

TELFORD & WREKIN COUNCIL

SCRUTINY MANAGEMENT BOARD – 19th SEPTEMBER 2014

SCRUTINY OF THE BUDGET PROPOSALS FOR 2015/16

REPORT OF SCRUTINY GROUP SPECIALIST

1. PURPOSE

1.1 The purpose of the report is to enable Scrutiny Management Board to consider the options and agree the principles and process for scrutiny of the budget proposals for 2015/16.

2. RECOMMENDATIONS

Scrutiny Management Board:

2.1 Considers the principles for the Budget Scrutiny Process as set out in Section 4 below and agrees the principles for 2015/16.

2.2 Considers the options for the Budget Scrutiny Process as set out in Section 5 below and agrees the process for 2015/16

3.0 BACKGROUND

- 3.1 The role and responsibilities of the Budget & Finance Scrutiny Committee are set out in the Council's Constitution and the Scrutiny Handbook. In relation to scrutiny of the budget proposals this includes:
- 3.2 Scrutiny Rules (Council's Constitution page 62)
Act as consultee for draft budget & policy framework policy proposals published by the Leader (Budget & Finance Scrutiny Committee only) and any alternative proposals developed by opposition groups.
- 3.3 Process for Developing the Budget and Policy Framework (Council's Constitution page 58)
The Council is responsible for the adoption of the budget and policy framework. The process by which the budget and policy framework shall be developed is:
- 3.4 Before the end of January each year the Leader and Cabinet Executive will publicise its policy and budget proposals, together with a timetable for taking final proposals to the Council and arrangements for consultation. There will be a minimum 4 week consultation period. During the consultation period:

- The Leader and Cabinet Executive’s proposals shall be referred to the relevant Scrutiny Committee for further consideration.
 - Any budget proposals proposed by Opposition Groups must be presented to the relevant Scrutiny Committee and Chief Financial Officer prior to Cabinet presenting their proposals to Full Council. This may be during the consultation period.
 - Having considered the results of consultation and any reports of the Scrutiny Committee and Opposition Groups, the Cabinet, if it considers it appropriate, may amend its proposals
- 3.5 Budget & Finance Scrutiny Committee Terms of Reference (Scrutiny Handbook)
The Committee will be the main mechanism by which the Cabinet will formally consult scrutiny on the consideration of their budget proposals and allow non-executive members full access to all Council financial data;
- 3.6 The Committee will set its own work programme. The following issues may form part of the work programme each year:
- 3.7 Detailed consideration of revenue and capital budget proposals made by the Cabinet including:
- efficiency and savings proposals to fund the budget deficit and their impact on services;
 - the capital programme and levels of borrowing;
 - the use of one-off resources, the level of balances and contingencies;
 - the budget consultation process, views of the public and whether spending proposals reflect the needs and wants of residents
 - levels of council tax increase recommended by the Cabinet.
 - Consideration of the assumptions made in the Council’s medium term financial strategy.
 - Consideration of the financial implications of major policy/service changes proposed by the Cabinet.
- 3.8 The budget scrutiny process for 2014/15 was the first time that budget proposals were put forward by both the administration and an opposition group. The Main Opposition has confirmed that alternative budget proposals will be put forward for the 2015/16 budget consultation process. The principles agreed by the Budget & Finance Scrutiny Committee were:
- Scrutiny is a non-party political process
 - The Committee would not directly compare the budget proposals but consider each on their own merits and issues
 - The alternative budget proposals were considered at one meeting of the Budget & Finance Scrutiny Committee during the budget consultation period

- Declarations of a conflict of interest for a member of the Budget & Finance Scrutiny Committee involved in developing and presenting the alternative budget proposals were managed appropriately
- Following the discussion by the Budget & Finance Scrutiny Committee other scrutiny members present at the meetings were given discretion to ask questions and contribute to the discussion but the responses to proposals were agreed by members of the Budget & Finance Scrutiny Committee only
- The Scrutiny Committee's comments on the Administration's budget proposals were presented to Cabinet and Full Council as part of the Service and Financial Planning Strategy Report. The Committee's comments on the Opposition budget proposals were provided to Full Council for the discussion on the Opposition budget.

3.9 The Main Opposition Group have informed Scrutiny that alternative proposals will be put forward as part of the budget process for 2015/16. In order to build on the process developed last year discussions have been held with the Lead Scrutiny Member, Chair of the Budget & Finance Scrutiny Committee, the Leader of the Council, the Cabinet Member Finance & Enterprise, leaders of the opposition groups, the Managing Director and other senior officers to discuss the principles for the budget scrutiny process for this year.

3.10 During these informal discussions it was recognised that the Committee had managed the budget scrutiny process for 2014/15 well given that this was the first time alternative budget proposals had been put forward. The issues that were identified were:

- Time limitations due to the funding settlement being confirmed in late December which resulted in the administration's budget proposals being published in January
- The opposition budget proposals were published after the administration's budget proposals

4.0 THE PRINCIPLES FOR THE BUDGET SCRUTINY PROCESS FOR 2015/16

4.1 Following the informal discussions it was agreed that it is appropriate for Scrutiny Management Board to agree the process for scrutiny of the budget proposals for 2015/16. The principles that were proposed were:

- A range of date options for the 2014/15 Budget & Finance Scrutiny Committee meetings have been agreed as follows:
 - December 16th and 23rd
 - January 6th, 13th and 21st
 - February 3rd and 17th

Dates will be used as appropriate to the consultation timetable and the issues the Committee wish to scrutinise.

- Both sets of budget proposals will be published at the same time during December if possible. Scrutiny will be informed of the publication date of the budget proposals.
- Both budget proposals will be initially presented to a meeting of the Budget & Finance Scrutiny Committee. All Members of the Scrutiny Assembly will be invited to attend this meeting.
- The Scrutiny Committee will consider savings proposals in both budget proposals. Where the Committee supports savings these will be recommended to Cabinet and Council.
- Scrutiny of the administration's proposals and the alternative proposals will be proportionate (see section 5.1)

4.2 Scrutiny Management Board is asked to consider the principles set out above and agree the principles that will underpin the budget scrutiny process this year.

5.0 OPTIONS FOR SCRUTINY OF THE BUDGET PROPOSALS FOR 2015/16

5.1 If it is agreed that Scrutiny of the budget proposals should be proportionate, one of the key issues to consider is what this means in practice.

OPTION 1

Budget Scrutiny Process	Comments
<p>Following the presentation of both budget proposals the Budget & Finance Scrutiny Committee agrees the issues from both budget proposals that require further scrutiny. Where there are issues in both budget proposals that fall within the same service area these are considered at the same meeting</p>	<p>This will enable a direct comparison of the Administration and Opposition Budget Proposals.</p> <p>In order to maintain the non-party political role of Scrutiny the Budget & Finance Scrutiny Committee will need to ensure that discussion involving comparison of the budget proposals does not become politicised.</p> <p>The application of the principle of proportionality in this option can be applied in two ways:</p> <ul style="list-style-type: none"> a) there may be some meetings that only consider the Administration's budget proposals b) where budget proposals made by the Administration and the Opposition are considered at the same meeting it will be for

	<p>the Chair and the Committee to determine the time spent on scrutinising the different proposals.</p> <p>There will need to be clarity regarding the role of Directors / Assistant Directors / Finance Officers attending this meeting in relation to questions that may be put to them by the Scrutiny Committee regarding the Opposition Budget Proposals</p>
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OPTION 2

Budget Scrutiny Process	Comments
<p>The Budget Proposals put forward by the Administration and Opposition are considered at separate meetings. The number of meetings allocated to both proposals and the issues to be considered will be determined by the Budget & Finance Scrutiny Committee at the first meeting where the proposals are presented.</p>	<p>This option follows the process agreed for the scrutiny of the 2014/15 budget proposals. This reduced the risk of the scrutiny process becoming politicised.</p> <p>If Directors / Assistant Directors / Finance Officers are required to come to meetings of the Scrutiny Committee to comment on the implications of savings / service developments or details of the financial modelling for both the Administration's and the Opposition's Budget proposals this will involve attendance at more than one meeting.</p>

6.0 EQUAL OPPORTUNITIES IMPLICATIONS

6.1 There are no environmental implications resulting from this report

7.0 FINANCIAL IMPLICATIONS

7.1 There are no financial implications directly arising from this report, although officer time will be impacted in terms of attendance at meetings when required. Scrutiny is an important part of the

consultation process relating to the budget proposals – with both the Administrations proposals and the main opposition group proposals being reviewed and challenged. Comments from the Budget & Finance Scrutiny Committee are fed back to Cabinet, who may then amend its proposals, and are published as part of the final Service & Financial Planning Strategy presented to Full Council for approval. The financial implications of Scrutiny recommendations will be considered when they are discussed and as part of the overall Service & Financial Planning Strategy if they are adopted.

8.0 LEGAL IMPLICATIONS

- 8.1 The scrutiny review of the budget proposals will be undertaken within the statutory requirements for the overview and scrutiny process as set out on the Local Government Act 2000 (as amended) together with the relevant regulations and guidance. Further, the rules as set out in the Council's Constitution (paragraph 4.3.9 of the Scrutiny Rules in the Constitution confirm the power to review the budget proposals) and the Scrutiny Handbook will also need to be followed (the terms of reference for the Budget and Finance Scrutiny Committee are at pages 57 and 58 of the Scrutiny Handbook).
- 8.2 The Scrutiny Management Board must ensure that the scrutiny process for reviewing the budget proposals are completed within the appropriate timescales to ensure that the budget process keeps to the statutory timetable and can be considered and approved by full Council in accordance with the statutory deadline.

9.0 ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no environmental implications resulting from this report

10.0 WARD IMPLICATIONS

- 10.1 There are no ward implications resulting from this report

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