

Report for: Overview and Scrutiny 19th October 2015

Item number: 11

Title: Budget Scrutiny 2016/17

Report authorised by: Tracie Evans – Chief Operating Officer.

Lead Officer: Neville Murton – Head of Finance (Budgets and Accounting)
020 8489 3176 neville.murton@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

The Overview and Scrutiny Committee's role in scrutinising the budget is set out in the Council's Constitution (Part 4 Section G) and further described in the Scrutiny Protocol.

In previous years the O&S Committee has tasked the individual Scrutiny Panels with reviewing and providing comments on the individual savings and investment proposals relevant to their areas with the full O&S Committee taking the lead role for those areas not covered by a specific panel and the provision of any overarching comments on the draft budget proposals to the Cabinet.

This paper considers the role of Overview and Scrutiny for the 2016/17 budget following the approval of the Council's three year Medium Term Financial Strategy (MTFS) in February 2015.

2. Cabinet Member Introduction

Not Applicable

3. Recommendations

It is recommended that the scrutiny of the 2016/17 budget which is part of the approved MTFS 2015 - 2018 be undertaken only by the Overview and Scrutiny Committee and at its meeting in January 2016.

4. Reasons for decision

The Council's budget setting process provides for a formal scrutiny process to be undertaken by the Overview and Scrutiny Committee. This paper provides guidance on budget scrutiny for the 2016/17 budget in accordance with the existing Scrutiny Protocol.

5. Alternative options considered

Not applicable.

6. Background information

Previously the Council's Medium Term Financial Planning (MTFP) process has set out, typically over a three period, the expected resources available to the Council.

In order to allow the Council to set its budget in the February preceding the financial year in question a range of proposals for that year were developed between October and the December Cabinet. Some proposals spanned future financial years i.e. including an effect in years 2 or 3 of the MTFP but in large part there was often a resource shortfall for years 2 and 3 which would, be balanced by a further range of proposals being developed in the period October to December of year 1 of the MTFP.

The O&S Committee developed a Budget Scrutiny protocol which revolved around reviewing the proposals agreed at the December Cabinet meeting and providing formal comments on them to the February Cabinet and in advance of the full Council agreeing its final budget and setting the Council Tax.

In February 2015 the Council approved a three year MTFS which contained the detail of proposals which met in total the estimated resource needs over the period 2015 – 2018. All of the proposals in the MTFS were considered by the O&S Panels and Committee and their comments taken into account at the February 2015 Cabinet meeting. There is therefore no need to undertake further scrutiny of approved proposals for 2016/17.

Following the Chancellor's Autumn Statement and Spending Review 2015, there are likely to be incidental changes to the Council's resource levels for 2016/17 however, the expectation is that the proposals already agreed will continue to be implemented in order to deliver the Council's 2016/17 and 2017/18 budgets. The approval of the Council's 2016/17 budget by full Council including the formal setting of the Council Tax requirement will still take place in February 2016.

There will be a need for the O&S Committee to review any proposed changes arising from the government's announcements in order to finalise the 2016/17 budget; given those changes are unlikely to be service specific it is most appropriate for the full O&S Committee to review and provide its comments to the February Cabinet meeting as in previous years.

At this stage no further savings proposals are being developed in 2015 for 2016/17 and therefore the expectation is that there will not be a need for new proposals above those already approved and already subject to the budget scrutiny process.

In May 2016 work will commence on a new three year MTFS that will use the last year of the currently approved MTFS (2017/18) and add a further two years (2018/19 and 2019/20). That will result in a new range of proposals for the latter

two years being initially approved by Cabinet in December 2016 and thereby being subject to O&S consideration at that time.

However, it needs to be acknowledged that the delivery of £70m of savings over a three year period is a challenge for the Council. To the extent that some of the approved proposals prove difficult to implement or according to the intended timescale, the need to take action to accelerate later years' proposals, develop new proposals, or make amendments to proposals already approved is a possibility.

It is therefore important that the O&S Committee and the relevant Scrutiny Panels continue to be involved in oversight of the implementation of the MTFS including through the review of the detailed delivery plans; this role is also covered by the Scrutiny Protocol (Paragraph 8.3 first bullet point) which provides for the three year MTFS to be scrutinised during the period May to November.

7. Contribution to strategic outcomes

The MTFS covers all of the Council's strategic outcomes and the budget scrutiny process is an important part of ensuring that the Council's budget is developed in line with its strategic outcomes.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

No additional financial comments are required above those included in the report.

Under Section 9F of the Local Government Act 2000 (as amended), Overview and Scrutiny Committee has the power to review or scrutinise and make reports or recommendations with respect to the discharge of any functions of the of the executive or council. Under Section 9FA, Overview and Scrutiny Committee may appoint a sub-committee to assist with the discharge of its functions. The Council's Constitution gives effect to these legislative powers.

Part 4 Section G of the Constitution sets out the power of Overview and Scrutiny Committee with regard to budget setting and the arrangement for the exercise of this power. Paragraph 1.5, provides that "The Overview and Scrutiny Committee shall undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol covering the Overview and Scrutiny Committee".

The Overview and Scrutiny Protocol at Paragraph 8.1, provides that "The budget shall be scrutinised by each Scrutiny Review Panel, in their respective areas. Their reports shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC. The Protocol goes on to suggest a budget scrutiny process and timetable that includes Cabinet to report on the new 3-year Medium Term Financial Plan (MTFP) to members of the OSC by December, Scrutiny Review

Panel Meetings in January to consider the MTFP and OSC Meeting in January to consider and make recommendations on the budget proposals.

The MTFS 2015-18 which includes indicative budget for 2016/17 and investment and savings has already gone through the budget scrutiny process set out in the Protocol. Subject to the outcome of the Chancellor's Autumn Statement and Spending Review 2015, it is not currently envisaged that there will be a departure from the MTFS for 2016/17. Therefore, the Committee can adopt the budget scrutiny process recommended for 2016/17 i.e. budget scrutiny by Overview and Scrutiny Committee only and not by Scrutiny Review Panels. The recommendation also aligns with the Committee's principal role responsible for the overview and scrutiny function.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

- a. Council's Constitution (Part 4 Section G)
- b. Scrutiny Protocol.