

WILTSHIRE COUNCIL

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

8 OCTOBER 2013

Overview and Scrutiny of Financial Planning and Budget Setting in the Council

Purpose

- 1 To report on proposals for the overview and scrutiny of the financial planning arrangements in the Council including budget scrutiny.

Background

- 2 The Management Committee will be aware from the legacy report it endorsed from the previous Council that budget scrutiny and the dedicated task group would continue. Its primary task was to review the revenue budget and capital programme monitoring reports prepared for Cabinet on a bi-monthly basis along with organising the annual budget scrutiny event ahead of full Council setting the budget.
- 3 It was clear that there was little benefit of pushing ahead with meetings of the Budget Task Group whilst the Council's new Business Plan was being developed which would provide an outline of the financial position over the 4 year plan period. The Plan was adopted by full Council on 3 September. The first budget monitoring report was scheduled for Cabinet on 24 September.
- 4 As part of its early induction, the Management Committee asked its chair and vice-chair and the chairs and vice-chairs of the select committees to meet with relevant Cabinet members and portfolio-holders in "get to know you" sessions. As part of these discussions the opportunity was given for Cabinet members to comment on OS engagement, where value can be added and give initial indication of potential priorities for the Overview and Scrutiny's work programme. One of those sessions on 9 September was for the chair and vice-chair of the Management Committee to meet with Cllr Dick Tonge as Cabinet Member for Finance, Performance, Risk, Procurement and Welfare Reform. The views of the Service Director for Finance were also sought through discussion with the vice-chair.
- 5 These discussions, along with direction taken from the Business Plan, implied that a revised approach was needed, not just for scrutiny of the revenue budget, but encompassing broader and longer-term financial planning. It was also clear from the responsibilities of the Cabinet member that the impact of major external factors such as welfare reform and central government policy implications needed covering.

Moving Forward

- 6 On that basis a new task group is needed with the following proposed terms of reference. These have the support of the Cabinet Member and Service Director for Finance:
 - To understand and review the Medium Term Financial Strategy (4 year financial model)
 - To understand and review the approach and robustness of the financial planning regime within the Council
 - To understand and help develop the approach to the annual budget setting cycle
 - To review the specific contribution of overview and scrutiny in the annual budget setting cycle with a focus on outcomes
 - To undertake periodic budget monitoring including reviews of key mid-year trends and developments and to ensure that these are taken into account when updating the Financial Plan
 - To work under the direction and guidance of the Management Committee and report regularly to the Cabinet Member, Management Committee and select committees (as appropriate) on its work and findings and to make any necessary referrals

- 7 The detail of these terms of reference will be scoped at the first meeting of the task group again with input of the Cabinet Member and the Service Director. The first meeting should also allow an opportunity for the Service Director to provide a presentation on “understanding the financial model”. This will help in shaping future business for the task group covering areas such as:
 - National updates to the Financial Plan – eg RSG announcements; Chancellor Statement implications, etc...
 - Local decisions updates to the plan
 - Reviewing and developing policy on income, charges and assets
 - Risk appraisal of the financial viability of the council and reserves position
 - National initiatives in finance – eg Dilnot and adult care
 - Referrals to Cabinet and or select committees (as necessary)

- 8 It is proposed that the task group meet on a quarterly basis but it should also consider the scheduling of its meetings (and referrals) in order to achieve maximum benefit. Timely access to budget information will also be key to delivering effective support and constructive challenge.

- 9 With the first budget monitoring report taken to Cabinet on 24 September and work being done on delivering the Business Plan objectives, an early meeting of the new task group is now a priority. With that in mind, the chairman and vice-chairman of the Management Committee have canvassed suitable

candidates to form a five-member task group. These will be named at the meeting for appointment.

- 10 The Management Committee will need to stay close to the new task group in order to give it guidance and direction in respect of Business Plan implications, service and thematic plan developments, measuring success (performance monitoring), risk assessments etc. The task group will also need to be aware of work of the Council's Audit Committee which has responsibility for final accounts.

Conclusion

- 11 Hopefully this new task group, possibly named Financial Planning Scrutiny Task Group, with its more strategic role, endorsed by the Cabinet Member and Service Director for Finance through consultation with the Vice-Chair of the Management Committee, will be a valuable addition to the financial planning and management arrangements of the Council. It is also understood that a dedicated non-executive member group focused on the budget is seen as important by the Leader of the Council.
- 12 As it replaces the old Budget Scrutiny Task Group, again on a standing basis and as a priority topic within the Work Programme, it will be supported by the Council's Scrutiny Team, the Service Director for Finance and other officers of the Council as necessary. The input of overview and scrutiny via the task group (and select committees) will remain as a prominent feature of the budget setting cycle through improved arrangements.

Recommendations

- 13 To establish a new standing Financial Planning Scrutiny Task Group of the Management Committee (to replace the legacy Budget Scrutiny Task Group) with the terms of reference set out in paragraph 6 and within the framework described in this report.
- 14 To appoint the five members named at the meeting to serve on the Task Group (until the usual annual review of places) and to note that the Task Group will elect a chairman at its first meeting.
- 15 To hold the first meeting as soon as is practically possible.

Paul Kelly
Overview and Scrutiny Manager (and Designated Scrutiny Officer)
Democratic Services