

**Agenda Item No:**

**Report To:** Overview & Scrutiny

**Date of Meeting:** 26<sup>th</sup> September 2017

**Report Title:** Preparations for 2018-19 Budget Scrutiny

**Report Author &  
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<p><b>Summary:</b></p> <p>The July Overview and Scrutiny Committee agreed a set of principles to shift the overall focus of budget scrutiny to a more flexible, risk-based approach - whilst retaining its overall effectiveness.</p> <p>This report sets out a number of practical changes which will be trailed at this years Task Group meetings.</p>
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**Key Decision:** NO

**Recommendations:** **The Overview & Scrutiny Committee is asked to:-**

- I. Note the changes to 2018-19 budget scrutiny as set out in the report**
- II. Agree between five and seven members of the 2018-19 Budget Scrutiny Task Group**

**Policy Overview:** N/A

**Financial Implications:** The Overview and Scrutiny Committee has a duty to scrutinise the Council's draft Capital and Revenue budget.

**Legal Implications** N/A

**Equalities Impact Assessment** N/A

**Other Material Implications:** None

**Exempt from Publication:** **NO**

**Background Papers:** **N/A**

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## Report Title: Preparations for 2018-19 Budget Scrutiny

### Introduction and Background

1. As set out in the Council's constitution, the Overview and Scrutiny Committee has a duty to scrutinise the Capital and Revenue budgets of the Council. In the past, the Budget Scrutiny Task Group (BSTG) has fulfilled this function by scrutinising the Council's draft Capital and Revenue budgets, making a judgment on them, and reporting back to the main O&S Committee.
2. The report from the Task Group may make recommendations to both the O&S Committee itself and also to Cabinet. Once endorsed by the main O&S Committee the report is then forwarded to Cabinet.
3. The July 2017 Overview and Scrutiny agreed a set of principles to shift the overall focus of budget scrutiny to a more flexible, risk-based approach - whilst retaining its overall effectiveness.
4. Since that meeting, officers from the Scrutiny and Finance teams met to discuss how to turn these agreed principles into practicable proposals for the year ahead. This report sets out a small number of changes to the process of budget scrutiny, which will be trialled at this year's Task Group meetings.

### Proposals

#### Workshop

5. Further support was requested to enable Members to conduct targeted budget scrutiny, such as the prioritisation of questions and working together to build on initial lines of questioning.
6. In the first instance, the committee agreed that a workshop would be held at this September meeting for all O&S Committee members – led by the independent Centre for Public Scrutiny - covering in further detail the aims of budget scrutiny and how to conduct effective questioning. This training will increase the insight all Overview and Scrutiny members have in the work of the Task Group, and assist the Committee in agreeing its membership.

#### Reorganising the Task Group sessions

7. In feeding back, Task Group Members, the Portfolio Holder and Officers felt that the process itself is a successful but intensive one. Accordingly, in July O&S endorsed the principle of exploring ways to make the BSTG process as thorough, but less intensive – including reducing the number of sessions. Last year's budget scrutiny totalled 16 individual sessions, over six days, lasting

over 15 hours in total. This intense timeframe led to reduced energy and less effective scrutiny later on.

8. The recent structural changes across the organisation offer an opportunity to reorganise sessions around **Directorates** rather than **Services** - with additional shorter sessions on major themes and general financial reports.
9. Accordingly, appendix 1 sets out a proposed structure for the upcoming BSTG. By reorganising around Directorates, the overall length of budget scrutiny meetings can be cut down by around a third – focussing effort on up to six sessions. Attendance from officers would remain the same (i.e. all Service Heads would be invited to attend, alongside the relevant Director).
10. By reorganising sessions around the new Directorate structure not only offers a chance for Members to understand the differences this will bring to the way the Council operates, but also provides an opportunity to hold the bulk of budget scrutiny over a **one-day** session.
11. Whilst officers are still working on this, such a proposal might offer a means of sustaining the engagement and energy of Task Group Members, and could lead to a more effective meeting (for example if held off-site).

### **Effective Risk Group sessions**

12. The following are a series of proposals which seek to make the sessions themselves as effective as possible, with a more targeted focus on budgetary matters.
13. In July the Committee endorsed a general move to helping BSTG take a more 'risk-based approach' - working with Directors and the Head of Finance to identify key budget risks earlier in the process and follow these up through further enquiry.
14. Accordingly, it is proposed that service risk registers be **filtered by their 'financial' impact** to highlight the most important budgetary risks. Service risks (especially those with an impact on the upcoming budget) can then be analysed and scrutinised more effectively.
15. Whilst the Service Plan template was a welcome addition to budget scrutiny last year, in order to reflect a shift to Directorates, it is proposed that the following elements are drawn out of individual service plans and highlighted to the Task Group as part of a short **introduction**, covering –
  - a. The Directorate's overall objectives
  - b. Developments over the last 12 months (projects, initiatives & key risks)
  - c. Highlighting the key elements for BSTG to consider (i.e. budgetary issues)
16. The Directors (supported by Portfolio Holders and Service Heads) will present this overarching summary at the start of each session.

17. An overarching introduction to the Corporate Plan's direction of travel, and the key financial issues / risks (and Medium Term Financial Plan) will be provided by the Chief Executive and Director of Finance and Economy during the opening kick-off session.

### **Capturing service-based questions for subsequent scrutiny**

18. In reflecting on last year's budget scrutiny, it was clear that that many of questions and observations raised during Task Group meetings were service-based rather than being focussed on the budget – elements which can be easily picked up by the full Committee outside of the Budget Scrutiny process. As such, the Scrutiny and Overview Officer will develop, in conjunction with the Chairman, a **protocol for identifying and capturing service questions for investigation at a later date**. A separate 'Annex' to the minutes will capturing these service-related questions to be followed-up by the Committee at a later date via the Tracker and Workplan.

### **Membership**

19. Following the earlier workshop, it is an opportune time to agree the Task Group's membership. In line with the Committee's Terms of Reference, all Task Group's must include at least five members.

### **Conclusions**

20. Taken together, the suggestions above seek to shift the overall focus of the Task Group from the intensive service-by-service approach of previous years to a more flexible, risk-based approach.

### **Recommended that:**

#### **Overview and Scrutiny is asked to:**

- i. Note the changes to 2018-19 budget scrutiny as set out in the report**
- ii. Agree between five and seven members of the 2018-19 Budget Scrutiny Task Group**

### **Contact and Email**

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