

Member briefing note

Overview and Scrutiny Committees - Budget Review process

The purpose of this briefing note is to provide guidance to members of the potential mechanism and protocol for review of the budgets by Overview and Scrutiny Committees to feed into the process for setting the budget, housing rents and council tax for 2003/04.

Background

The responsibility for preparing and presenting budget proposals to Council for approval, lies with the Cabinet.

The Deputy (Exchequer) has, ahead of the consultation process, invited the Overview and Scrutiny Committees to scrutinise current budgets within their areas, and together with any policy requirements, make recommendations back to him by the end of October. This will allow these to be considered as early as possible in the budget cycle for inclusion in the interim budget proposals.

Given the change in portfolios, estimates will now be presented on the basis of Group Directorate structures rather than political portfolios. This should assist in clarity and consistency of presentation in future should political portfolio's change. It also substantially reduces administrative time in undertaking these changes.

Members input into the budget setting process

Stage 1 Overview and Scrutiny Committees Budget review - September to October 2002

Overview and Scrutiny Committees may wish to set up small working groups to review budgets, during September and October. These groups are likely to include a small number of members, together with the appropriate Assistant Directors and a representative from Financial Services.

Although the process of preparing the budget for 2003/4 has begun it is not feasible to offer members an opportunity to review the figures for 2003/4, since they will not be ready until the end of November. Therefore the working parties will be given detailed revenue budgets (subjective level) based on the approved budget for 2002/3 for each cost centre / service within the remit of the Overview and Scrutiny Committees.

In reviewing the budgets the following issues need to be highlighted at this stage.

- The Council's restructure will impact on the budgets for 2002/3 and 2003/4. Some variations to service budgets have already been identified in order to arrive at the £170,000 level of savings required as part of the restructure. As far as possible guidance will be given in the working parties as to broadly how these changes affect the budgets under review. As the final phase of the restructuring is approved, further changes to budget estimates will be required.
- The new structure has resulted in the split of some existing services, e.g. Community and Project services. In this instance the existing budget details may be given to more than one Overview and Scrutiny Committees for review.

Cheltenham borough council member briefing note

- The Council is currently working towards setting up an arms length company to manage the housing stock (ALMO) which will involve the re-assessment of central support and democratic core costs to be recharged to the company. In addition the central administration costs apportionment's will need to be re-analysed following the completion of the re-structure. Members are therefore advised to concentrate on review of the functional cost centres e.g. Accountancy or Legal, rather than the level of recharges these functions make to the end services e.g. Town Hall or food safety.
- The Council has now merged the previous operational service's budgets with the client budgets for 2002/03 saving £100k in the process. The merged budgets will be presented to members.

Due to the complexities of unravelling the existing budgets and re-assembling them to fit the new structure, changes in Financial Services support to existing budget holders and changes in personnel resulting from the re-structure will inevitably lead to some loss of clarity during this process. In order to minimise this it would be helpful if, upon receipt of the detailed budget papers and prior to the working party meetings where possible, members give advance warning of areas of concern or questions in respect of the budget areas under review.

It would be appreciated if these were forwarded to the Assistant Director (Finance & Asset Management) in the first instance in order that an informed response to questions is made available at the working party meetings.

The task of the working parties is to:

- Review existing level of budgets and to identifying any potential areas of savings / efficiencies.
- To identify any growth requirements resulting from policy or statutory changes and the method of financing from within the area under review. These also should identify, where applicable, how they complement the strategic plan and what the assessable output for inclusion in the Best Value Performance Plan will be.

It is not intended that Overview and Scrutiny Committees determine alternative budget scenarios but that they feed into the main process.

It has been suggested that each Overview and Scrutiny committee should either use part of the meeting to break off into working groups or have separate meetings to review budgets. Each of these may consider the budgets for services within the remit of the Assistant Directors.

A proforma will be issued to each working group with focuses the review on answering 5 questions:

- Do members understand the budget the service area and are happy with it?
- Is there any potential savings / efficiencies?
- Are there any budgets which need to grow to address service deficiencies/policy changes/statutory developments? If so, how can they be funded?
- How is the service performing against its own targets and national comparators?
- Are there any capital bid aspirations?

The proformas will be used to feed back to the main committee which may debate them and may request that further work needs to be done.

The results from this process will be fed back to the Economy and Business Improvement Overview and Scrutiny Committee, which will consolidate the findings and report to Cabinet on 12th November 2002 in order that they may be considered in the process formulating the budget proposals for 2003/4.

Stage 2 Overview and Scrutiny Committees Review - December 2002 to January 2003

The Cabinet will draw up its initial budget proposals and publish them for consultation in line with the advertised plan. The initial budget proposals shall include all general fund revenue, capital and housing revenue account estimates to meet a balanced budget. It will include areas planned at that time for additional growth, any savings identified to meet that growth or balance the budget, together with assumptions made on future council tax and rent levels.

During the consultation period, a minimum of 4 weeks, all interested parties will be allowed to comment on the initial budget proposals. In line with the Constitution, only one report (and if necessary one minority report) shall be received as part of the scrutiny process, this being from the Economy and Business Improvement Overview and Scrutiny Committee. The two remaining Overview and Scrutiny Committees may feed any comments they wish to make through the Economy and Business Improvement Committee.

It is suggested that the working groups to meet again during this period to co-ordinate a response to the proposals to be fed back to the Economy and Business Improvement Overview and Scrutiny Committee.

Final Budget Proposals and Council Approval

At the end of the consultation period the Cabinet will draw up firm budget proposals having regard to the responses received. The final recommendations will include a response to any representations made in respect of the initial proposals.

If you have any queries regarding this process please contact Mark Sheldon on 01242 264123

Mark Sheldon - Assistant Director - Finance and Asset Management