

**Report to Overview and Scrutiny Committee – 14/7/10**  
**Budget Scrutiny Preparation In Respect Of the Cabinet’s Proposed 2011/12 Budget**

**Portfolio Area:** All  
**Report Presented by:** Steve Bore, Scrutiny Manager

**Background Papers:** O and S Minutes 10/3/10  
**Corporate Implications:** Please refer to table at end of report  
**Options:** See recommendations below.  
**Risks:** N/A

**Executive Summary**

This report is to enable the Committee to prepare for the scrutiny of the Cabinet’s proposed 2011/12 budget in the light of the increased pressures on Local Government funding.

**Decision**

It is **RECOMMENDED** that the Committee:-

1. considers whether it wishes to amend further the way in which it tackles the scrutiny of the proposed 2011/12 budget;
2. reviews the set questions as necessary;
3. reviews the list that sets out the items of information that the Committee has previously required to be provided to facilitate its budget scrutiny role.

**1. Introduction**

The Committee will recall that at its meeting on 10<sup>th</sup> March 2010, members reviewed the budget scrutiny process that they had recently completed in respect of the Cabinet’s 2010/11 proposed budget.

It was agreed at that meeting that for the purpose of scrutinising the proposed 2011/12 budget the Committee would basically continue with the same system as before, but with the following amendments:-

(i) In respect of the two latter sessions with Groups of individual Portfolio Holders, the Portfolio Holders should provide written responses to the set questions (the responses to be circulated with the Agenda papers prior to the meeting). These sessions would then begin immediately with Members supplementary questions. (Members will meet informally prior to the meetings to discuss supplementary questions);

(ii) the set questions to be reviewed to see if they need to be amended, and whether any additional questions need to be set.

The attached Appendix sets out:-

- the current set questions;
- the items of information that the Committee has previously required to be provided to facilitate its budget scrutiny role.

(N.B. If Members have any suggested additions to the set questions would they please send them in writing to the Scrutiny Manager prior to the meeting on 14/7/10 so that they can be collated and a list put round the table on the night for consideration. Any questions not adopted as “set questions” can still be asked by Members as supplementary questions during the actual budget scrutiny sessions).

## **2. Recent Budgetary Developments – Increased Pressures on Local Government Funding**

Since the meeting of the Committee on 10<sup>th</sup> March, Members will of course be aware that a general election took place on 6<sup>th</sup> May which resulted in a new coalition government being formed.

On 22<sup>nd</sup> June 2010, the new Chancellor delivered an emergency budget which included an extra £32 billion savings per year by 2014-15.

The Council will not know the actual details of its grant settlement until 20/10/10 when the Government’s Spending Review is announced. However, the likelihood is that all local authorities will be required to reduce their budgets by at least a quarter over four years.

Given these difficult financial circumstances, it is understood that the Cabinet in drafting its 2011/12 budget will be preparing a base budget for each service. This will take into account what we are required to do by statute, the degree to which we exceed the statutory provision, and whether those service levels should be maintained or reduced to the statutory minimum. For non-statutory services, account will be taken of the service levels currently provided and whether those service levels should be maintained, reduced or the service withdrawn completely.

The Budget Process will be considered by Cabinet at the Strategy Workshop on 12<sup>th</sup> July 2010 and an update will be given at the meeting.

It is clear that the Cabinet and ultimately the Council will have to make some difficult decisions given that all services will have to concentrate on delivering savings and that there is the likelihood of some services being cut entirely.

As the situation has changed significantly since March the Committee may wish to review how, in these straightened times, it can best undertake its budget scrutiny role.

<b>Corporate Implications</b>			
<b>Financial:</b>	There is a legal requirement for the Council to produce an annual budget and budget scrutiny is part of that process.		
<b>Legal:</b>	N/A		
<b>Equalities &amp; Diversity:</b>	N/A		
<b>Customer Impact:</b>	N/A		
<b>Environment &amp; Climate Change:</b>	N/A		
<b>Consultation/Community Engagement:</b>	Local Committees: N/A		Partners: N/A

	Public: N/A		Staff: N/A	
<b>Key Decision:</b>	No			
<b>Public/Private Report:</b>	Public			
<b>Officer Contact:</b>	Steve Bore			
<b>Designation:</b>	Scrutiny Manager			
<b>Ext No:</b>	2003			
<b>Email:</b>	stebo@braintree.gov.uk			

## Appendix

### BUDGET SCRUTINY

#### 1. Opening Session with:

Cllr. G. Butland, Leader of the Council

Cllr. M. Lager, Portfolio Holder for Efficiency and Resources

Cllr. N. Harley, Deputy Leader and Portfolio Holder for Enterprise and Culture

Officer Support: Mr. T. Wilson, Head of Finance

#### Current Set Questions

##### A. Assumptions

- (1) What do you expect the state of the British Economy to be in the year 2011/12?
- (2) What level of income have you anticipated from all fees and charges, receipts from Council Tax, the base tax level for a schedule D band property, and inflation on costs?
- (3) What have you anticipated the Government Settlement to be? Will previous advice on this percentage hold good?
- (4) What are the underlying policy assumptions for BDC for the year 2011/12 having regard to items 1 to 3 above?

##### B. Budget

- (1) What is the shape and size of the Budget in relation to:-
  - (a) each Portfolio Holder;
  - (b) quality of service provision;
  - (c) capacity to meet the task in hand?

##### C. Priorities

- (1) What are the priorities for the Cabinet?

##### D. Resources

1. Where are the main resources going to be applied to each Portfolio and for what reason?
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### 2. Two Subsequent Sessions With Groups Of Portfolio Holders

#### First Group

Cllr. Mrs. W. Schmitt, Portfolio Holder for Clean, Green and Safe

Cllr. Mrs. J. Beavis, Portfolio Holder for Customers and Community Support

Cllr. R. Walters, Portfolio Holder for Environment and Sustainability

Officer Support: Mr. T. Wilson, Head of Finance

#### Second Group

Cllr. M. Lager, Portfolio Holder for Efficiency and Resources

Officer Support: Mr. T. Wilson, Head of Finance.

### **Current Set Questions**

(1) Can you explain how you developed your budget for 2011/12 taking into account corporate priorities and the Medium Term Financial Strategy 2008/09 to 2011/12?

(2) With the current climate, what efficiency savings have you put in place and what effect will they have on services etc.?

(3) How have you taken decisions about which services are considered priorities and which are not?

(4) Are there any proposed changes to the budget for service areas and, if so, what are their implications for service users, with particular emphasis on potential areas for budgetary cuts?

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### **3. INFORMATION REQUIRED TO FACILITATE CONSIDERATION OF THE CABINET'S PROPOSED BUDGET.**

The following information is to be provided in advance of the meetings where practicable.

1. An update of the Medium Term Financial Strategy;
2. Summary extracts from the base budget;
3. The proposed capital programme for 2011/12;
4. Details of the bids submitted by officers and not just those that have been approved by Cabinet;
5. Details of the Cabinet's proposed budget for 2011/12;
6. Current staffing costs and resource levels within service areas, and where the major areas of spend arise;
7. Comparative unit costs where these are available;
8. Results of the public consultation exercise on the Cabinet's budget;
9. Any other pertinent information/papers submitted to Cabinet in the context of the proposed budget e.g Feedback on Local Priorities; Proposed Areas for Budget Increases; Possible Areas for Review and future savings etc.