

Scrutiny Committee



Report of Cllr Chris Palmer

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Wards affected: All

To: Scrutiny committee

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Councillor budget task group update

Recommendations

That Scrutiny Committee recommends to Cabinet that:

- a) Quarterly budget monitoring reports are presented to Cabinet and Scrutiny Committee.
- b) The council's corporate plan is revised as soon as possible, and following public consultation and formal adoption, its priorities should be used to shape future budgets.

Purpose of report

1. The purpose of this report is to provide an update on the councillor budget task group review, chaired by Cllr Chris Palmer, which considered how scrutiny members could be more actively involved in the council's budget setting process.

Background

2. The task group invited a number of councillors and officers to feed into the review, which included requesting an explanation on the reasons for significant slippages in the capital programme. The task group also had access to council and committee reports and other relevant documentation, noting that committee reports have a standard section setting out the financial implications of the report content. For ease of reference, key issues identified are summarised under topic headings below.

The budget

3. The task group was informed that approximately 86% of the council's annual budget comprised benefit payments, contracts with third parties and staff salaries, all of which were fixed costs. When costs relating to property, supplies and services

were added, there was little scope to make significant changes to the remaining expenditure.

4. The aim of the annual budget build process is to understand what new costs needed to be budgeted for. All variations to the base budget are reflected in the formal budget report presented to members, which is far more detailed than many other councils'.
5. The council's budget setting process is made up of four stages:
 - 5.1) Building the core base budget. Similarly to every other council in the country, this is almost exclusively an officer process carried out in September/October.
 - 5.2) Dialogue between Cabinet portfolio holders and officer budget holders about growth bids and/or service reductions. Some changes will be mandatory arising from legislative changes, whilst some will reflect political priorities.
 - 5.3) Gaining certainty on Government funding. There are currently three main funding streams: New Homes Bonus, business rate and council tax. The first two of these are volatile, as the number of properties and the way in which these schemes operate are liable to change. In addition, it is only when the Government announces the settlement that officers know how much funding is available. The announcement used to be made in November but now happens in late December.
 - 5.4) Formal budget report presented to members.

Public consultation

6. The task group was advised that although public consultation on the council's budget is not mandatory, where appropriate, the council will seek to obtain resident feedback on spending priorities – such as via the residents' annual survey and the full budget reports being publicly available on the council's website. It was noted that residents are formally consulted on the council's corporate plan priorities, which underpin and inform what is included in the budget.
7. However, it was noted that some of the objectives in the current corporate plan are the responsibility of other bodies, and whilst the council could encourage action, it could not implement it. In addition, recent changes to government policies/finances meant that some of the targets within the current corporate plan were no longer financially viable.
8. Accordingly, the task group recommended a review of the council's corporate plan as soon as it is feasible to ensure it can adequately inform the budget.

Budget monitoring

9. The task group was advised that, once growth bids and proposed savings had been approved as part of that year's budget, they were incorporated into the base budget in accordance with government accounting guidelines. The task group welcomed the proposed change that in the coming year, quarterly budget monitoring reports will be presented to Cabinet and Scrutiny.

South Oxfordshire's District Council's approach

10. The task group was advised that in 2017, the then South Cabinet member for finance had established a cross-party budget working group. Meetings were confidential, but officers reported that members had gained a greater understanding of the budget process.

Conclusion

11. Recent events at Northamptonshire County Council and the increasing pressures on local authority finances nationwide have served to demonstrate the importance of budget scrutiny. The Best Value Inspection report of Northamptonshire CC states "*The Inspection team noted that this year's draft budget had been subject to scrutiny albeit to a very compressed timetable...*" The Local Government Association Councillor workbook on the scrutiny of finance states "*Just as the budget process in your council is carried out on a cyclical basis throughout the financial year, budget scrutiny must also be carried out on a rolling programme.*" The task group concluded that, for this council's budget scrutiny to be effective, financial information needs to be available to all members earlier to ensure sufficient time for effective scrutiny through the budget setting process. The task group welcomed budget monitoring reports being presented to Cabinet and Scrutiny Committee.
12. The task group accepted that it was not always possible to publicly consult on budget matters, but there was a range of mechanisms in place to ensure resident feedback in spending priorities. The task group recommended that the council's corporate plan be revised as soon as possible to enable the opportunity for the council to consult residents on its priorities, and those priorities would then inform the budget.
13. The task group was impressed by information presented with regards to the SODC Budget Working Group and the degree of collaboration between the ruling group and the opposition.
14. Members of the task group have gained a greater understanding of the budget setting process.