At Full Council on 22 February after setting the Budget, Members received a report on the **Scheme of Members’ Allowances**. It was agreed that Allowances should be frozen for 2022/23 based on 2021/22 levels. Freezing allowances for 2022/ 23 generates a budget saving of £8,150.
- 1.2.9 Finally, at the meeting of the Planning and Transportation Advisory Board on 1 March, a report details the work around the resubmission of the **Local Plan**. With a slightly extended timescale, it is possible that there could be a reduction in cost against the expenditure profile reported previously. This is dependent

upon there being sufficient capacity and expertise being available 'in house' to carry out some of the work rather than it being commissioned externally.

- 1.2.10 Members are also aware from the report presented to the meeting of this Committee in January 2022 that a **Peer Review** was recently carried out by the Local Government Association. Whilst the full report from the Peer Review team is still to be received, a number of recommendations have been made and it is intended that an initial report will be presented to Cabinet in March setting out the headline messages from the work. There may be some temporary cost implications arising from this in order to address the recommendations and indeed contribute to the 'Savings and Transformation' agenda, but details will be presented in due course.
- 1.2.11 As Members are already aware, **the Savings & Transformation Strategy** identifies that savings/new income of £2.15m needs to be found over the next 5 or 6 years. Whilst the word 'savings' is used in this report, it should be noted that this is shorthand for savings on expenditure, additional income or new income streams, or most likely a combination of all of these things.
- 1.2.12 It is of course acknowledged that things can change and this is one of the reasons the Council has adopted a system whereby it looks at savings in 'tranches', as those tranches can be flexed as new information comes to light. Focusing on the shorter term, i.e. the next 3 years, Members are advised that the Council needs to prepare to deliver savings with £1.5m of this needing to be found in the next 3 years.

1.3 Strategic Risk Register

- 1.3.1 A 'snapshot' of the Strategic Risk Register (SRR) is regularly reported to the Audit Committee by Management Team as part of that Committee's responsibilities in terms of risk management. In addition, on occasion the SRR is additionally reported to the Cabinet to assist Members of the Cabinet in strategic management and policy planning.
- 1.3.2 It is not the intention to replicate information and Members are initially referred to the report to the last Audit Committee on 24 January 2022 which can be found [here](#).
- 1.3.3 Members should note that the report highlighted that out of the 17 strategic risks listed, 5 are categorised as RED. These are as follows:
- 1) Financial position/budget deficit
 - 2) EU Transition and Economic Uncertainty (severely impacted by Coronavirus Pandemic)
 - 3) Corporate Strategy and Savings and Transformation Strategy

- 4) Waste Services
- 5) Local Plan

1.3.4 Since the last report to the Audit Committee in January, the following updates have been made to the SRR:

- a) Budget – the Budget has been set for 22/23 and an update to the MTFS endorsed. The risk rating for ‘Financial position/budget deficit’ remains red until such time as a better sense is gained as to how the initial set of savings is to be achieved.
- b) Homelessness - the consultants’ report has been received and is being reported to CHAB in the first instance. A number of recommendations are being taken forward in an action plan over the next few months. The risk ‘Welfare reform inc. Housing need’ remains amber.
- c) Cyber security – a recent cyber simulation exercise within the Council highlighted some training issues that need to be addressed. The ‘Cyber security’ risk remains amber.
- d) Waste – timetable for roll out of communal recycling to flats has been agreed. Discussions are taking place with the contractor with regards to the resumption of the full garden waste service, but it is assumed in our budget that this will take place by the start of the financial year 2022/23. The risk rating for ‘Waste Recycling contract’ remains at red until there is evidence of the contract settling down following full resumption.

1.3.5 A further report will be presented to the Audit Committee on 4 April 2022, and Members of this Committee are encouraged to view it.

1.4 Legal Implications

- 1.4.1 Local Government Act 2003 places a statutory duty on the authority to monitor income and expenditure against budget and to take action if overspends or shortfalls in income emerge. If monitoring establishes that the budget situation has deteriorated, authorities are required to take such action as they consider necessary. This might include action to reduce spending in the rest of the year, to increase income or to finance all or part of the shortfall from reserves.
- 1.4.2 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.
- 1.4.3 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

1.5 Financial and Value for Money Considerations

- 1.5.1 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.
- 1.5.2 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.
- 1.5.3 Progress on meeting this year's savings and transformation contribution of £350,000 to be reported via the Finance, Innovation and Property Advisory Board.

1.6 Risk Assessment

- 1.6.1 Budgetary control is a prerequisite of good financial management, financial planning and control and needs to be kept under review to ensure it remains effective and relevant
- 1.6.2 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively

1.7 Policy Considerations

- 1.7.1 Risk management is relevant to all areas of the Council's business

Background papers:

contact: Sharon Shelton

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance & Transformation

for Management Team