

Scrutiny Report



Overview and Scrutiny Management Committee

Part 1

Date: 24 January 2020

Subject 2020/21 Budget and Medium Term Financial Projections

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The following have been invited to attend for this item:

Role / Areas of responsibility	Lead Officer
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 – Place and Corporate	Cllr Chris Evans, Chair of Performance Scrutiny Committee – Place and Corporate
Comments from the Performance Scrutiny Committee – People	Cllr David Williams, Chair of Performance Scrutiny Committee – People

Section A – Committee Guidance and Recommendations

1 Recommendations to the Committee

The Committee is asked to:

- (i) 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 Council's 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 February. Scrutiny Committees must be consulted as part of this process. The timetable for the consultation on the budget is as follows:

Cabinet agrees budget proposals as a basis for consultation	20 December 2019
Consultation period	20 December 2019 (afternoon) to 31 January 2020
Cabinet considers feedback from consultation and agrees final budget proposals for recommendation to Council	12 February 2020
Council approves the 2020/21 budget and council tax level	27 February 2020

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	13 January 2020	Savings proposals within the Place and Corporate Service Areas
Performance Scrutiny Committee - People	14 January 2020	Savings proposal within the People Service Areas
Overview and Scrutiny Management Committee	24 January 2020	<ul style="list-style-type: none">• Coordination of comments from all Scrutiny Committees• Comments on the budget process• Comments on public engagement

- 2.3 The Cabinet approved the following Draft 2020-21 Budget proposals for consultation at the meeting held on 20 December 2019:
- The budget savings proposals in Appendix 2 (summary table) and Appendix 5 (detailed business cases).
 - The proposed increases to fees and charges in Appendix 7 of the Cabinet Report.
 - **The proposed school funding position for 2020/21 in Section 3, paragraphs 3.9 to 3.14.** (A link to the full Cabinet Report and Appendices is provided, in Section 7 of this report.)
- 2.4 The draft proposals have been considered by the relevant Scrutiny Committees as per the schedule in paragraph 2.2 above. Recommendations from the Place and Corporate Committee on 13 January and the People Committee on 14 January are being reported to this Committee

Meeting, and the Chairs of the Place and Corporate Committee and the People Committee are invited to attend the meeting for consideration of their Scrutiny Committees' comments.

- 2.5 The role of the Overview and Scrutiny Management Committee 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.
- 2.6 **The Committee also has overall responsibility for comments on the budget process and public engagement, and may wish to draw out key themes from the two Scrutiny Committees' comments to highlight any overarching issues on the budget to the Cabinet.**

3 Information Submitted to the Committee

- 3.1 The following information is attached for the Committee's consideration:

Appendix 1 - Cabinet Report – 2020-21 Budget and Medium Term Financial Projections

Appendix 2 - Comments from the Performance Scrutiny Committee - Place and Corporate

Appendix 3 - Comments from the Performance Scrutiny Committee - People

- 3.2 **The Cabinet report (Appendix 1) contains background information on 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.**

4. Suggested Areas of Focus

Role of the Committee

The role of the Committee in considering the report is to:

- **Assess and make comment** on the overall budget process and public engagement:
 - 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?
 - Whether the Wellbeing of Future Generations (Wales) Act Sustainable Development Principle has been considered in 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:**
 - Determine comments / recommendations to Cabinet upon:
 - Budget process;
 - Public Engagement;
 - Fairness and Equality Impact Assessments;
 - 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 Budget proposals.

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:

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 competing FEIAs and have they been used to inform the proposals?
	Have any impacts identified within the FEIA been considered within the business case?
Public Consultation	How has the public been consulted on the budget proposals?
	Has there been a consistent approach to public engagement and involvement upon this year’s budget proposals?

Wellbeing of Future Generation (Wales) Act

- 4.3 The Committee’s consideration of this report should consider to the extent the five ways of working are being considered in the budget process and public engagement. Below are examples of the types of questions to consider:

5 Ways of Working	Types of Questions to consider:
Long-term The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.	What consideration have you given to the long-term trends that could affect your budget process and public engagement?
	How will the needs of the citizens of Newport potentially change in the future?
Prevention Prevent problems occurring or getting worse.	How are you addressing these issues to prevent a future problem?
	How have the decisions, so far, come about? What alternatives were considered?
Integration Considering how public bodies’ wellbeing objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.	Have you consulted with the health board, third sector, emergency services, businesses and anyone else you think might be impacted?
	What practical steps will you take to integrate your project with existing plans and strategies of other public organisations to help us all contribute fully to the seven national well-being goals?

<p style="text-align: center;">Collaboration</p> <p>Acting in collaboration with any other person (or different parts of the organisation itself).</p>	Who have you been working with? Why? Who have you collaborated with in finding out more about this problem and potential solutions?
	How are you co-working with other sectors?
	How are you using the knowledge / information / good practice of others to inform / influence the Council's work?
<p style="text-align: center;">Involvement</p> <p>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.</p>	How have you involved the people who are being impacted by this decision?
	How have you taken into account the diverse communities in your decision-making?
	How have you used different / alternative methods to reach people and involve them?
	How will you communicate the outcome of your decision?

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 publication, which includes more detail about scrutiny's role in financial planning and management, as well as case studies and best practice examples. *(A link to the publication is provided in Section 7 of this report.)*

Understanding Roles and Responsibilities

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

Council	Agrees the policy and budget framework.
Cabinet/Executive	Cabinet agrees a series of proposals for public consultation, which form the draft budget proposals. Scrutiny must be consulted as part of this process. 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.
Scrutiny Chairs	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. Focus the Committee on their role in providing constructive challenge as a consultee in the budget process.

<p style="text-align: center;">Scrutiny Councillors</p>	<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.
<p style="text-align: center;">Heads of Service</p>	<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>
<p style="text-align: center;">Finance Professionals</p>	<p>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.</p>

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](#)).

6 Links to Council Policies and Priorities

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:

Well-being Objectives	Promote economic growth and regeneration whilst protecting the environment	Improve skills, educational outcomes & employment opportunities	Enable people to be healthy, independent & resilient	Build cohesive & sustainable communities
Corporate Plan Commitments	Thriving City	Aspirational People		Resilient Communities
Supporting Function	Modernised Council			

7. **Background Papers**

- [Cabinet Report – 2020/21 Budget and Medium Term financial Projections \(MTFP\) 20 December 2019](#) including report appendices:
 - Appendix 1 - Budget investments
 - Appendix 2 - New budget savings for consultation
 - Appendix 3 - New budget savings implemented under delegated authority (Cabinet Member and Head of Service)
 - Appendix 4 - Budget savings previously approved
 - Appendix 5 - Budget savings for consultation – proposals
 - Appendix 6 - Demand models – social care
 - Appendix 7 - Fees & charges for consultation
 - Appendix 8 - Financial resilience ‘snapshot’
 - Appendix 9 - Medium term financial projections
 - Appendix 10 - Projected earmarked reserves
- [CfPS / Grant Thornton Guidance– “Raising the Stakes: financial scrutiny in challenging times”](#) including references to: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”)
- [The Essentials – Well-being of Future Generation \(Wales\) Act](#)
- [Corporate Plan 2017-22](#)

Report Completed: 15 January 2020