

Subject:	Budget Scrutiny 2014-15: Planning		
Date of Meeting:	21 October 2013		
Report of:	Monitoring Officer		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 For a number of years BHCC Overview & Scrutiny committees have examined the administration's draft plans for the forthcoming budget, and fed back their comments prior to formal budget decision-making at P&R and Full Council.
- 1.2 The form taken by budget scrutiny has changed over the years, in response to alterations in the Council's governance structure, emerging best practice at a regional/national level, and an evolving understanding of what works well in a local context.
- 1.3 It is proposed that scrutiny of this year's budget plans should consist of:
 - a thematic consideration of the draft budget plans which seeks to evaluate the proposed investments, savings and allied service changes against the short and medium term targets and commitments embodied in the Council's Corporate Plan;
 - plus additional consideration of specific services or themed areas – to be agreed by OSC members.

More detail of these proposals is included in Part 3 to this report.

2. RECOMMENDATIONS:

- 2.1 That OSC members comment on and agree the proposed format for budget scrutiny as detailed in Part 3.
- 2.2 That OSC members agree on a set of specific issues/services to focus on in the second and third meetings of the 14-15 budget scrutiny process (as outlined in 3.6 below)

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 OSC scrutiny of the draft budget proposals has been undertaken for a number of years now and has become an integral part of the annual budget engagement and consultation process. However, it is important that scrutiny involvement in this process is as productive as possible, complementing, but not duplicating, other work around the budget - and particularly cross-party member involvement both prior to and following the publication of the draft budget strategy. In consequence budget scrutiny needs to evolve to reflect changing circumstances and best practice.
- 3.2 In past years budget scrutiny has tended to be centred around a fairly detailed examination of directorate budget plans. This has often produced valuable work, but it has the drawback of being similar to the cross party pre-decision work undertaken at 'star-chamber' and also to the analysis undertaken by each political group in preparation for Budget P&R and Budget Council. It also tends to 'lock' budget scrutiny into a model of seeing the budget as a set of more or less discrete directorate/departmental budgets rather than as an interconnected whole.
- 3.3 For 2014/15 we are proposing taking a slightly different approach to budget scrutiny. This will entail holding an initial session which seeks to place budget planning within the broader context of the Council's Corporate Plan and the Plan's 2013-15 priorities. The Corporate Plan both sets out the Council's high level priorities for the coming years and details the outcomes the organisation is committed to achieving. As such it is the obvious measure for gauging the degree to which the 2014-15 budget plans are fit for purpose in terms of achieving our corporate goals – it provides the high-level, holistic overview of what the Council is doing that has been somewhat lacking in previous iterations of budget scrutiny.
- 3.4 The Corporate Plan is currently being refreshed, with the intention being to publish a revised version alongside both the 14-15 Budget Strategy and a refresh of the Council's Medium Term Financial Strategy. (A draft of the revised Plan will be made available to OSC to use in its budget scrutiny.) The fact that the Council's administration is explicitly linking budget planning with the revision of the Corporate Plan further suggests that OSC focus will be potentially useful to the organisation.
- 3.5 Valuable as the Corporate Plan may be in terms of setting the 14-15 budget plans in the broadest strategic context, it does have some limitations. Perhaps the most obvious is that a large percentage of any local authority's budget is spent in providing a range of statutory services in areas such as adult social care, children's social care, waste collection etc. In these areas there tends to be limited opportunity for local flexing of provision – the core of services is going to look the same from council to council because it is essentially dictated nationally and there is therefore relatively little connection between these spending plans and corporate strategic planning – we can't choose not to provide these services, although there may be the opportunity to provide them in different ways or at a lower cost. There is a danger therefore that a budget scrutiny undertaken solely via the Corporate Plan would fail to capture the entirety of thinking around some very important and very high cost services.

- 3.6 It is therefore proposed that we hold further meetings to look at high spend/high impact areas that are unlikely to form a core focus of the corporate plan.
- 3.7 In addition, we want to give members the opportunity to focus on areas that specifically interest them, without going too far into operational details (where there are alternative routes for member involvement). The areas so far suggested are:
- Services with a history of failing to achieve agreed budget savings
 - High spend services where benchmarking suggests problems in terms of cost or quality or both
 - Welfare reform – what additional funding will still need to be available to mitigate any negative impacts of welfare reform, particularly in terms of what happens after transitional relief funding ends.
- 3.8 In short, we are proposing to conduct the 14-15 budget scrutiny via three panel meetings:
- the first meeting will focus on the interaction between the Council's draft Budget Strategy and the Corporate Plan;
 - the second and third meetings will focus on high spend services, on services with historical problems achieving their agreed budget savings, and on other specific issues identified by members. The list of specific issues at 3.6 is not intended to be final: members are invited to suggest alternative issues that they would like to see scrutinised.
- 3.9 Panel meetings will be held between early December 2013 (the draft Budget Strategy is to be considered at 05 December P&R) and mid January 2014 (with a report and recommendations to be agreed at 27 January OSC for consideration at February Budget P&R).
- 3.10 Past budget scrutiny processes have benefited from the valuable input of the city community & voluntary sector and our local business community. We propose that the Chamber of Commerce and CVSF be again invited to take an active role in budget scrutiny for 14-15.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 A copy of this report has been shared for comment with the Brighton & Hove Community & Voluntary Sector Forum and with the Brighton & Hove Chamber of Commerce. Both organisations had members co-opted on to the previous budget scrutiny panel and the intention is to invite them to take part in this year's budget scrutiny also. CVSF have already indicated that they are happy to take part.

5. FINANCIAL & OTHER IMPLICATIONS:

- 5.1 Scrutiny of budget proposals is a key part of the budget process and informs Policy & Resources Committee in considering the budget and Medium Term Financial Strategy. The recommendations to this report on the proposed format for scrutiny have no direct financial implications.

Finance Officer Consulted: Anne Silley

Date: 09/10/13

Legal Implications:

- 5.2 Under the council's constitution, the Overview and Scrutiny Committee is entitled to establish a scrutiny review panel but, before agreeing to do so, must have regard to a number of factors including –
- (i) the importance of the matter raised and the extent to which it relates to the achievement of the council's strategic priorities
 - (ii) the potential benefits of a review
 - (iii) what other avenues may be available to deal with the issue and their likely effectiveness
 - (iv) the proposed scrutiny approach and resources required
 - (v) the capacity of the committee to conduct the scrutiny

Lawyer Consulted: Oliver Dixon

Date: 09/10/13

Equalities Implications:

- 5.3 An EIA has not been undertaken in relation to this report. It is intended that budget scrutiny panel members will be supported with information pertaining to the potential impact of budget plans upon protected groups, but no detailed preparatory work is possible in relation to this until the Council's draft budget strategy is published (late Nov/early Dec 13)

Sustainability Implications:

- 5.4 None directly. Members may wish to pay particular attention to Sustainability or any other issues as part of the 14/15 budget scrutiny.

Crime & Disorder Implications:

- 5.5 None directly. Members may wish to pay particular attention to Crime & Disorder or any other issues as part of the 14/15 budget scrutiny.

Risk and Opportunity Management Implications:

- 5.6 The proposed 14/15 budget scrutiny process is intended to best use the time of scrutiny members and to ensure that budget scrutiny complements other aspects of the broad process of budget setting and engagement.

Public Health Implications:

- 5.7 None directly. Members may wish to pay particular attention to Public Health or any other issues as part of the 14/15 budget scrutiny.

Corporate / Citywide Implications:

5.8 The proposed 14/15 budget scrutiny process is intended to allow members to determine the degree to which the Council's strategic Corporate Plan commitments align with its 14/15 budget strategy.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 In past years budget scrutiny has tended to focus on the details of departmental budgeting rather than attempting a holistic overview of financial planning. We could have repeated the 13/14 budget scrutiny process, but felt that its relative lack of a process to gain a strategic overview, and its tendency to duplicate other member-led work on the budget plans, meant that the alternative proposed in this report was preferable.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 This report seeks OSC member approval to establish a 14/15 budget scrutiny panel.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None

