

BUDGET PREPARATION, SCRUTINY AND APPROVAL PROCESS 2014/15

Submitted by: Head of Finance

Portfolio: Finance and Budget Management

Ward(s) affected: All

Purpose of the Report

To outline the process whereby the 2014/15 budget will be prepared, scrutinised and approved.

Recommendation

(a) That members note the content of the report.

Reasons

To keep members informed with regard to the process which will be followed in compiling the 2014/15 budget.

1. **Background and Issues**

- 1.1 Initial work on the preparation of the 2014/15 budget has been underway for sometime. In particular, the Medium Term Financial Strategy (MTFS) is being updated and service managers, in conjunction with relevant Cabinet Portfolio Holders, are continuing to work on identifying efficiencies and other savings.
- 1.2 The background against which the budget is being compiled continues to be challenging, with further reductions in central government grant support at the same time as many costs are increasing, plus the economic recession continues to affect income.
- 1.3 The Council Plan was approved by Full Council on 24 April 2013. In order to reflect the Council 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 was established to oversee the preparation of the current 2013/14 budget, 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. The Group continues to meet and will perform a similar role in relation to the 2014/15 budget preparation process.

- 2.2 The Group carried out an exercise to determine the relative priorities of services, based on their fit with the priorities contained in the draft Council Plan. The Group will revisit this exercise early in the process of compiling the 2014/15 budget to ensure consistency with the approved Plan.
- 2.3 A comprehensive service challenge process was conducted, by the Budget Review Group, as part of the preparation of the 2013/14 budget with the participation of Cabinet Portfolio Holders and Heads of Service. All services were potentially subject to challenge but the process particularly concentrated on those with the potential to deliver significant improvements in the priority areas. Heads of Service 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, was provided and considered for each service. The opportunity was also taken to consider savings which may be made in cross-cutting areas, such as procurement. The Budget Review Group will revisit and build upon these reviews in relation to the 2014/15 budget.
- 2.4 A range of budget options, consistent with the Council Plan, will be determined by the Budget Review Group, following the identification and analysis of potential efficiency and other savings either via a service challenge process or an informal process carried out by service managers. Account will also be taken of the results of the service prioritisation exercise. These options will form the basis for the formulation of a range of budget options, consistent with the draft revised Council Plan which can then be subject to consultation.
- 2.5 A consultation process will be undertaken, seeking 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 Council Plan, to which the budget is closely linked, as well as the budget options put forward. Last year’s process in respect of the 2013/14 budget consisted of an extensive public consultation exercise, beginning with a special budget edition of the “Reporter”, which invited readers to complete a brief questionnaire setting out their views concerning options for the 2013/14 budget. There were also pages within the Council’s website devoted to budget consultation, including an online version of the questionnaire. Following on from this, a number of meetings were held at various locations across the Borough, giving opportunities for residents to contribute their views. In addition, Cabinet members and officers were available on a number of days, situated in gazebos in the town centres, to answer questions concerning the 2013/14 budget and to receive the views of the public. The Council’s e-Panel was also consulted. It is expected that similar means of consultation will be employed in relation to the 2014/15 budget. The exact form of consultation will be agreed by the Budget Review Group during the summer with the exercise commencing in late summer/early autumn, allowing time for the results to be available for consideration when compiling the draft budget.
- 2.6 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 when it finalises the budget for recommendation to Full Council on 26 February 2014. A special event styled “scrutiny café”, facilitated by the Chair of this Committee, was held on 17 January 2013, to which all members were

invited. This took the form of a workshop, attended by Cabinet members and appropriate officers, where members were able to discuss and raise issues regarding the draft 2013/14 budget to be subsequently considered by the Cabinet. It is intended to repeat this event in January 2014 to enable a similar exchange of information to take place.

- 2.7 The Committee will have a number of opportunities to scrutinise the budget proposals and to feedback views to Cabinet, beginning with consideration of the draft MTFS, including the assumptions made therein about price and other changes affecting 2014/15 and later years. The MTFS will identify the “gap” between projected net spend and the resources available over the five year period commencing in 2014/15 and put forward options for closing the “gap” for each of the years 2014/15 and 2015/16. At this meeting you will also be updated regarding the proposed process of public budget consultation. The results of the public consultation process will be considered by your committee. This occurred last year via a special meeting on 10 December. Whether a special meeting will be desirable this year will depend on the progress made in compiling the consultation results or whether these are available in time to fit in with one of the scheduled meetings. At the meeting on 22 January 2014 feedback from the scrutiny café will be considered, together with the Cabinet’s budget proposals approved by it on 15 January.
- 2.8 To assist members in their review of the budget, training sessions will be arranged for members, in September, covering local authority finance generally, the budget process and an explanation of the contents of the budget.
- 2.9 The Budget Review Group will also consider the capital programme for 2014/15 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	5 September
Agree budget options after identification of Efficiency Savings/Service Challenge Process	Budget Review Group	September
Consideration of proposed consultation process	Cabinet (no TROSC meeting scheduled in July)	17 July
Public Consultation	Stakeholders	October/ November
Consideration of MTFS	Cabinet	16 October
Consideration of MTFS	TROSC	6 November
Review of consultation feedback and initial budget strategy and savings options	TROSC	Early December (special

		meeting?)
Review of consultation feedback (Chair of TROSC to give verbal feedback at the Cabinet meeting)	Cabinet	11 December
Scrutiny Café	All members	14 January
Draft Budget proposals including options approved	Cabinet	15 January
Scrutiny of draft budget	TROSC	22 January
Budget proposals recommended for approval by Full Council	Cabinet	5 February
Full Council to approve Budget	Full Council	26 February

Note: TROSC = Transformation & Resources Overview & Scrutiny Committee