



**Haringey** Council

Agenda item:

**[No.]**

**Overview and Scrutiny Committee**

**On 29 July 2010**

**Report Title: Financial Planning - Budget Scrutiny**

**Report of: Director of Corporate Resources**

**Wards effected: All**

**1. Purpose**

- 1.1. To note the key budget strategy issues for the three-year planning period and to indicate what form the budget scrutiny process for the planning period should take within the Council's financial and business planning framework.

**2. Recommendations**

- 2.1. To note the Council's budget strategy for the three year planning period as set out in the attached report to Cabinet on 13<sup>th</sup> July 2010.
- 2.2. To consider how budget scrutiny will operate this year in the context of an extremely challenging financial position for the next three year planning period.

**Report authorised By:**

for

**Julie Parker**  
**Director of Corporate Resources**

**Contact Officer:**

**Kevin Bartle – Lead Finance Officer**

**Telephone:**

**020 8489 5972**

### **3. Executive Summary**

- 3.1. This report asks Members to consider the process budget scrutiny should take for the next financial planning period in the context of substantial public expenditure reductions expected over this period which will have severe consequences for Council services and for the residents of the borough.

### **4. Policy Implications**

- 4.1. The business planning and budget preparation process is a fundamental part of the framework for ensuring the Council is using its resources effectively to support the Community Strategy priorities and the scrutiny of the budget should support that process.

### **5. Local Government (Access to Information) Act 1985**

- 5.1. Report of the Director of Corporate Resources to the Cabinet on 13 July 2010 – Financial Planning 2011/12 to 2013/14

For access to the background papers or any further information please contact Kevin Bartle on 020 8489 5972

### **6. Background**

- 6.1 A key role for all Members is to assist in the achievement of the Council's priorities, aims and objectives as set out in the Community Strategy. The business planning process plays an important role in aligning resources to the key priorities and ensuring that the Council is achieving value for money. The scrutiny of the budget formulation plays an important role in that process.
- 6.2 The report summarises the context in which the next financial planning period will be considered and sets out the overall key financial issues for the three-year planning period as reported to Cabinet on 13 July 2010 and asks the Committee to consider any further issues for Cabinet to consider in the business planning process.

### **7. Financial Planning**

- 7.1 The Cabinet considered the Financial Planning report at its meeting on 13 July 2010. This strategy covers the period 2011/12 to 2013/14. The report is attached as Appendix 1 and as agreed at Cabinet, as part of the budget setting

consultation process, is reported to Overview and Scrutiny Committee for consideration.

7.2 Key issues to note are as follows:

- The next financial settlement is likely to be the most difficult the Council has ever faced and will present significant financial challenges, not least the requirement to identify substantial budget savings currently estimated at £58.5m over the 4 year planning period.
- Consideration will need to be given to the key financial risk factors that could increase the budget gap.
- The need to develop a strategic savings programme with a coherent, sustainable cost reduction programme at its heart will be required to achieve a balanced budget position in the medium term.
- The report also sets out an outline business planning process and budget timetable for 2011/12.

7.3 Overview and Scrutiny are invited to comment on the overall strategic position for feedback into the consideration of the budget process and financial strategy by the Cabinet.

## **8. Budget Scrutiny**

8.1 Members have considered the role of scrutiny in respect of the budget and on-going financial scrutiny process throughout the year. Key activities highlighted in the paper which sets out the process are:

- Challenging and seeking to influence how the budget is constructed and commenting on how well it matches the Council's priorities; and
- Ensuring value for money is being achieved and that the Council is obtaining maximum benefit from the resources it is using.

8.2 However, as indicated above the next financial settlement is likely to be the most difficult the Council has ever faced and will present significant financial challenges. It is therefore appropriate that Members reconsider what form budget scrutiny should take in relation to the next budget process.

8.3 The training sessions to assist members with the budget scrutiny process provided in recent years were understood to be well received and will be offered again this year during October/November. Content will include general local government finance and the budget process. Members are asked to consider the content and whether there are any additional requests for inclusion in the seminar.