

## **Overview & Scrutiny Board**

**28<sup>th</sup> November 2016**

### **Finance & Budget Working Group**

Relevant Portfolio Holder	Cllr Geoff Denaro – Leader of the Council and Portfolio Holder for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Wards Affected	All
Ward Councillor Consulted	No
Non-Key Decision	

#### **1. SUMMARY OF PROPOSALS**

- 1.1 At its meeting held on 25<sup>th</sup> April 2016 the Board considered its annual report for 2015/16 and considered actions which could be taken to improve the scrutiny process in future years. A number of potential options were discussed including the creation of a Finance and Budget Working Group.
- 1.2 Members were advised that a small working group could meet in private to investigate budgetary matters in detail and report their findings back to the Board. Group members would develop expertise which would be helpful when considering the budget. Meetings could be scheduled to take place in a timely manner so as to enable Members to scrutinise both future budget proposals and information about progress in securing efficiency savings as and when the information became available.
- 1.3 Officers advised that the external auditors had recommended that there should be greater Member involvement in the budget setting process and such a working group would help to achieve this objective. It was agreed that a Working Group would be established and begin its work in the 2016/17 municipal year.
- 1.4 Membership was agreed at the Board meeting held on 27<sup>th</sup> June 2016 with Cllr Mallett being the lead Member supported by Councillors S. R. Colella, B T Cooper, R. D. Smith and P. L. Thomas. (It should be noted that following Councillor Smith's appointment to the Cabinet, Councillor S. Baxter was became a Member of the Working Group with effect from 19<sup>th</sup> September 2016.)
- 1.5 The Board agreed the Working Group's terms of reference which are attached at Appendix 1 to this report at its meeting held on 19<sup>th</sup> September 2016.

**2. RECOMMENDATIONS**

- 2.1 The Overview & Scrutiny Board is asked to approve the following recommendations, which have been identified by the Working Group and for these to be recommended on to Cabinet for consideration at its meeting on 7<sup>th</sup> December 2016.
- a) CMT to develop a set of principles around savings to be made;
  - b) The Leader should source, with immediate effect, the services of an external commercial organisation in order to review the management structure of the Council;
  - c) There be one overall corporate training budget and HR prioritise that budget to meet the needs of staff;
  - d) The £11k in respect of Business Transformation, which was reserved for training be given up as a saving;
  - e) The Council should have a robust four year funded Capital Programme for the period 2017/18 to 2020/21 to include estimates across each year of the budget;
  - f) There be an overall corporate budget for apprenticeships;
  - g) An exercise be carried out to ensure the Council makes the best use of its assets;
  - h) Officers ensure that the Asset Register is kept up to date at all times;
  - i) A review of the Low Cost Housing Scheme be undertaken as soon as possible.
  - j) Consideration be given to revising the pricing structure for the Recreation Road South car park, to blocks of hours and a day rate.
  - k) Virements between pay and general expenditure only be allowed with approval from Cabinet; and
  - l) Virements between income and expenditure only be allowed with approval from Cabinet.

**3. KEY ISSUES**

- 3.1 The Finance & Budget Working Group has held 7 meetings to date, which have been supported by the Executive Director, Finance and Resources. The Leader of the Council (and Portfolio Holder for Finance) has also attended a number of these meetings and been made aware of the discussions which have taken place.
- 3.2 The recommendations put forward have been broadly supported by the Executive Director, Finance and Resources. Detailed below is a summary of the areas and reports discussed at each of the meetings of the Working Group.

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**3.3 2<sup>nd</sup> August 2016**

Initial meeting with the terms of reference were set and work programme planning took place. This included the inclusion of a quorum for the Working Group and how it would report back its findings and recommendations. It was also agreed that the Portfolio Holder for Finance would be invited to all the Working Group's meetings.

**3.4 25<sup>th</sup> August 2016**

Members considered the Efficiency Plan and carried out a review of cost centres, by departments for actual spends, including comparative data for previous years. In respect of the Efficiency Plan this led to two recommendations being put forward (a and b as detailed in paragraph 2.1). It was agreed that the review of cost centres would be considered in more detail once the schedules from the Heads of Services, in respect of savings were available.

**3.5 16<sup>th</sup> September 2016**

The Working Group received 3 reports at this meeting, Earmarked Reserves, Borrowings and Capital Programme. In respect of the Earmarked reserves report Members put forward two recommendations (c and d at paragraph 2.1 above). A further recommendation was made following consideration of the Capital Programme (e at paragraph 2.1 above). Members requested additional information in respect of both the earmarked reserves and the capital programme.

**3.6 28<sup>th</sup> September 2016**

Following the deferment of two items at the Council meeting held on 21<sup>st</sup> September 2016 the Working Group were asked to consider the Efficiency Plan again and a report in respect of IT Infrastructure. Members asked officers to amend the Efficiency Plan in line with a number of comments they had made and to have sight of it prior to it being published in the Cabinet/Council agenda for 12<sup>th</sup> October. In respect of the IT Infrastructure report, whilst a number of issues were raised Members agreed that it did not fall within the remit of the Working Group.

**3.7 6<sup>th</sup> October 2016**

The Working Group received the additional information that had been requested at its meeting on 16<sup>th</sup> September together with details of Virements and the Asset Register. The updated Efficiency Plan was also provided for Members, however as this had been published the Working Group did not feel it was appropriate for it to make further comment. Following consideration of these reports the Working Group made three recommendations (f, g and h as detailed in paragraph 2.1

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above). The Working Group also asked for clarification on a number of areas, particularly in respect of the Asset Register.

### **3.8 18<sup>th</sup> October 2016**

Members received additional information in respect of the Asset Register and in particular in respect of the Low Cost Housing which was included within it. Detailed information was provided in respect of the Low Cost Housing Scheme, including background and the current position. Following those discussions the Working Group put forward recommendation (i) as detailed at 2.1 above. The Working Group also took the opportunity to review its work programme and set dates to specifically review the forthcoming budget. Members also agreed that it would be useful to receive an update in respect of implementing the Efficiency Plan at all future meetings.

### **3.9 10<sup>th</sup> November 2016**

Members considered the Fees and Charges Report. Due to time constraints Members only had the opportunity to look in detail at those in respect of Community, Environmental and Leisure Services. The Head of Leisure and Cultural Services, Environmental services and Community Services attended the meeting to discuss these areas in detail and explain the changes which had been proposed. During consideration of the car parking fees Members recommended that consideration be given to the pricing structure of the Recreation Road South car park to show blocks of hours rather than hourly and to include a daily rate (j at paragraph 2.1 above) as it was felt that this would be more manageable and understood. Members discussed a number of options under each of these areas and have asked for additional information in order to give further consideration to them at future meetings.

Financial regulations, budget guidelines and a verbal update on the Efficiency Plan were also considered at this meeting, with particular reference to the guidelines and virements, something which had been discussed previously and which led to two further recommendations being put forward (k and l at paragraph 2.1 above). The Working Group's work programme was also discussed with agreement being reached on the reports to be considered at its next two meetings.

### **Financial Implications**

- 3.10 There are no specific financial implications as a result of the proposed recommendations as officer time in implementing any approved changes will form part of the financial planning framework.

**Legal Implications**

- 3.11 The Council has a statutory responsibility to set a balanced budget for each financial year and the recommendations will provide additional information for the budget setting process.

**Service / Operational Implications**

- 3.12 Heads of Service have the responsibility to consider all the budgetary implications across their services and to set robust projections for future years. Should the recommendations be approved these will be used for the setting of the 2017/218-2020/21 medium term financial plan.

**Customer / Equalities and Diversity Implications**

- 3.13 The budget planning process provides a financial framework to deliver all services to the community

**4. RISK MANAGEMENT**

- 4.1 The medium term financial plan and accuracy of budget projections is included in the Councils Corporate Risk Register.

**5. APPENDICES**

Appendix 1 – Terms of Reference for the Finance and Budget Working Group

**6. BACKGROUND PAPERS**

N/A

**7. KEY**

None

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