

BUDGET PREPARATION, SCRUTINY AND APPROVAL PROCESS 2013/14

Submitted by: Head of Finance

Portfolio: Finance and Budget Management

Ward(s) affected: All

Purpose of the Report

To outline the process whereby the 2013/14 budget will be prepared, scrutinised and approved.

Recommendation

That Members note the content of the report.

Reasons

To keep members informed with regard to the process which will be followed, particularly since there will be some changes compared with previous years.

1. Background and Issues

- 1.1 Initial work on the preparation of the 2013/14 budget has been underway for some time. In particular, the Medium Term Financial Strategy (MTFS) is being updated and service managers, in conjunction with relevant Cabinet Portfolio Holders, are carrying out work, described later, to assist in prioritising services and identifying efficiency and other savings.
- 1.2 The background against which the budget is being compiled continues to be challenging, with further reductions in grant support at the same time as many costs are likely to increase year on year, plus the effects of the economic recession continue to make themselves felt particularly on income.
- 1.3 The corporate plan is currently being revised and is likely to incorporate revised priorities consequent upon the change in political control of the Council in May this year. In order to reflect the corporate plan and the priorities expressed in it, it may be necessary to refocus some areas of the budget so that resources are put into these priority areas, with others which do not contribute as strongly to the achievement of priority outcomes seeing a reduction in resources allocated to them.
- 1.4 There is also a commitment by the Cabinet to consult widely upon budget proposals, including providing the opportunity for stakeholders to give their views concerning options being considered both to refocus on priority areas and to achieve savings to balance the budget.

2. Outline of the Process

- 2.1 A Budget Review Group has been established, chaired by the Cabinet Portfolio Holder for Finance and Budget Management. The Council Leader and the Portfolio Holder for Regeneration, Planning and Town Centres are group members, together with the Chief Executive and Executive Director of Resources and Support Services and other appropriate finance and corporate support officers. The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of

feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money. Initial work to prioritise existing services has been carried out and is now being refined.

- 2.2 A service challenge process, to be conducted by the Budget Review Group, has been initiated in which Cabinet Portfolio Holders and Heads of Service will participate. All services are potentially subject to challenge but the process will particularly concentrate on those with the potential to deliver significant improvements in the priority areas. Heads of Service have been requested to put forward options for improved service delivery and efficiency savings together with suggestions for “invest to save” proposals whereby continuing increased efficiency can be obtained in return for a proportionally modest initial outlay. Performance and benchmarking data, where available, will also be provided and considered for each service. The opportunity will also be taken to consider savings which may be made in cross-cutting areas, such as procurement.
- 2.3 When the results of the challenge process have been obtained and analysed these, together with the results of the service prioritisation exercise, will form the basis for the formulation of a range of budget options, consistent with the draft revised corporate plan which can then be subject to consultation.
- 2.4 A consultation process is being developed which will seek to gain views through a variety of means, both by face to face contact and electronically, from a broad range of stakeholders. The consultation will incorporate the Corporate Plan, to which the budget is closely linked, as well as the budget options put forward. It is intended to agree the form of consultation by early October and have considered the results by early December.
- 2.5 Members will be an important element in the scrutiny process, particularly through this committee but also as a whole. Budget documents, including the draft budget book, will be available to all members so that they are able to carry out an informed examination of the budget and its contents and thereby can provide feedback for consideration by your committee and the Cabinet on 6 February when it finalises the budget for recommendation to Full Council on 27 February. A special event styled a “scrutiny café” will be held on 17 January, to which all members will be invited, which replaces the programmed meeting of this committee that night. This will take the form of a workshop, attended by Cabinet members and appropriate officers, where members will be able to discuss and raise issues regarding the draft budget which will have been considered by Cabinet on 16 January.
- 2.6 Your Committee will have a number of opportunities to scrutinise the budget proposals and to feedback views to Cabinet, beginning with a special meeting on 30 October to consider the draft MTFs, including the assumptions made therein about price and other changes affecting 2013/14 and later years. The MTFs will identify the “gap” between projected net spend and the resources available over the five year period commencing in 2013/14 and put forward options for closing the “gap” for each of the years 2013/14 and 2014/15. At this meeting you will also be updated regarding the process of public budget consultation. There will be a special meeting of your committee on 10 December, which will consider the results of the public consultation process. At your meeting on 23 January feedback from the scrutiny café can be considered, together with the Cabinet’s budget proposals approved by it on 16 January. The arrangements outlined above have been discussed and agreed with the chair of the committee.
- 2.7 To assist members in their review of the budget, there will be a training session for all members in the evening of 13 September covering local authority finance generally, the budget process and an explanation of the contents of the budget.
- 2.8 The Budget Review Group will also consider the capital programme for 2013/14 and beyond

and the resources which may be available to finance it. There will be the opportunity for members to review and comment on this during the scrutiny process outlined above.

3. **Timetable**

3.1 The timetable as regards member involvement and the completion of key stages in the process is set out in the table below.

Event	Body Affected	Date
Budget and local authority finance training	All members	13 September
Service Challenge Process	Budget Review Group	September
Consideration of MTFS plus outline of consultation process	TROSC	30 October
Public Consultation	Stakeholders	October/ November
Review of consultation feedback	TROSC	10 December
Review of consultation feedback (Chair of TROSC to give verbal feedback at the Cabinet meeting)	Cabinet	12 December
Draft Budget proposals including options approved	Cabinet	16 January
Scrutiny Café	All members	17 January
Scrutiny of draft budget	TROSC	23 January
Budget proposals recommended for approval by Full Council	Cabinet	6 February
Full Council to approve Budget	Full Council	27 February

Note: TROSC = Transformation and Resources Overview and Scrutiny Committee