

Scrutiny in Wiltshire



BUDGET SCRUTINY TASK GROUP

FINAL REPORT ON THE

2007/08 BUDGET SETTING PROCESS



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INTRODUCTION

1. The Task Group consisted of the following members:



Mr Tony Molland
(Conservative Member – Chairman)



Brigadier Robert Hall
(Conservative Member)



Mr Bill Moss
(Conservative Member)



Mr Patrick Coleman
(Liberal Democrat Member)



Mr Jeff Osborn
(Liberal Democrat Member)



Mr Ricky Rogers
(Labour Member)

2. The Task Group was set up in November 2002 as a standing body at the request of the Overview and Scrutiny Management Committee to review and comment on the annual revenue budget setting process of the County Council at key times during the year, including its monitoring arrangements.
3. A revision to the Task Group's remit in June 2006 resulted in it taking on a budget monitoring role of its own.
4. This report details the Task Group's review of the 2007/08 revenue budget setting process and monitoring arrangements.

INFORMATION RECEIVED

5. To review the 2007/08 budget setting process, the Task Group met to consider the following:
 - the Council's Medium Term Financial Strategy 2006 – 09
 - the 2007/08 revenue budget setting process
 - the 2007/08 revenue budget consultation process
 - revenue budget monitoring arrangements
 - the published guide to Council services and Council tax spending summary

Reports recording the Task Group's deliberations on these matters and the corresponding background papers can be accessed from the 'Public Documents' section of the Wiltshire County Council website at www.wiltshire.gov.uk.

The following officers were interviewed as part of the review:

- Chief Executive
- Director of Resources
- Chief Financial Officer
- Assistant Director (Finance/Performance), Department of Community Services (formerly the Department for Adult & Community Services)
- Corporate Finance Manager

INVESTIGATIONS UNDERTAKEN

Medium Term Financial Strategy

6. Each year the Council's Medium Term Financial Strategy (MTFS) is revised to reflect the County Council's priorities and objectives. Whilst not part of the budget setting process, the MTFS is used as a planning tool to assess available resources at the beginning of the process. To assist services in improving the alignment of their budgets with the Council's priorities, the Task Group was informed that the MTFS will be revised earlier on in future financial years.
7. The revised MTFS which was presented in July 2006 identified a gap in estimated resources for 2007/08 of £228m against proposed spending plans of £240m, explained further in [Table 1](#) below:

Table 1: Three year projections from 1st April 2006 – 31st March 2009

	2006-07		2007-08		2008-09	
	£'M	£'M	£'M	£'M	£'M	£'M
<i>Gross spend</i>		553.3		604.0		612.7
<i>Grants&external income</i>	333.5		363.8		359.1	
		333.5		363.8		359.1
<i>Net Spend</i>		219.8		240.3		253.7
<i>Net Resources</i>		219.8		228.5		238.4
<i>Annual Gap</i>		0.0		11.7		15.3
<i>Gap as percentage of 2006-07 net revenue expenditure</i>		0		5.3%		6.9%
<i>Gap as percentage of 2006-07 council tax</i>		0		7.4%		9.6%

8. To address this estimated £11.7m shortfall in resources for 2007/08, and for the medium term, an "eight point programme" of actions was devised, as described in [Table 2](#) below. This "programme" was adapted from the "programme" agreed by the Cabinet in October 2005 when a gap between estimated resources and priorities for the 2006/07 budget was identified.

Table 2: “Eight Point Programme”

(i)	Keep under review the year on year targets which represent progress towards our goals in the light of the funding available for those targets.
(ii)	Critically analyse the other calls on the budget for: <ul style="list-style-type: none"> • Need and priority • Value • Phasing
(iii)	Review the base budget and the scope to redirect resources to the Council’s corporate goals.
(iv)	Critically analyse the commitments identified in the planning process to ensure they are robust, reasonable and unavoidable.
(v)	Identify actions to address shortfalls in 2006-07, 2007-08 and 2008-09.
(vi)	Pursue efficiency savings of at least 2.5%.
(vii)	Review current levels of fees and charges to ensure they are appropriate and realistic.
(viii)	To review the plans for the split of expenditure between Capital and Revenue, to ensure the focus of investment is appropriate and reflects corporate goals and priorities.

9. The MTFs acknowledges that there will never be sufficient resources to immediately fulfil everything the Council would want to achieve, and that better appreciation is needed of the complex relationship between increasing expectations, priority setting, efficiency seeking, service delivery, financial constraint and pressure to minimise local taxation demands.

10. The Budget Scrutiny Task Group will continue to receive annual update reports on the MTFs, and to evaluate how effectively this strategic financial planning tool continues to prepare departments for the annual budget setting process and the business direction of the Council’s service delivery in the medium term.

2007 / 08 Budget Setting Process

11. The process detailed at [Table 3](#) was followed in the setting of the 2007/08 budget:

Table 3 – Budget Setting Process 2007/08

(A)	25 th Jul 06	Cabinet agrees the revised Medium Term Financial Strategy
(B)	28 th Jul 06	Corporate Finance issue budget guidance notes to departments to support them in preparing proposals for the 07/08 budget
(C)	17 th Oct 06	Cabinet consider and adopt a Financial Plan for 07/08. This Plan however reflects a gap between resources available and spending proposals. Cabinet asks that this gap be addressed in the development of the budget proposals, following actions described in the “eight point programme”.
(D)	22 nd Nov 06	Cabinet and the Budget Scrutiny Task Group consider a report detailing the key budget pressures for 07/08 which explains further the reason for the gap between resources available and spending proposals. The key pressures include: <ul style="list-style-type: none"> - Increased demand for services from DACS - Pay reform - Inflationary pressures on passenger transport and highway maintenance budgets - Libraries - History Centre - Disabled children - Hub strategy
(E)	19 th Dec 06	Cabinet notes an update to the 07/08 Financial Plan, which shows an increase in available resources of £1.8m. Cabinet also notes that spending proposals and associated service standards had been prepared within the financial plan allocation, but note that further work to refine proposals and develop risk assessments will continue
(F)	Oct – Dec 06	Cabinet debate budget priorities and allocation of resources
(G)	10 th Jan 07	Members Seminar for all members to receive an update on budget priorities for 07/08
(H)	15 th Jan 07	All members are issued with a bound suite of budget reports, for consideration at forthcoming meetings
(I)	23 rd Jan 07	Cabinet meet to consider the suite of budget reports in advance of agreeing a 2007/08 budget motion on the 2 nd February and to note the updated resources position and revised spending proposals
(J)	2 nd Feb 07	Cabinet meet to agree its 2007/08 budget recommendation
(K)	6 th Feb 07	A Joint (Budget) Scrutiny Meeting took place for all non-executive members to consider and comment upon Cabinet’s budget motion
(L)	13 th Feb 07	County Council receive Cabinet’s motion and views of scrutiny and set the 2007/08 Budget and Council Tax

12. In considering the first draft of this process timetable, which had been issued at step (B), the Task Group identified that it had omitted to take account of the recommendation agreed from the review of the 2006/07 budget setting process, that an additional step be incorporated in the process for the three main scrutiny committees to meet and consider the draft 2007/08 budget prior to its submission to the County Council meeting.
13. Additionally, the Task Group identified that the first draft of the timetable had referred only to the Cabinet Liaison Group as being involved in debating budget priorities during the period October 2006 to early January 2007.
14. Both of these findings were reported to the October 2006 Cabinet meeting, and resulted in:
 - (a) an amendment to the timetable – listing a Joint (Budget) Scrutiny meeting to take place on the 6th February 2007, and County Council to take place on the 13th February 2007 (steps (K) and (L) above); and
 - (b) the Leader liaising with other Group Leaders, and the Chairmen of the Overview & Scrutiny Management Committee and the Budget Scrutiny Task Group regarding how best to involve all members in the debating of budget priorities for 2007/08 – resulting in step (G) above.
15. This style of review by the Task Group and subsequent comment back to Cabinet continued throughout the process on key aspects of the emerging 2007/08 budget, including:
 - (a) the initial gap between the financial plan and departmental spending proposals
 - (b) the key budget pressures forecast for 2007/08 which contributed to that gap
 - (c) the need to involve all members in the debate on budget priorities
 - (d) the additional resources which became available towards the end of the process from the Council tax base and collection fund
16. At its last meeting prior to Cabinet agreeing its budget recommendation, the Task Group took the opportunity to comment on how the additional resources should be used, noting that additional spending proposals had been put forward. These considerations helped to inform the Task Group's feedback to the 2nd February Cabinet meeting (step J) above, and comments made by individual members of the Task Group at the 6th February Joint Scrutiny Meeting (step K above). This feedback and comment sought to ensure that the Cabinet explored all options for the use of the additional revenue, including a lower increase in Council tax for 2007/08.
17. Step (L) resulted in the County Council setting the following revenue budget for 2007/08:

Service Heading	Fin Plan £m	Spending Proposals 23rd January £m	Spending Proposals Current £m	Changes £m	Proposed Budget £m
Children and Education					
Funding Schools *	0.000	0.000	0.000		0.000
Vulnerable Children	23.134	22.526	22.526	-0.128	22.398
Special Needs & Disability	9.967	10.670	10.670	0.000	10.670
Resources & Improvement	4.177	4.195	4.195	-0.195	4.000
Early Years	0.228	0.000	0.000	0.000	0.000
School Support	3.122	3.260	3.260	-0.024	3.236
Youth Development	3.247	3.247	3.247	-0.051	3.196
School Building & Places	0.622	0.695	0.695		0.695
DSG relating to Central Services	-2.019	-1.688	-1.688		-1.688
Recovery actions not yet allocated	-0.329	-0.506	-0.506	0.398	-0.108
	42.149	42.399	42.399	0.000	42.399
Community Services					
Older People	38.486	37.266	37.266		37.266
Learning Difficulties	24.355	24.178	24.178		24.178
Mental Health	12.568	14.510	14.510		14.510
Central Services	5.163	6.472	6.472		6.472
Miscellaneous	0.708	0.705	0.705		0.705
Supporting People *	0.000	0.000	0.000		0.000
Libraries & Heritage	6.211	6.574	6.574		6.574
Items not allocated to services	-0.150	0.000	0.000		0.000
	87.341	89.705	89.705	0.000	89.705
Environmental Services					
Highways	17.490	16.584	16.584		16.584
Passenger Transport	12.026	13.549	13.549		13.549
Waste Management	15.979	15.556	15.556		15.556
Planning & Environment	1.895	1.877	1.877		1.877
Trading Standards	1.262	1.252	1.252		1.252
Other	5.878	5.927	5.927		5.927
Items not allocated to services	-0.136	0	0		0
	54.394	54.745	54.745	0.000	54.745
Resources					
Finance	1.901	1.925	1.925		1.925
ICT	9.836	9.791	9.791		9.791
Capital Financing	16.034	15.834	15.834		15.834
Corporate Services	3.500	3.549	3.549		3.549
Other Remaining Blocks	8.946	8.963	8.963	0.007	8.970
One Council For Wiltshire	0.000	0.350	0.350		0.350
Job Evaluation	3.735	2.735	2.735		2.735
	43.952	43.147	43.147	0.007	43.154
Contribution to Balances	0.664	0.667	0.667		0.667
Contribution to Revenue Contingency Reserve	0.000	0.637	0.637	0.013	0.650
Development fund	0.000	0.000	1.150		0.888
	228.500	231.300	232.450	0.020	232.208
LABGI			-0.400		-0.400
Total	228.500		232.050	0.020	231.808

* These service areas are 100% grant funded

18. In agreeing this budget, the Council also agreed to the precept for 2007/08 being £168.838m and a Council tax increase of 4.8%, noting that the Government's Revenue Support Grant for 2007/08 had been confirmed as £61.355m and that £1.615m had been collected in Council tax. [Table 4](#) below gives more detail:

Table 4

REVENUE BUDGET 2007-08						
SPENDING AND COUNCIL TAX						
Col.1	Col.2					Col.3
Revenue Budget 2006-07						Revenue Budget 2007-08
£ million						£ million
219.112	Planned Spending on services					230.003
0.679	Contribution from / to balances					0.667
	Contribution to Revenue Budget Contingency Reserve					0.650
	Revised Financial Plan (Budget Requirement before grant income from Local Authority Business Growth Incentive)*					231.320
	Utilise LABGI * Development Fund					-0.400
						0.888
219.791	Budget Requirement					231.808
	Funding					
	Government support:					
50.407	National non-domestic rates					52.538
9.730	Revenue Support Grant					8.817
0.824	Collection fund adjustments					1.615
158.829	Precept					168.838
219.791						231.808
0.171	Tax-base					0.173
929.25	Band D Tax					973.85
	2007-08 Increase against 2006-07 Band D					4.80%
* LABGI is a specific grant and the budget requirement must be shown net of such grants in setting the Council tax. However, for financial planning purposes the LABGI has been viewed as central funding.						

19. A new line in the Revenue Budget for 2007/08, titled the “Development Fund” was also agreed during the process. This fund comprises most of the surplus on collection funds and totals £0.888m. The advice given to the Cabinet and Council on the use of this Fund included that it should not be used to fund recurrent expenditure, and this was the justification given for the surplus not being used to minimise the increase in the 2007/08 Council tax or to maximise planned expenditure on specific services.
20. Instead, the Council was advised that this Fund should be used for more strategic purposes, particularly to further reduce the authority’s liabilities and costs and to meet any additional costs arising in 2007/08, mindful of the uncertainties in the medium term financial prospects for local government.
21. In agreeing the 2007/08 Budget, Council also agreed to the Budget Scrutiny Task Group examining the process for proposals for expenditure from the Development Fund and the prioritised bids recommended for Cabinet approval.
22. In summary, the Task Group considers that the budget setting process for 2007/08 has been more open and transparent when compared to the 2006/07 process, mainly due to steps D, G and K in [Table 3](#), page 5 above. In continuing to carry out an overview of future years’ budget setting processes, the Task Group will be mindful of the uncertainties in future funding from central government, in the growing demand for the Council’s services, and of the need therefore for even more prudent medium to long term financial planning.
23. In this context, the only recommendation the Task Group would like to make for future years’ budget setting processes, is that all members should be given the opportunity to comment on budget priorities, before they become part of the executive’s spending proposals, whether that be in the form of a Members Seminar or a joint Cabinet Members’ Briefing. However this is facilitated, mindful of the need to ensure that Cabinet Members are questioned and called to account for their portfolio’s budget and service priorities the Task Group would like to see the Cabinet Members presenting their budget priorities, as opposed to Chief Officers.

Consultation

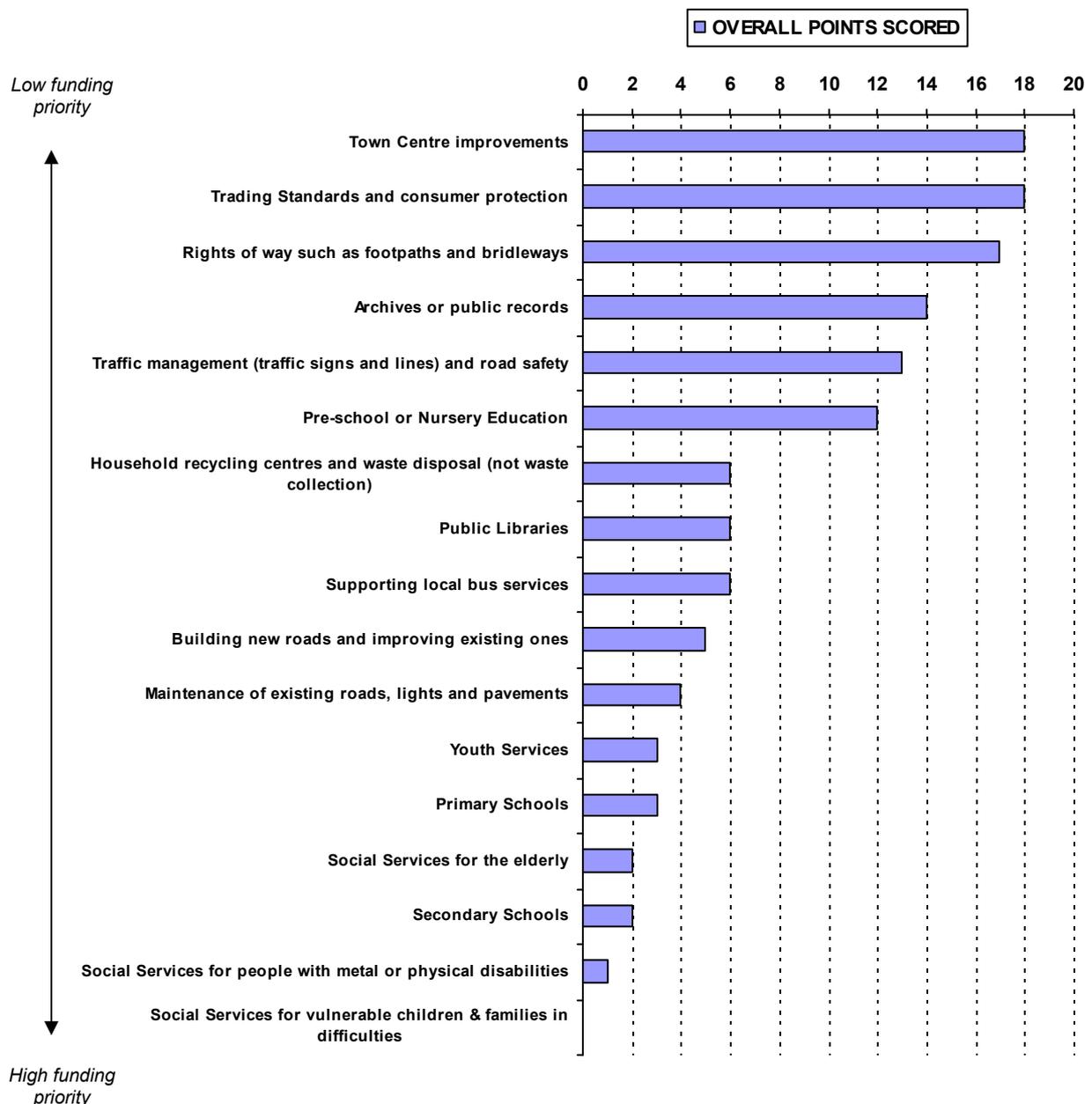
Public Consultation

24. A series of budget consultation meetings was held across the county in November as part of the 2007/08 budget setting process, and despite a 50% increase in targeted invitations to sectors of the general public from that issued in 2006/07, attendance was again poor, with 30 people taking part overall. Participants included parish and town Council, voluntary sector and the People’s Voice Panel representatives.

25. These meetings included presentations on the Council's Corporate Plan and its proposed 2007/08 Budget, and provided an opportunity for participants to rank the Council's services in the order in which they would like them to be resourced.

26. The results of these meetings are summarised below in [Chart 1](#), with those services ranked lower in funding priority being depicted with a higher score. The results are, in the main, consistent with the budget priorities agreed for 2007/08 – town centre improvements, trading standards / consumer protection and highway maintenance services receiving less resource allocation, and funding for people with mental or physical disabilities, the elderly and for vulnerable children and families remaining a priority.

Chart 1



27. A separate consultation meeting was held with the Wessex Association of Chambers of Commerce, which sought the views of the business community on the Council's budget and service priorities. These views broadly supported the proposed budget and service priorities.
28. As recommended in the Task Group's final report on the 2006/07 Budget Setting Process, research was carried out into the public consultation methods of 10 other local authorities during their budget setting processes. In addition consideration was given to the findings of a report from Delib (a participation consultancy organisation) "Budget Consultation: A Survey of Public Sector Organisations". The key findings from this research included:
- (a) there was little evidence of effective budget consultation with the business community
 - (b) out of 10 different consultation methods used to engage people in the budget process (including paper surveys, online surveys, citizen panels, public meetings, focus groups etc), online, interactive games provided the highest response rate for the public sector
 - (c) online methods are not likely to be successful in and of themselves, without also being engaging and well promoted
 - (d) despite online surveys and citizen panels gaining the highest response rates, the most useful information is felt to come from focus groups
 - (e) the barriers to budget consultation include lack of political will, cost, staff capacity and a sense that spending needs are controlled by central government and therefore local feedback is redundant
 - (f) the average spend on budget consultation is £7,600, with the highest spend coming from a county council at £35,000 for the 2006/07 budget process. The lowest spend is £500. WCC spent £1,900 on public consultation during the 2007/08 budget setting process.
 - (g) there appears little correlation between the amount of money spent on budget consultation and the number of responses received. This indicates that the methods chosen are more important than the money invested in the process, and cost is not necessarily a barrier to successful budget consultation.
29. These research findings have led the Task Group to conclude that, whilst mindful of the differing budget consultation practices of other local authorities, there is little justification in committing additional time and resources on this aspect of the budget setting process, other than to ensure that some form of consultation takes place which enables communities and local businesses to influence the process.

Consultation with Members

30. As recommended in the Task Group's final report on the 2006/07 budget process, an additional step in the 2007/08 budget process was **incorporated (step K above at Table 3, page 5)**, for the three main overview and scrutiny committees to meet together and discuss the draft budget prior to its submission to Council.
31. This Joint (Budget) Scrutiny Meeting provided a formal setting for all non-executive members to comment on the Leader's Motion to Council and the draft budget and to query the rationale for spending proposals.
32. Both written and verbal responses to comments made at the Joint Meeting were issued prior to and at the 13th February Council meeting, and recognition of the positive influence made by the Joint Meeting was publicly made by the Leader in her budget speech.
33. In evaluating the effectiveness of this Joint Scrutiny Meeting, the Task Group concludes that it helped to facilitate greater non-executive member engagement in the 2007/08 budget setting process, when compared to the engagement which took place for the setting of the 2006/07 budget. Whilst confident to recommend that this additional step remain within the annual budget setting process, the Task Group would prefer to see the following enhancements to this arrangement:
 - (a) a better balance of executive/scrutiny input and influence on the meeting's structure and content, to ensure that the questions (including key lines of enquiry) and issues to be covered are focused on the requirements of non-executive members;
 - (b) similarly, a better balance of discussion concerning strategic and local issues.
34. Feedback from other non-executive members attending the Joint Scrutiny Meeting broadly supports the Task Group's conclusions, with one member registering concern that the joint budget briefing with all opposition members on the 7th February had been rendered almost redundant as a consequence of the Joint Scrutiny Meeting. Mindful of this, the Task Group considers that a further improvement could be made in future years to ensure that all members fully understand the objective of the following steps in the process:
 - (a) member challenge of budget priorities
 - (b) joint scrutiny meeting
 - (c) budget briefings with opposition members
 - (d) County Council Meeting

Budget Monitoring Arrangements

35. Revenue budget monitoring in 2006/07 has been dominated by the projected overspend in the Department for Adult and Community Services (DACS), now the Department for Community Services. At the beginning of the financial year, DACS faced a potential £11 million shortfall. A corporate recovery plan required DACS to achieve savings of £7 million, and the organisation as a whole to find the remaining £4m.
36. At the end of the financial year, as a consequence of the corporate recovery measures which resulted in a series of planned savings in all departments and significant service reconfiguration in DACS, the 2006/07 budget **is projected to balance at ? (get figure from June report to Cabinet).**
37. Both executive and scrutiny officers and members were involved in monitoring the corporate recovery plan and activities, with the Cabinet receiving monthly update reports and a dedicated Corporate Recovery Scrutiny Task Group following the process from July to October 2006.
38. During 2006/07, the Budget Scrutiny Task Group, to avoid duplication of the Corporate Recovery Task Group's work, monitored the overall budget position of each department, drawing on reports written for the Cabinet each month.
39. This was the first year since its commissioning in 2002 that the Task Group carried out revenue budget monitoring. It did so as a consequence of evidence gathered and recommendations agreed from its review of the 2006/07 budget setting process, which concluded that there was scope for the Task Group to initiate more in depth constructive challenge of budget lines and detail.
40. From June 2006 the Task Group began to meet on a bi-monthly basis to carry out its new budget monitoring remit and to continue with its role of overseeing the annual budget setting process. From its early attempts at budget monitoring, the Task Group concluded that it should adopt a protocol that would guide and focus its work in this regard. This protocol (see [Appendix 1](#)), which was devised in consultation with the Senior Finance Forum and the then Corporate Management Board, was adopted in January 2007, its key features being:
 - (a) a definition of the overall aim and objectives of the Task Group's budget monitoring role
 - (b) suggested budget monitoring methods and routes for reporting back comments and recommendations to the executive
 - (c) a suggested timeframe to follow
41. One of the aims of the protocol is to facilitate more timely consideration of budget monitoring reports by the Task Group and consequently more timely reporting back to the Cabinet of its comments and

recommendations. The Task Group's key comments and recommendations reported to the Cabinet during 2006/07 related to:

- (a) the need to ensure that budgets for services within the new Department for Community Services were adequately resourced, taking into account its financial difficulties previously reported particularly in adult social care budgets, and of the changing demands for its services
- (b) its concern regarding a number of cost pressures estimated and reported in November 2006 which were over and above available resources for 2006 / 07 in the Department for Children & Education.

42. Another main aim of the protocol is to ensure that the Task Group is effectively calling Cabinet Members to account for service budgets within their portfolio. Work to facilitate this is ongoing, most notably that of the enhanced activities of individual members of the Task Group which will see them meeting with departmental representatives from the second financial quarter of 2007/08 to carry out 'fact finding' exercises. These exercises are intended to support the Task Group's formal bi-monthly budget monitoring activities, and importantly will assist it in identifying which service areas to scrutinise and therefore which Cabinet Members to invite to its meetings during the year.
43. The Task Group has also explored how the appointment of a Cabinet Member, other than the Leader, with lead responsibility for finance/resources might further strengthen the Council's ability to manage and monitor its budgets. In doing so, building on its research carried out at the end of the 2006/07 budget setting process when it found that 80% of all English county councils include a dedicated Cabinet Member for finance/resources (usually the Deputy Leader), the Task Group has enquired further into the cabinet portfolio structures of other local authorities. [Table 5](#) below lists the results from those enquiries.
44. The suggestion that the Cabinet would benefit from having a dedicated member with lead responsibility for finance/resources, other than the Leader, was discussed at the Extraordinary Meeting of County Council on the 6th June 2006 during the debate over the financial position of the Council at that time and the corporate recovery plan. The Task Group has noted the Leader's intention to retain responsibility for the Council's finances, as confirmed at that Extraordinary Council meeting. However, it maintains that the evidence gathered from other local authorities, as detailed in [Table 5](#) below, is sufficient to support a recommendation that Cabinet should appoint a separate Cabinet Member for finance/resources.

Table 5 - Key findings from electronic survey of UK local authorities

Solihull MBC	Separate Cabinet Member for Resources, so that the Leader has more time to devote to regional, partnership and other strategic issues.
Oxfordshire CC	The introduction after the elections in 2005 of a separate portfolio for finance, procurement and property, held by a Cabinet Member other than the Leader, has enabled the Council to make great progress on budget monitoring and control in particular, and this increased emphasis at Cabinet level has increased the seriousness with which the issue is treated by officers and other Members alike.
West Sussex Council	This Council has had a separate Cabinet Member for finance & resources right from the outset. The Cabinet model requires Cabinet Members to be on top of their game and publicly accountable. Budgets and the complexities of floors and ceiling etc are very demanding and none of the three leaders at this Council have been willing to include it in their portfolio as well as their mainstream leadership duties.
Enfield Council	The Deputy Leader is the Cabinet Member for Finance and Resources, which works very well, giving the Leader more time to focus on other strategic matters.
Bedfordshire CC	The Deputy Leader is the Cabinet Member for Finance. Whilst comparison's are difficult, the Deputy Leader is more accessible than the Leader. This Council has moved from a no-star authority to a 2-star authority in 2 years with this arrangement.
Gloucestershire CC	The Cabinet is made up of the leader and 4 lead Cabinet Members, 1 of whom is responsible for "resources" in all its corporate and cross cutting definitions. In addition there are 5 other Cabinet members with portfolios that reflect the shape of the directorates. It seems to work well separating resources out from the leadership as it enables the leader to be much more outward facing.

45. The common view of both scrutiny and cabinet officers in those authorities listed above is that a separate Cabinet Member for finance/resources does assist in matters of budget management and ongoing budget monitoring. The Task Group also considers that, should Wiltshire County Council's application to create a Unitary Authority in Wiltshire be approved, the consequent increase in the Leader's responsibilities and the need to reinforce a corporate approach to budget setting and monitoring, makes the case for a separate Cabinet Member for resources even more compelling.
46. The Task Group's development of its own approach to budget monitoring has helped it to understand better how it should scrutinise the Cabinet as it carries out its budget monitoring activities. The Task Group has been encouraged by the willingness of the Cabinet to consult with it regarding amendments to the format, style and timeliness of budget monitoring reports, which should improve further with the introduction of a new Business Management System (FAMUS) at the end of 2008.
47. The Task Group appreciates the inter-relation of and fine balance needed to manage resources, performance and risk, as described in a new framework policy - 'Management of Resources, Performance and Risk' agreed by Cabinet on the 20th March 2007. Mindful that the Business Management Programme and, prior to that the 'Excelcis performance management framework' system, will be introduced to more effectively join up the management of performance and risk in the Council, the Budget Scrutiny Task Group will look for overall improvements in budget management terms, alongside the Customer First Task Group which will continue to monitor the procurement and implementation of these systems.

A Guide to Council Services and Council Tax Spending Summary

48. Each year, local authorities are required to publish service performance and financial position updates, including information on revenue spending plans, staffing levels, borrowing, capital spending and council tax bands. The Task Group's review of the Council Tax Summary published at the end of the 2007/08 budget setting process, found the summary to provide good value for money and a useful reference to essential public services in Wiltshire.

CONCLUSIONS & RECOMMENDATIONS

As a consequence of its investigations, evidence received and findings made, the Task Group has made the following recommendations.

2007/08 Revenue Budget Setting Process

Whilst agreeing that the budget setting process for 2007/08 has been more open and transparent when compared to the 2006/07 process, but also mindful of the uncertainties in future funding from central government, in the growing demand for the Council's services, and the need therefore for even more prudent medium to long term financial planning, the Task Group recommends that:

1. During future years' budget setting processes, Cabinet should allow all members the opportunity to comment on budget priorities, before they become part of the executive's spending proposals, whether that be in the form of a Members' Seminar or a joint Cabinet Members' Briefing (paragraph 23 refers);
2. Cabinet Members (as opposed to Chief Officers) should present their budget priorities under any new arrangements, to instill the correct message that it is Cabinet Members who should be questioned and called to account for their portfolio's budget and service priorities (paragraph 23 refers);

2007/08 Revenue Budget Consultation

Research for this Report has led the Task Group to conclude that, whilst mindful of the differing budget consultation practices of other local authorities, there is little justification in committing additional time and resources on budget consultation with members of the public and business community, over and above what currently takes place. With regard to consultation with members, the Task Group's evaluation of the effectiveness of the Joint Scrutiny Meeting (step K, Table 3) has led it to conclude that this helped to facilitate greater non-executive member engagement in the 2007/08 budget setting process, and that therefore this new arrangement should be repeated in future years, with the following recommended enhancements:

3. That the Executive and the Overview & Scrutiny Management Committee ensure a better balance of executive/scrutiny input and influence on the meeting's structure and content to ensure that the questions (including key lines of enquiry) and issues to be covered are focused on the requirements of non-executive members (paragraphs 30 – 33 refer);

4. Similarly, that the Executive and the Overview & Scrutiny Management Committee ensure a better balance of discussion concerning strategic and local issues (paragraphs 30 – 33 refer)
5. The Executive and Overview & Scrutiny Management Committee should ensure that all members fully understand the objective of the following steps in future year's budget setting and consultation process (paragraph 34 refers):
 - (a) member challenge of budget priorities
 - (b) joint scrutiny meeting
 - (c) budget briefings with opposition members
 - (d) county council

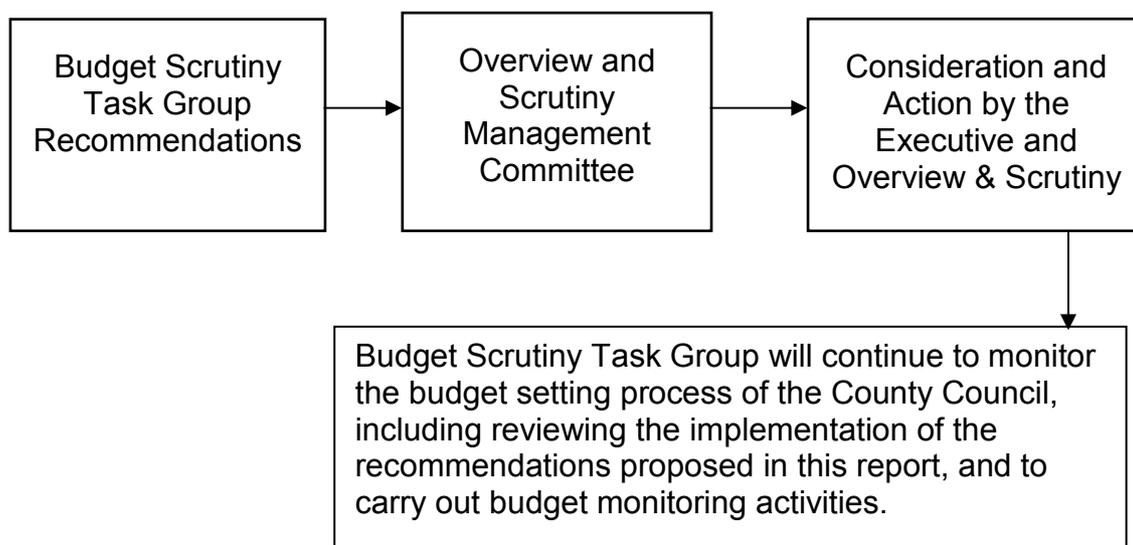
Revenue Budget Monitoring

Following discussions on how both the Cabinet and Overview and Scrutiny's budget monitoring activities could both be improved as detailed in paragraphs 35 – 47 of the report, the Task Group recommends that:

6. Cabinet should appoint a separate Cabinet Member for finance / resources (paragraphs 43 - 45 refer);
7. The Overview & Scrutiny Management Committee endorses the Task Group's intention to:
 - (a) continue to work with the Cabinet in making suggestions for further improvements to the format and style of budget monitoring reports (paragraph 46 refers); and
 - (b) hold informal 'fact finding' meetings with Departments as a means of gathering additional information to better equip members when formally calling Cabinet Members to account for their service budgets at Task Group meetings (paragraph 42 refers).

DECISION MAKING PROCESS

The Overview and Scrutiny Management Committee will consider the Task Group's recommendations on 7th June 2007. If the Management Committee endorses the recommendations they will subsequently be submitted to Cabinet on the 26th June for consideration.



**BUDGET SCRUTINY TASK GROUP
BUDGET MONITORING PROTOCOL**

Overall Aim

1. To strengthen the involvement of non-executive members in the monitoring of the council's revenue budget, in order to be able to carry out more informed scrutiny and to more effectively call cabinet to account on matters relating to the revenue budget.

Main Objectives

2. To call the cabinet to account for the council's revenue budget position at any time during the financial year, and to make recommendations as appropriate.
3. To monitor the position of service revenue budgets throughout the financial year, including outturn projections and actual spend, and to track this against expenditure trends during each financial year.
4. To monitor progress against recovery action plans, where necessary.
5. To carry out scrutiny and monitoring of revenue budget information, mindful of the interrelating factors of budget management, service performance and risk management.

Scrutiny Method

6. At the first meeting in the year, the Chief Executive, Director of Resources and the Treasurer to attend to assist the task group in its consideration of the suite of reports prepared for the annual budget setting Council meeting, including information on the capital programme, risk management, treasury budgets etc. This is with a view to understanding the broadest financial position of the council before focusing in on specific revenue budget issues.
7. During the year, the task group's main source of information is the budget monitoring report prepared for cabinet each month. Ideally this information will include details of the current financial position of the department, with accompanying explanatory comments and details of profiled budgeting since the start of the financial year.
8. The task group's other main source of information will be individual members' "fact finding" meetings with departments to operate, as suggested in paragraph 9.

9. Individual members of the task group to volunteer to work with an individual department through the year, starting from the second quarter of the year, to carry out fact finding that is intended to improve members' knowledge of a department's financial position and activity with a view to this facilitating more informed scrutiny at task group meetings.
10. The task group to work with finance officers to develop a re-formatted revenue budget monitoring report, intended to assist both cabinet and scrutiny members in understanding better the data these reports present each month.

Analysis of Information

11. Task group member briefing meetings to be held as soon as the updated budget monitoring report has been published, and ideally 2-3 days before the task group meeting itself, to facilitate member discussion on the key issues arising from the data and from meetings with cabinet members and chief officers, and to agree lines of enquiry.

Reporting of Findings & Recommendations

12. Dependent upon the nature of the task group's analysis and findings from its consideration of budget monitoring data, the following actions be taken:
 - (a) *urgent reporting to the whole cabinet at any meeting in the financial year* – when the task group considers there to be an issue which members should not delay in formally communicating with cabinet
 - (b) *informal dialogue between meetings with individual cabinet members* – when, e.g. a member of the task group with a focus on a particular service area spend, with the prior agreement of the task group chairman, communicates with the relevant cabinet member or leader his/her concerns at any time during the financial year
 - (c) comments / recommendations in the task group's annual report – when suggestions for e.g. improvement in budget monitoring arrangements, including a review of this protocol, can be presented via the Overview & Scrutiny Management Committee to cabinet for consideration / approval
13. In reporting to / communicating with cabinet, the task group will need to be careful not to compromise the full impact of its recommendations, which could be a consequence of exercising (12a) above too frequently and without justification. Equally however, task group members need to exercise constructive dialogue with cabinet / cabinet member/s (12b above) to ensure timely submission of recommendations and comments, to affect real change as it is needed.

Timetable

14. Subject to amendments to be authorised by the Overview & Scrutiny Management Committee, this task group to monitor the Council's revenue budget as an ongoing activity, mindful of the parameters followed by the council in terms of key dates during the financial year.
15. Formal scrutiny and monitoring to be reported and discussed on a bi-monthly basis, ideally several days prior to scheduled cabinet meetings, in order that urgent comments and recommendations can be fed back in a timely manner.
16. Full findings and recommendations from budget monitoring analysis to be reported with the task group's annual report in July each year.