

Scrutiny Report



Performance Scrutiny Committee – People

Part 1

Date: 23 January 2018

Subject 2018/19 Budget and Medium Term Financial Plan

Author Senior Overview and Scrutiny Officer

The following officers have been invited to attend for this item:

| Role / Areas of responsibility | Lead Officer |
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| Budget Overview and Process | Meirion Rushworth, Head of Finance |
| Budget Public Engagement | Rhys Cornwall, Head of People and Business Change |
| Comments from the Performance Scrutiny Committee – People | Cllr David Williams, Chair of Performance Scrutiny Committee – People |
| Comments from the Performance Scrutiny Committee – Place and Corporate | Cllr Chris Evans, Chair of Performance Scrutiny Committee – Place and Corporate |

Section A – Committee Guidance and Recommendations

1. Recommendations to the Committee

- (i) The Committee is asked to consider:
 - the process undertaken for this year's Draft budget proposals;
 - the public engagement undertaken for this year's Draft budget proposals;
- (ii) Determine if it wishes to make any comments on the budget process or the public engagement to the Cabinet;
- (iii) Endorse the comments made by the Performance Scrutiny Committee – People, and Performance Scrutiny Committee – Place and Corporate to be forwarded to the Cabinet.

2. Context

- 2.1 In accordance with the constitution, the Cabinet is required to consult on the proposals before recommending an overall budget and required council tax to the Council for approval in March. Scrutiny Committees must be consulted as part of this process. The timetable for the consultation on the budget is as follows:

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|--|-------------------------------------|
| Cabinet agrees budget proposals as a basis for consultation | 20 December 2017 |
| Consultation period | 21 December 2017 to 31 January 2018 |
| Cabinet considers feedback from consultation and agrees final budget proposals for recommendation to Council | 14 February 2018 |
| Council approves the 2018/19 budget and council tax level | 27 February 2018 |

Structure of Scrutiny of the Budget Proposals

- 2.2 Each Committee will meet to discuss the budget proposals in detail and formulate comments relating to their portfolio:

| Committee | Date | Role |
|--|-----------------|--|
| Performance Scrutiny Committee - Place and Corporate | 22 January 2018 | Savings proposals within the Place Directorate and Corporate. |
| Performance Scrutiny Committee - People | 23 January 2018 | Savings proposal within the People Directorate |
| Overview and Scrutiny Management Committee | 1 February 2018 | <ul style="list-style-type: none">• Coordination of comments from all Scrutiny Committees• Comments on the budget process• Comments on public engagement |

- 2.3 Recommendations will be agreed verbally at the Committee meetings, the final wording will be approved by the Chairperson after the meeting. These recommendations will then be sent to the Overview and Scrutiny Management Committee (OSMC) at its meeting on 1 February 2018 to confirm the list of comments that will be submitted from Scrutiny to the Cabinet. The Chair of this Committee will be invited to attend the meeting of the OSMC where the Committees recommendations are discussed.
- 2.4 The role of the Overview and Scrutiny is to coordinate the comments from Scrutiny to ensure that there are no overlaps in what is being recommended and ensure that scrutiny as a whole provides a cohesive and consistent response to Cabinet. It also has overall responsibility for comments on the budget process, and public engagement, which it will be focusing on at its meeting.
- 2.5 The Committee may wish to draw out key themes from the two Scrutiny Committees to highlight overarching issues on the budget to the Cabinet Member.

- 2.5 At its meeting on 28 September 2017, the Committee received an [update](#) on the Budget Consultation and Engagement process for this year.

3. Information Submitted to the Committee

- 3.1 The following information is attached:

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| Appendix 1 | Cabinet Report |
| Appendix 2 | Comments from the Performance Scrutiny Committee – People |
| Appendix 3 | Comments from the Performance Scrutiny Committee – Place and Corporate |

- 3.2 The draft 2017-18 Budget proposals and Medium Term Financial Plan were confirmed by Cabinet at its meeting on 20 December 2017. The full cabinet report is available on the Council's Website ([Cabinet Report](#)):
- 3.3 At this meeting, the Cabinet agreed the following proposals for public consultation:
- The budget savings proposals in Appendix 2 (summary table) and Appendix 6 (detailed business cases).
 - The proposed increases to fees and charges in Appendix 7 of the Cabinet Report.
 - The position regarding the proposed school funding for 2018/19 in section 5.

These proposals have been considered in detail by the relevant Scrutiny Committee as per the schedule at paragraph 2.2 above.

- 3.4 Under the constitution and our scheme of delegation, some budget decisions have to be taken by the Cabinet collectively or individual Cabinet Members. These proposals, totalling £2,393k for 2018/19 and £2,919k over the life of the MTFP, will form the basis of the public consultation on the budget this year.
- 3.5 Some lower level, more operational and efficiency type budget proposals are delegated to senior officers for decision and implementation. These proposals, totalling £2,947k for 2018/19 and £3,049k over the life of the MTFP are listed for reference. There are also savings that have been agreed in the previous years or are due to be implemented in 2018/19.

Reference to these is contained within the [Cabinet papers](#) and will be implemented separately from the public consultation. As these do not form part of the consultation, they are not being considered by the Scrutiny Committees, and are referenced for information only.

- 3.6 The Cabinet report (**Appendix A**) contains background information in the budget setting process, financial planning assumptions as well as outlining the budget process and planned consultation. This is the focus of the Overview and Scrutiny Management Committee's consideration of the budget this year.

Scrutiny Committees

- 3.7 The Performance Scrutiny Committee – Place and Corporate, met on 22 January to consider the proposals relevant to their directorates. At this meeting, the Committee questioned the Heads of Service,

4. Suggested Areas of Focus

Role of the Committee

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| <p>The role of the Committee in considering the report is to:</p> <ul style="list-style-type: none"> • Assess: <ul style="list-style-type: none"> ○ Is there evidence of links to the Corporate Plan and a strategic long term approach to budget; ○ Fairness and Equalities Impact Assessments – have these been completed consistently and used to develop the proposals? ○ Has the Wellbeing of Future Generations Act been incorporated into the proposals in terms of the need for long term thinking and planning? ○ Approach to public engagement - is there a cohesive and consistent approach demonstrated to how the public have been involved and consulted on the proposals. • Conclusions: <ul style="list-style-type: none"> ○ Comments / recommendations to Cabinet on: <ul style="list-style-type: none"> ○ Budget process; ○ Public Engagement; ○ FEIA's; ○ Wellbeing of Future Generations Act. ○ Any overarching issues emerging from the two Performance Scrutiny Committee meetings. ○ Agree to forward the comments of the two performance Scrutiny Committees to the Cabinet on the specific proposals. |
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Suggested Lines of Enquiry

- 4.1 Councillors have a fundamental democratic right to commission financial information and provide challenge to executives and officers about finances. Scrutiny councillors are not expected to be financial experts, but they have a key role in ensuring **accountability** and **value for money** are demonstrated to the public.
- 4.2 The following has been adapted from Section 3.1-3.4: Source: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”) to provide examples of the questioning and lines of enquiry that the Committee may wish to consider:

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| Links to Strategic Planning | How does the proposal contribute to the achieving corporate priorities? |
| | How do these proposals fit into an overall budget strategy / what is the long term approach to budget at the Council? |
| Fairness and Equalities Impact Assessments | Have these been completed? Is there a consistent approach to completing FEIAs and have they been used to inform the proposals? |
| Public Consultation | Is it clear how the public have been consulted on the budget proposals? Has there been a consistent approach to public engagement and involvement within this year’s budget proposals? |

4.4 All plans / decisions / policy changes now need to be made in line with the Wellbeing of Future Generations Act, and this should be considered in Scrutiny's consideration of budget proposals.

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| Wellbeing of Future Generations | How will this decision / policy / proposal impact upon future generations? What is the long term impact? |
| | What evidence is provided to demonstrate WFGA has been / is being considered? |
| | How are the Wellbeing goals reflected in the policy / proposal / action? <ul style="list-style-type: none"> • <i>A prosperous Wales</i> • <i>A resilient Wales</i> • <i>A healthier Wales</i> • <i>A more equal Wales</i> • <i>A Wales of cohesive communities</i> • <i>A Wales of vibrant culture and thriving Welsh language</i> • <i>A globally responsible Wales</i> |
| | Does the report / proposal demonstrate how as an authority we are working in accordance with the sustainable development principles from the act when planning services? <ul style="list-style-type: none"> • Long Term <i>The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs</i> • Prevention <i>How acting to prevent problems occurring or getting worse may help public bodies meet their objectives</i> • Integration <i>Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies</i> • Collaboration <i>Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives</i> • Involvement <i>The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.</i> |

Section B – Supporting Information

5. Further Guidance on the Scrutiny Role

5.1 The information in the following section has been taken and adapted from the CfPS / Grant Thornton Finance Scrutiny Guide (pdf) published in June 2014. The extracts reproduced here focus predominantly on Councillors' role in the annual budget setting process.

- 5.2 For further information, Members are invited to read the original publication which includes more detail about scrutiny's role in financial planning and management, as well as case studies and best practice examples.

Understanding Roles and Responsibilities

- 5.4 Councillors and officers have a collective and individual responsibility for ensuring that a council's finances are effectively managed. Within the Annual Budget process:

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|------------------------------|--|
| Council | Agrees the policy and budget framework. |
| Cabinet/Executive | <p>Cabinet agrees a series of proposals for public consultation, which form the draft budget proposals. Scrutiny must be consulted as part of this process.</p> <p>Responsible for proposing the policy and budget framework and key strategies, including the MTFP and annual budget. It has power to take all executive decisions within the policy and budget framework agreed by the Council.</p> |
| Scrutiny Chairs | <p>The Chair should encourage all scrutiny councillors to take a full part in scrutiny, including taking part in any agreed work outside of the formal meetings.</p> <p>Focus the Committee on their role in providing constructive challenge as a consultee in the budget process.</p> |
| Scrutiny Councillors | <p>The role of scrutiny councillors is to review policy and challenge whether the executive is making the right decisions to deliver policy goals and achieve Council's agreed objectives. Their role comprises</p> <ul style="list-style-type: none"> ○ Providing constructive challenge on the draft budget proposals and ensure that properly costed policy and budget proposals are implemented. ○ Monitoring the service and financial performance of the council and its partners and examining the impact and implementation of cabinet decisions and policies ○ Holding the council leader, cabinet and senior officers to account in how effectively they deliver a balanced budget. |
| Heads of Service | <p>Within the policy and budget framework and decisions taken by executives, Chief Executives, Chief Finance Officers and Monitoring Officers have key responsibilities for the way Councils are run in terms of compliance with legal duties.</p> <p>Section 151 of the Local Government Act sets out requirements to prepare a prudent and balanced annual budget including maintaining reasonable levels of reserves and the role of the Head of Finance (as the designated 151 Officer) within this. Other members of the corporate management team are responsible for administering annual service budgets.</p> |
| Finance Professionals | Such as auditors and accountants, should identify how financial planning and management processes can ensure time and space for scrutiny to add value and make a difference. |

Fairness and Equalities Impact Assessment (FEIAs)

- 5.5 Fairness and Equality Impact Assessments (FEIA) are a systematic approach to ensure that the Council takes decisions that balances the needs of people, local culture, the economy and the environment over time. FEIAs assist the Council in ensuring that our decision-making process is inclusive. They are used to look at the effect of any change to Council services or employment from everybody's viewpoint, to make sure that changes are fair and do not discriminate.
- 5.6 Officers have a responsibility to inform decision makers of all the relevant implications of any proposal and provide evidence on which they will base their decisions. FEIAs help decision makers understand service users, employees and other stakeholders' perspectives, and provide evidence that citizens have shaped the council's work. There is legal requirement to publish FEIAs.
- 5.7 Within the Budget proposal Business Cases, there is an indication as to whether or not an assessment is necessary for a proposal. The Performance Scrutiny Committees were asked to consider these during their discussion on the proposals within their remit.
- 5.8 The FEIA's are published on the Council's Equalities page on the website ([link](#)).

Links to Council Policies and Priorities

6. The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council's change programme and saving proposals and protects the financial health of the Council. Scrutiny should seek to ensure that the MTFP and Draft budget proposals contribute to this aim.

Financial Implications

7. The financial implications are contained within the report to the Cabinet on the draft budget proposals 2017/18. Scrutiny is being asked to make recommendations and comments to the Cabinet for consideration on these proposals

8. Background Papers

Cabinet Report – Draft Budget Proposals (21 December 2017)

Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”)
[28 September 2017 – Agenda and minutes of the Overview and Scrutiny Management Committee](#)

The full cabinet report is available on the Council's Website ([Cabinet Report](#)):

Report Appendices:

- Appendix 1 [Budget investments](#)
- Appendix 2 [New budget savings for consultation](#)
- Appendix 3 [New budget savings implemented under delegated authority \(Head of Service\)](#)
- Appendix 4 [Budget savings previously approved](#)
- Appendix 5 [Savings summary](#)
- Appendix 6 [Budget savings for consultation – Business Cases](#)
- Appendix 7 [Fees & Charges for consultation](#)