

# TONBRIDGE & MALLING BOROUGH COUNCIL

## OVERVIEW AND SCRUTINY COMMITTEE

07 July 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, prior to the recent governance changes, the Finance, Innovation & Property Advisory Board received 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 set 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 In the future, it has been agreed with the Cabinet Member for Finance, Innovation & Property that regular reports will instead go to Cabinet so that information is readily available and transparent. **At the time of writing, a report**

**is to be presented to Cabinet on 5 July** just a couple of days before the meeting of this Committee, and it is not the intention of this report to replicate this information. Members are asked to refer to that report which can be found [here](#) for detailed up to date information.

- 1.2.3 An important update with regard to the outturn for 2021/22 and the impact of the current economic climate on the Medium Term Financial Strategy was also presented to Cabinet on 7 June. Again, Members may care to read this report which can be found [here](#).
- 1.2.4 As Members are already aware, **the Savings & Transformation Strategy** which was agreed at the Cabinet Budget Meeting and then at Full Council on 22 February identified 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.)*
- 1.2.5 Members will be aware from the reports to Cabinet in June and July that due to the recent hikes in inflation, energy price rises and the conflict in Ukraine, we estimate that the £2.15m will increase to something in the order of £2.5m to £3m (or even more). As Members will appreciate, these are all things that are outside of the Council’s control and have come to bear since the Budget was set in February and it is very much a “moving target”. It does however reinforce the imperative for a robust programme of savings.
- 1.2.6 This Committee may be interested to note that Cabinet agreed at its meeting on 7 June that in order to ensure that the target of £350,000 is achieved by the start of the financial year 2023/24, a comprehensive report detailing all strands of work being undertaken in respect of the Savings and Transformation Strategy, including progress being made on achieving targets and outcomes be presented to Cabinet in November 2022.
- 1.2.7 As mentioned in the previous report to this Committee, focusing on the shorter term, i.e. **the next 3 years**, Members were advised that the Council needed to prepare to deliver savings of circa £1.5m from this total. Members are advised however that, dependent upon how the impact of the current global economic conditions ‘plays out’ in the next iteration of the MTFS, the sum to be found in the shorter term (3 years) could be more than £1.5m.

### 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 4 April 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 A further report will be presented to the Audit Committee on 25 July 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 Cabinet.

**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:

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Nil

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for Management Team