

**SUBJECT: BUDGET REVIEW PROCESS 2018/19**

**REPORT BY: CHIEF EXECUTIVE & TOWN CLERK**

**LEAD OFFICER: ROBERT BAXTER, INTERIM CHIEF FINANCE OFFICER**

## **1. Purpose of Report**

- 1.1 To present to Members the process for the scrutiny of the proposed budget and Council Tax for the 2018/19 financial year and the Medium Term Financial Strategy 2018-2023.

## **2. Background**

- 2.1 The Council's Medium Term Financial Strategy (MTFS) sets out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's Strategic Priorities.
- 2.2 The Council's scrutiny function has an important role to play in providing a challenge during the development of the MTFS questioning the assumptions behind the budget and examining the principles and planning process that underlie its development.
- 2.3 The scrutiny of the budget should be as inclusive as possible and members should have sufficient background and understanding of the issues affecting the budget so it is important that there are opportunities for all members to be involved in the development of the budget and MTFS so that they fully understand the financial position of the Council. It is also important that there is an effective scrutiny in place of the proposed budget in order to support the Executive in reaching the right decisions with regard to finances.
- 2.4 In previous years the Council has tried different processes to ensure a robust scrutiny of the budget. Having reflected on the different approaches it is felt that the process adopted in recent years, which operated a hybrid of all member awareness sessions along with separate review process involving members of the scrutiny and audit committees, is the most effective approach.

## **3. Proposed Process for 2018/19**

- 3.1 It is proposed that the scrutiny of the budget is undertaken in two separate stages; firstly all members will be invited to a briefing session which will;
- assist them to gain a greater understanding of the financial environment in which the Council is currently operating;
  - provide the opportunity to ensure that they are up to date with the latest changes in local government finance, and;
  - understand the impacts that these conditions have had on the financial

position of the Council, the issues that it faces and how the Council is responding to these.

This briefing session will afford all members the opportunity to gain a greater understanding and awareness of the Council's financial position, thus aiding further scrutiny of the budget and in the case of the opposition party if desired the preparation of an alternative budget.

- 3.2 Secondly, a more traditional scrutiny process will be undertaken to review in more detail the MTFS and the robustness of the proposed budget options and Council Tax for the 2018/19 financial year. This will be undertaken in a committee format as the Budget Review Group with the appropriate governance arrangements in place.
- 3.3 The main objective of the Group will be to examine the principles and planning process that underlie the proposed budget and Council Tax to be recommended by the Executive for the 2018/19 financial year. In general the Group's aim will be to establish that at each stage the budget;
- is clear, focused, achievable, realistic and based on sound financial practices;
  - has clear linkages with corporate and other plans that form the Policy Framework to establish that they are identifiable and designed to improve services in the Council's strategic priority areas
- 3.4 It is proposed that the following governance arrangements shall be in place for the Group;
- The Group will be made up of 9 non-Executive Members with a 7:2 proportionality share
  - The Group will be a sub group of the Performance Scrutiny Committee, although Members do not have to be Members of this committee.
  - The chair of the Group will be the Chair of the Performance Scrutiny Committee
  - The Group will be the main mechanism by which the Executive will formally consult scrutiny on the consideration of their budget proposals.
  - The meetings will be held in public and will be administered by Democratic Services.
  - Specific Portfolio Holders and Directors (or Assistant Directors) will be invited to attend the meetings of the group or be requested to provide written responses if so required.
  - Advice will be provided to the Group members by officers from the Council's Financial Services Team.

- The Chair of the Group shall be required to provide a report to the next full Performance Scrutiny Committee summarising the Groups findings and making recommendations to the Executive.

3.5 Party Groups were asked to submit nominations to the group, with the following Members nominated:

Councillor Hewson (Chair)	Councillor (TBC)
Councillor Speakman (Vice Chair)	Councillor (TBC)
Councillor J Kirk	
Councillor Brothwell	
Councillor Bushell	
Councillor Gowan	
Councillor Hanrahan	

3.6 The following timetable is proposed for the process for 2017/18.

Executive – Approve draft budget proposals for 2018/19 and Medium Term Financial Strategy	22 <sup>nd</sup> January 2018
All Member Briefing <ul style="list-style-type: none"> <li>• Current financial climate</li> <li>• Latest developments in local government finance</li> <li>• Impact on the Council and the Council's strategy for responding</li> </ul>	30 <sup>th</sup> January 2018
Budget Review Group – presentation of the MTFS 2018-2023 and the proposed budget and Council Tax for 2018/19.	7 <sup>th</sup> February 2018
Performance Scrutiny Committee – Consider response from Budget Review Group and refer to the Executive	22 <sup>nd</sup> February 2018
Executive – Consider response from the Performance Scrutiny Committee and approve for referral to Council the final budget proposals for 2018/19 and Medium Term Financial Strategy	26 <sup>th</sup> February 2018
Council – Approval of budget proposals and Council Tax for 2018/19 and Medium Term Financial Strategy	27 <sup>th</sup> February 2018

--	--

#### **4. Strategic Priorities**

- 4.1 The budget process sets the resources in support of the Council's Strategic Priorities and determines the Service Plans for the year ahead. Effective scrutiny of the budget process should support the Executive in reaching the right decisions with regard to finances.

#### **5. Organisational Impacts**

- 5.1 Finance – There are no direct financial implications arising as a result of this report.
- 5.2 Legal – There are no direct legal implications arising as a result of this report.

#### **6. Risk Implications**

- 6.1 There are no specific risks associated with this report.

#### **7. Recommendation**

- 7.1 Members are asked to:
- a) Note the objectives and confirm the governance arrangements of the Budget Review Group for 2018/19 as set out in paragraphs 3.3 – 3.4
  - b) Note the timetable for the Group as set out in paragraph 3.6
  - c) Confirm the nominations for membership of the Group, as set out in paragraph 3.5, including the Chair and Vice Chair.

**Is this a key decision?** No

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** None

**List of Background Papers:** None

**Lead Officer:** Robert Baxter, Interim Chief Finance Officer  
Telephone (01522) 873361