

Report on the 2024/25 Draft Budget Proposals

January 2024

Budget and Resources Scrutiny Committee



Contents

	Page No
1. Introduction and Committee Membership	3
2. Foreword from the Chair	4
3. Committee Work Programme	5
4. Acknowledgements, Thanks and Commendations	6
5. Commentary	7
6. Recommendations	11
Annex A: Terms of Reference	13
Annex B: Additional Information Requested	14
Scrutiny – An Explanation	15

Note on the Text

After the first reference, the Budget & 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 a dedicated, cross-party scrutiny of the Council's budget and financial processes. The Committee's Terms of Reference can be found at Annex A.

For most of the 2023/24 council year, the following councillors have served on the Committee:

Cannon (Vice-chair), Clarke, Geary, Hume (Chair), M Khan, Lancaster, Long, McBride, and Wardle (Vice-Chair).

However, this year there were some mid-year changes to the membership of the Committee due to alterations in the political make-up of the Council, which changed the proportionality between the political groups on the Committee. Councillor Verma was originally appointed to the Committee at Annual Council in May and served for one meeting. From the September meeting he was replaced by Councillor Lancaster.

Councillor McBride stood down as a Councillor in January 2024 and has not yet been replaced.

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 Assistant Directors of Finance, Natasha Hutchin and Anna Rulton.

Elizabeth Richardson serves as the Overview and Scrutiny Officer.



Back Row: Councillor James Lancaster, Councillor Ed Hume (Chair), Councillor Nigel Long

Front Row: Councillor Mo Khan, Councillor Peter Cannon (V-C), Councillor Chris Wardle (V-C), Councillor Peter Geary

Inset left: Councillor Uroy Clarke

Inset Right: Elizabeth Richardson. Overview and Scrutiny Officer

2. Foreword from the Chair

First of all, a big thank you to the Committee this year for their work in scrutinising officers and Cabinet members to ensure that the good work done by officers and Cabinet members is the best it can be. Thank you to Councillor Wardle and Councillor Cannon as Vice-chairs for their support in planning the Committee's Work Programme. Thank you to Steve, Anna, and Natasha from the Finance Department for all their support in the planning process but also for the detailed expertise and answering of questions and explanations in committee meetings. It was good to have the youth cabinet join us for one of the meetings and I hope it helped them understand the work that goes into creating a budget. Lastly, thank you to Elizabeth Richardson for all her work as Scrutiny Officer this year, her attention to detail and knowledge in organising and shaping Budget Scrutiny is invaluable. I am aware that, after many years of being the Scrutiny Officer of this committee, this is your final round, so thank you for helping to shape the Committee into what it is today and for your dedication to Budget Scrutiny over many years.

For many local authorities, it is a tough environment at the moment, and it is for MKCC; increasing demands on Social Care, Children's Services and housing have a large impact on the budget. There are many councils who are having to dip into reserves or are issuing section 114 notices. Thankfully Milton Keynes City Council is not in this position at the moment. However, the challenges are looming with a gap of £22m over the next four years. It is therefore welcome that the Council has been able to maintain services this year with savings mainly related to improving efficiencies.

There is always uncertainty about the level of government funding the Council will receive and it often comes through late in December, making it difficult to plan, so it was welcome news to hear of the Government's additional £600m funding for local authorities announced in January, although, at the time of writing, what this means in monetary terms for Milton Keynes remains to be seen.

The purpose of this report, therefore, is:

- (i) to outline the work the Budget & Resources Committee has carried out to scrutinise the Council's draft 2024/25 budget proposals;
- (ii) to present the Committee's recommendations to Cabinet on 6 February 2024 and to Council on 21 February 2024.

This report is the result of the Committee's scrutiny of the draft 2024/25 budget proposals during the autumn and winter of 2023/24. On behalf of the Committee, I commend it to Cabinet and the wider Council.

Councillor Ed Hume
Chair, Budget & Resources Scrutiny Committee

3. Committee Work Programme

The Committee met on 6 occasions over the autumn and winter of 2023/24 to consider the following:

Date	Subject
14 September 2023	Capital Programme
17 October 2023	Identified General Fund Pressures in the 2024/25 draft budget
06 December 2023	Housing Revenue Account Draft 2024/25 Budget Proposals
04 January 2024	Political Overview Local Government Funding Settlement 2024/25 Draft Council Budget 2024/25 and Medium-Term Financial Plan 2024/25 to 2027/28
09 January 2024	Identified Reductions and Savings in the 2024/25 Draft Budget Proposals: <ul style="list-style-type: none">• Corporate Services• Children’s Services
16 January 2024	Identified Reductions and Savings in the 2024/25 Draft Budget Proposals: <ul style="list-style-type: none">• Environment & Property Services Report Drafting

Details of the requests for additional information are included at Annex B.

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

The public consultation on the 2024/25 draft budget proposals commenced on 12 December 2023 and runs until 31 January 2024.

4. Acknowledgements, Thanks and Commendations

The Committee would like to thank all Cabinet Members and officers 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.

The Finance Team should be commended for the improved, detailed descriptions of items in the pressures and reductions schedules. Clear and concise reasoning for each item has meant that the Committee has been able to significantly reduce its workload this year, by reducing the number of meetings necessary to carry out scrutiny of the Council's draft budget proposals for 2024/25, freeing up time for both councillors and officers to do other things.

A significant innovation this year has been the production of background documents providing data tables on both Social Care Demand Budget Pressures and the Housing Revenue Account. These background papers have given the Committee a much greater depth of understanding of the issues affecting demand led services and how they are financed. The Committee is very appreciative of the time it must have taken officers to prepare these background reports and thanks them for all their hard work.

Given the changes to the membership of the Committee during the year, the Chair and Vice-Chairs would like to thank Councillor Verma for his initial membership of the Committee and for stepping in at short notice as a substitute at the first January 2024 meeting.

They would also like to thank Ms McBride for her input into the work of the Committee when she was a councillor and the whole Committee wishes her well for the future.

This year one of the January Challenge meetings was attended by members of the Milton Keynes Youth Council, who took a lively interest in the meeting. The Committee welcomes their interest in the Council's future finances and hopes to see them again at other meetings.

The Committee continues to be grateful for the diligence and patience of Elizabeth Richardson in managing the Committee through an intense workload, the preparation of some complex agenda documentation, copious note taking and for her assistance in drafting this report.

5. Commentary

The financial climate in which local authorities, including Milton Keynes City Council, are having to deliver services to their residents remains difficult, and it looks as if this trend is set to continue into future years. It has been suggested that at least 50% of local authorities will struggle to put together a balanced draft budget for 2024/25. This is particularly true of the higher tier authorities, ie unitary and county councils, which provide social care services for adults and children, with a possible 1 in 2 of these authorities having to resort to using reserves to balance their budgets.

Over recent years the Council has had to make some hard decisions in relation to its finances but compared to other authorities, this solid approach to its finances has put Milton Keynes City Council in a reasonable position for 2024/25, developing a balanced draft budget and remaining financially stable.

Like all upper tier authorities, one of the biggest challenges facing the Council is the continued increase in the cost of delivering social care services, particularly the cost of children's services which are rising steeply, and the costs of dealing with homelessness and rough sleeping. As an area of both economic and demographic growth, it's not just the cost of existing service provision that is increasing, the level of demand for services from a growing population has also increased significantly.

Apart from the increases in both service demands and costs, the efficient and cost effective delivery of services is also being affected by the introduction of a number of new legislative frameworks, most noticeably in the areas of housing / homelessness and children's services, with which the Council will have to comply.

There have been a number of spikes in service demands during 2023/24 and it is anticipated that this will continue into 2024/25. The aim is for the Council to retain a sufficient working balance which can be used to mitigate the spikes.

A number of new, and some are significant, pressures have gone into the 2024/25 draft budget, but the Committee is pleased to note that these will be managed by carefully thought through reductions, and in some cases proposed income growth, as well as other mitigations such as service redesign.

The Committee welcomes the confirmation by council officers that there are no proposals to cut services, although some services are being reviewed to assess whether there are any efficiencies which can be made, and it is unlikely that any services will be expanded during 2024/245.

One service of particular concern to the Committee is the Home to School Transport Service. The Committee was unsurprised to note that costs for the Home to School Transport service are rising again and accepts that some of these costs, such as the

fluctuating price of fuel during a period of high inflation, are outside the Council's control. However, some years ago, as part of its scrutiny of draft budget proposals, the Committee recommended a root and branch review of the Home to School Transport Service, which was carried out jointly by staff in Children's Services and in Finance. This review led to the Council being able to make significant savings on the Home to School Transport budget and the Committee feels that it is time for an update review to see if there are any further savings or service efficiencies which could be made.

The Council's Housing Revenue Account (HRA) is one of its largest budgets, which the Committee has often felt it has not scrutinised as thoroughly as it should. However, this year, the regular introduction of quarterly reporting to monitor the activity within the HRA has proved very beneficial. Treating the HRA as a stand-alone budget and the timetabling of extra meetings which could be easily cancelled if not required, meant that the Committee was able to devote the whole of the meeting on 6 December 2023 to scrutinising the HRA budget proposals for 2024/25 in detail. The Committee found the background briefing note which provided the data tables behind the budget, and which was circulated prior to the meeting particularly helpful in aiding their discussions and meant that it didn't have to constantly seek clarification on various technical points from officers.

Once again, the Committee discussed the Council's use of one-off pressures and whether in the case of regular items, such as the annual cultural festivals of various types which alternate every year, these should be base-budget items on the grounds that an event is likely to happen each year. However, one-off pressures usually cover those items within in the Council's remit which are "nice to have" but are not part of the Council's statutory obligations. Although the Committee recognises that this methodology provides a degree of flexibility for the Council, as in tough times it is easier to cut or reduce one-off pressure first, rather than base budget items, it has recommended that including these funds into the base budget should be considered.

At its September meeting the Committee scrutinised the Capital Programme in detail. As this is a rolling programme, with projects often straddling 2 or more financial years it is difficult to predict how circumstances pertaining at any one time will impact delivery of the projects within the programme. However, the Committee was satisfied that the procedures the Council has in place to monitor progress of existing programmes to ensure continued cost effectiveness and not bringing new projects forward unless the s151 officer (Director of Finance and Resources) is satisfied that sufficient funding is in place were robust. It has no further comment on the Capital Programme other than to thank the Assistant Director Finance and her Team for the work that they do keeping the Capital Programme up to date.

The Committee also notes that all the Council's reserves remain at a healthy level and that due to the hard work done by officers across the Council, with assistance from their finance colleagues, to develop deliverable, balanced budgets for both 2023/24 and 2024/25, the Council, at this moment in time, will not need to dip into its reserves significantly to balance the books.

The draft Medium Term Financial Plan 2024/25 to 2027/28 provides a four year funding forecast, which indicates that the Council may face some severe financial issues in year three (2026/27) which will necessitate the Council having to make some difficult financial decisions, particularly about future discretionary spending and the possible use of reserves.

In light of this, the Committee suggests that the impacts of any future pressures on service delivery should be scrutinised, and recommendations made accordingly, by the relevant scrutiny committee before the financial implications are brought before the Budget & Resources Scrutiny Committee. The Committee found the work done by the Public Realm & Environment Scrutiny Committee in examining the changes in operation at the Milton Keynes Waste Recovery Park particularly helpful, significantly reducing the amount of time the Committee might have spent in scrutinising that particular pressure.

The Council's financial future is also very dependent on the impact of a number of unknown factors, including the long promised Fair Funding Review of how local government is funded, proposed changes to how business rates are calculated and retained by local authorities and the proposed, but delayed, Social Care Reforms. The Government has not published spending plans beyond 2024/25 and there may well be possible political changes in the approach to local government funding following the General Election which is likely to take place later in 2024. These factors, of course, are not unique to Milton Keynes and will have an impact on all local authorities nationally.

Local factors which could have an impact on the future of the Council's finances include the costs associated with supporting unaccompanied asylum seeking children as part of the Government's dispersal programme, the current freeze on the Local Housing Allowance, keeping it below average rent levels in Milton Keynes, affecting the ability of Milton Keynes residents to afford private sector housing which exacerbates the local homelessness crisis and the ongoing issue of the Home to School Transport provision where costs are rising faster than inflation.

Looking forward, the Committee noted a proposed one-off saving of £104k in the Elections budget for 2025/26, which is a “fallow” year for local elections. As this funding would have to be replaced as a pressure when local elections resumed in 2026/27, the Committee wondered if this was the best way to deal with this saving. However, as the saving applies to 2025/26 the Committee has not made a recommendation this year but will revisit the issue during its work to scrutinise the draft 2025/26 budget proposals in 2024/25.

Finally, the Committee notes and commends the connection in the 2024/25 draft budget between the financial strategy and delivery of the priorities set out in the Council Plan and commends all involved in its preparation for developing a balanced budget without the need to cut services or having to resort to the use of reserves to make up any shortfall.

6. Recommendations

General

1. That the Budget & Resources Scrutiny Committee commends the connection in the 2024/25 draft budget between the financial strategy and delivery of the priorities set out in the Council Plan.
2. That wherever possible, when planning new or revised service provision the Council always considers whether or not the internal provision of services would be the most appropriate mechanism to ensure that they remain efficient, cost effective and fit for purpose.
3. That any possible impacts of future pressures on, or reductions to, service delivery should be scrutinised, and recommendations made accordingly, by the relevant scrutiny committee before the financial implications are brought before the Budget & Resources Scrutiny Committee.

Pressures

4. That a review of Home to School Transport costs be added to the Budget & Resources Scrutiny Committee's Work Programme for 2024/25.
5. That scrutiny of the Council's Self-funded Insurance scheme to assess whether or not this provides Value for Money to the Council be added to the Budget & Resources Scrutiny Committee's Work Programme for 2024/25.
6. That the Council considers including the funds to support the ongoing provisions of an annual festival (eg Urban Living, IF, Code & Light, CMK Events Fund) in the base budget rather than as one-offs, as at least one event takes place each year.
7. That the Budget & Resources Scrutiny Committee receives a report from the Councillor Champions at the end of the financial year on how they spent their grants and what difference this has made to the residents of Milton Keynes.
8. That the Finance Team monitors the Council's borrowing strategy over the medium term in order to take advantage of any changes in interest rates and that the Finance Team reports any changes to the Council's borrowing strategy to the Budget & Resources Scrutiny Committee as and when these occur.
9. That the Committee commends the work done by the Environment and Waste Service Team to manage and resolve problems at the Milton Keynes Waste Recovery Park which could have had a detrimental financial impact on the Council and the proactive way the Team assisted the contractor to resolve a number of technical issues, particularly the disposal of bulky waste items.
10. That following scrutiny of the problems at the Milton Keynes Waste Recovery Park by the Public Realm & Environment Scrutiny Committee (10 January 2024) the Budget & Resources Committee endorses and supports the recommendations made by the Committee in relation to the future operation of the Waste Recovery Park.

11. That the Public Realm & Environment Committee considers adding an annual monitoring review of the operation of the Milton Keynes Waste Recovery Park to its Work Programme to ensure that the Council's environmental and financial ambitions are being met.

Housing Revenue Account (HRA)

12. That with reference to Recommendation 3 above, the Housing, Planning & Placemaking Scrutiny Committee considers adding scrutiny of:
 - a) The Council's policies in relation to Right to Buy procedures and how Right to Buy properties can be replaced in a timely and cost effective manner;
 - b) The core principles of the Council's Acquisitions Programme for residential stock once these have been developed;to its 2024/25 Work Programme.
13. That a more detailed look at the costs/time involved in processing void council residential properties be scrutinised by the Budget & Resources Scrutiny Committee as part of its 2024/25 Work Programme.
14. That the Council considers adopting a pre-sale condition/clause in Right to Buy contracts of sale for the purchaser to continue to contribute to any relevant HRA service charges pertaining to that location (Minute BR26, 6 December 2023 refers).
15. That the Cabinet Members for Adults, Housing & Healthier Communities and Resources liaise with other local authorities through support organisations such as the LGA, develop a strategic approach to lobbying the Government about local authorities being allowed to set their own local rents for council housing given the long term impact government imposed rent setting formulae/caps are having on the finances of Housing Revenue Accounts.

Reductions and Income Growth

16. That the Health & Adult Social Care Committee considers including in its 2024/25 Work Programme scrutiny of the revised Community Alarm Service, exploring how it can be effectively marketed to residents in Milton Keynes who would benefit from the support the service provides and how it can also be marketed as a complete package to other local authorities.
17. That the Budget & Resources Scrutiny Committee receives an update on the level and cost of the Council Tax Reduction scheme at a future meeting during 2024/25.
18. That the Committee supports the establishment of the Corporate Vacancy Panel and would like to incorporate an annual report on its effectiveness and whether the promised savings are being achieved, into the Committee's "Business as Usual" part of its Work Programme.

Annex A: Terms of Reference

Membership: between 9 and 15 councillors

Quorum: 4

Terms of Reference:

1. To provide 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.
2. To make recommendations on:
 - i) Priority of services
 - ii) Service efficiencies
 - iii) Value
3. To consider and comment on Procurement, Workforce, ICT and Property issues in the light of the Council's Financial Strategy.
4. To monitor the in-year progress of the Revenue and Capital Budgets for the General Fund and the Housing Revenue Account.
5. To scrutinise and comment upon annual out-turn reports for the Revenue and Capital Budgets and identify learning points.
6. To be consulted during the preparation of the annual Revenue and Capital Strategies and Budgets.
7. To Scrutinise the draft Revenue and Capital Budgets.
8. To make 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.
9. To appoint a planning group to oversee the implementation of the Committee's work programme.
10. To appoint, subject to the agreement of the Corporate Oversight and Scrutiny Management Committee, co-opt persons in a non-voting capacity, to add to the expertise, breath of knowledge and understanding of the work of the Committee.
11. To invite expert witnesses in respect of particular items to be considered by the Committee.
12. To establish a sub-committee to consider all called-in Cabinet, individual Cabinet member or officer decisions, as referred by the Corporate Oversight and Scrutiny Management Committee in accordance with the Overview and Scrutiny Procedure Rules

Annex B: Requests for Additional Information

During its scrutiny of the draft 2024/25 budget proposals the Committee also took into account a range of background information in order to help it formulate its recommendations, often requesting additional details in order to understand key points in the draft budget. These have included:

- The number of out of area school placements requiring home to school transport and the cost of these;
- The number of unaccompanied asylum seeking children the Council currently looks after, how the Government's dispersal system works and how many additional children Milton Keynes would be allocated under the scheme;
- Brief explanation of the grant funding the Council receives from the Government to support its work with unaccompanied asylum seeking children;
- A background note on the management of staffing vacancies and the role of the Corporate Vacancy Panel;
- A breakdown of the Community Alarm Service Budget for 2024/25;
- Details of the 2024/25 Schools' Budget (via Schools Forum);

Scrutiny – An Explanation

As Milton Keynes Council has a Cabinet (Executive) system of governance 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 meetings which are held in public, together with the papers for the meetings, are available on the Council's website at:

<https://milton-keynes.moderngov.co.uk/uuCoverPage.aspx?bcr=1>

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 call 01908 691691 and ask for the Scrutiny Team in Democratic Services.

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