

Budget scrutiny working group

Report to Cabinet 8 February 2010

Background

The council is keen to improve its budget scrutiny process. The current budget scrutiny process happens too late in the year to properly consider and influence Cabinet decisions in respect of the budget.

Given the reduction in government funding and the projected budget gap over the period of the Medium Term Financial Strategy (MTFS), the budgetary decisions made over the coming years are likely to be more radical as the council looks to reduce its costs and look to alternative ways of maintaining services valued by the public. As such, it is important to ensure that all options have been considered from whatever source. The council must ensure that Members work collectively, accepting political differences, on solutions to the budget gap.

With this in mind, a group of Members was drawn together, 2 from each of the various scrutiny committees to develop as budget scrutiny champions to support the process. The budget scrutiny working group met on 2nd November 2010 and 11 January 2011 to consider the following recommendation from Council in February 2010.

‘Given the financial outlook, the process for scrutiny of the budget is to be reviewed in order to determine a more effective approach’.

Considerations of the working group.

In considering the current methodology for scrutinising the annual budget and influencing the decision making in preparing the annual budgets, the following points were raised by members that should be addressed in the shaping of any new process:

- Members wanted to feel that they had some influence over decisions.
- Members, outside the Cabinet, should have something to focus on in supporting the budget process.
- Members need to clearly understand any request made of them.
- The scrutiny process starts too late.
- Budget consultation is too late in process
- Some Members lack financial literacy and confidence.

In making these very valid points, Members considered the option of a permanent budget working group to support the budget process and develop Members’ financial skills.

The group agreed that a **BUDGET WORKING GROUP** should be formally constituted and should meet regularly throughout the year to develop the budget process, support Members in developing scrutiny skills and consider ideas proposed by the Members, including Cabinet leads, on future options for reducing the budget gap. The views of the working group may be fed back to the relevant overview and scrutiny committee for further consideration prior to feeding back to the Cabinet.

It was considered important that members should be able to float any ideas however controversial or creative and those discussions should be confidential.

Members considered the impact on the Audit Committee but agreed that its role was to consider the council’s governance arrangements and should remain independent of any process which helped shape the budget.

Members also considered the need to understand the commissioning programme of activity and how this group would help shape the options for testing in a commissioning process. Hence, the link with the commissioning programme of activity needed to be made.

Members recognised the need to ensure proper, open and transparent scrutiny continued to take place in the existing overview and security meetings. As such, it is not proposed that the working group replaces the current scrutiny committee but merely acts as a vehicle for the development of the budget scrutiny role. As such, for now, the current cycle of budget scrutiny will not change but changes may be proposed by the working group to be reflected in the budget strategy report to Cabinet in September 2011 which sets out the approach to the 2012/13 budget.

The working group have agreed on the following recommendation to Cabinet:

A cross party BUDGET WORKING GROUP should be formally constituted with 2 members of each overview and scrutiny committee to develop the budget process, support the development of Members' scrutiny role and to consider ideas from Members for reducing the budget gap.

Frequency of meetings: Bi - Monthly

Terms of reference:

- To consider options for bridging the funding gap i.e. proposals for charging or reduction in expenditure
- To review the work programme for commissioning and options being considered
- To develop members' scrutiny skills and understanding of financial matters
- To develop the approach to budget consultation