

Overview and Scrutiny Committee*On 24 July 2006*

Report title:	Budget Scrutiny
Report of:	Director of Finance
Wards effected:	All
1. Purpose	
1.1	To set out a process for scrutiny of the budget within the Council's financial and business planning framework and to consider the financial strategy issues for the four-year planning period.
2. Recommendations	
2.1	To agree the budget scrutiny process as set out in the report.
2.2	That the committee considers any further issues in respect of the financial strategy for Executive to consider in the budget setting process.
Report authorised by:	Gerald Almeroth Acting Director of Finance
Contact officer:	Gerald Almeroth
Telephone:	020 8489 3823

3. Executive summary

3.1 This report sets out process for scrutiny of the budget within and aligned to the Council's financial and business planning framework.

4 Policy implications

4.1 The business planning and budget preparation process is fundamental part of the process in 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 Access to information: Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Report of the Acting Director of Finance to the Executive on 4 July 2006 – Financial planning 2006/7 to 2008/9

For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3823

\\Lboh\lboh-shared-data\F\DirF\MgrF\CorpFin\ManagementTeam\HeadCorpFinance\Gerald\O&S 24jul06 budget scrutiny process.doc

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 budget 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 will therefore play a prominent role in that process.

6.2 The report outlines a budget scrutiny process for Members consideration.

6.3 The report also set out the overall financial strategy issues for the four-year planning period as reported to Executive on 4 July 2006 and asks the committee to consider any further issues for Executive to consider in the budget setting process.

7 Budget Scrutiny

7.1 Members will wish to consider the role of scrutiny in respect of the budget as:

- ensure the budget proposals support the Council's priorities and improvement of services, and;

- ensure value for money is being achieved and that the Council is obtaining maximum benefit from the resources it is using.

7.2 In order to achieve this role the following is suggested:

- in respect of the annual budget process that the new savings and investments from the PBPRs are considered at meetings during November and December and that Chief Officers and/or business unit managers attend to present and answer questions;
- regarding the scrutiny of value for money that the committee ensure that wherever possible, in scrutiny reviews the specific issue of value for money is investigated using the cost, performance and perception matrix; and,
- that possibly the committee would wish to consider adding to the work programme with specific thematic or cross-cutting reviews, and or a review of previous years approved budget savings and investments to assess their impact.

7.3 For the budget scrutiny process sufficient background information will made available in a pack for members that will include summary budget analysis by business unit, savings and investment totals previously approved and the full individual PBPRs.

7.4 The key dates in the timetable for the business planning and budget setting process are set out in the table below.

Activity	By whom	By when
Consider overall strategy and process	Executive	4 July
Consider budget scrutiny process and overall financial strategy	Overview and Scrutiny	24 July
Commence PBPR process	CEMB	25 July
Agree release of PBPRs for budget scrutiny and consultation	Executive	31 October
Budget scrutiny process	Overview and Scrutiny	1 November – 22 December
Consider product of budget scrutiny and consultation and draft budget package	Executive AB	9 January
Consider budget package	Leader's Conference	16 January
Agree budget package	Executive	23 January
Consider Executive's budget package	Council	5 February
Agree final budget and council tax	Council	19 February (subject to GLA)
Finalise business plans	CEMB	31 March

7.5 The committee has suggested that a training session on finance would be useful for members. Training on general local government finance and the budget process was provided to scrutiny members last year and this could easily be provided again. Members are asked to consider when that training would be most suitably provided and any particular requests on the content.

8 Financial planning

8.1 The Executive considered the financial planning report at the meeting on 4 July 2006. This strategy covers the period 2007/08 to 2010/11. The report is attached at Appendix 1 and as agreed at Executive, as part of the budget setting consultation process, is reported to Overview and Scrutiny Committee for consideration.

8.2 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 Executive.