

Overview & Scrutiny Board 13th February 2017

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 25th 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 27th 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 19th 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 19th September 2016.

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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 .
- a) Unavoidable pressures under £5k be funded from existing budgets;
 - b) Consideration be give as to how Section 106 monies is accounted for within revenue costs;
 - c) Heads of Service be asked to look at all areas where we provide an additional service and produce a cost recovery statement for further consideration;
 - d) Virements over £40k should be agreed by Cabinet and anything under that amount would be with the relevant Portfolio Holder's agreement;
 - e) Revised Financial Regulations to include all carry forwa4rds of the Capital Programme to be agreed by Council;

3. KEY ISSUES

- 3.1 The Finance & Budget Working Group made its first formal report to the Board at the meeting held on 28th November 2016. Since that date it has held a further 3 meetings, which have been supported by the Executive Director, Finance and Resources. The Leader of the Council (and Portfolio Holder for Finance) has also attended these meetings.
- 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.
- 3.3 6th December 2016

At its meeting on 6th December, the Group received reports in respect of Savings and Additional Income, Unavoidable Pressures and Capital Bids. A number of suggestions were made by the Group and taken away by the Corporate Director, Finance and Resources around the format of the reports and the inclusion of a fourth year and figures to be included to be annual (as previously discussed in respect of the Efficiency Plan format). Recommendations (a) and (b) above were as a result of considering the Unavoidable Pressures and Capital Bids reports.

The Group also received cost recovery statements covering a number of areas within Leisure Services and for the Lifeline Service. The Leisure Services cost recovery statements showed clearly where services were heavily subsidised by the Council. Members were keen

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to look at a number in more detail to establish whether the charges could be increased to reduce the gap or whether it was necessary to continue to provide the service. This led to recommendation (c) above being put forward. The Group was also keen to carry out further work in this respect and has asked for further meetings with a number of Heads of Services to investigate the matter further.

3.4 12th January 2017

At the meeting the Group considered the feedback from the Cabinet in respect of its recommendations to date. Further consideration was given to recommendation 12 from the Group's initial report to the Board and which Cabinet had amended. The revised recommendation is now formally presented for consideration at item (d) above.

The Group also considered the Full Capital Programme and received a verbal update in respect of the Budget and Efficiency Plan. In respect of the Capital Programme Members discussed the inclusion of Section 106 monies as it was felt it was not appropriate to include it within this as there was already a legal agreement in place which covered the specific works. Recommendation (e) above was as a result of the discussions held at this meeting.

Members also received a presentation from the Executive Director, Finance and Resources in respect of the Budget and Efficiency Plan which led Members to request further information, particularly in respect of the estimates for New Homes Bonus to be brought forward for their consideration.

3.5 30th January 2017

The Group was also given the opportunity to consider the full Medium Term Financial Plan 2017/18 – 2020/21 Report which would be considered by Cabinet at its meeting on 1st February. This included a summary of the position, savings and additional income together with the Capital Bids. A number of areas were considered in detail, in particular in respect of unavoidable pressures and the procurement process. The need for joint procurement, in order to maximise savings was an area within the unavoidable pressures - covering the cost of licenses for smartphones and iPads which Members discussed in some detail and wished to be assured that the best value was being achieved and that this would bring the Council's systems up to date.

In respect of the Efficiency Plan it was noted that a number of areas were still not reaching the level of savings or income generation that had been originally indicated in that Plan. Members stressed to officers the need for further work to be carried out in order to meet the figures which had originally been put forward.

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Financial Implications

- 3.6 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

- 3.7 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

- 3.8 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

- 3.9 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

AUTHOR OF REPORT

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