



## SCRUTINY MANAGEMENT COMMISSION 29 SEPTEMBER 2008

Report of the Director of Corporate and Adult Services

### Budget Scrutiny Proposals

#### RECOMMENDATION

1. That members consider the report and options in Appendix 2 and indicate how they now wish to proceed.

#### SUPPORTING INFORMATION

- 2.1 Appendix 2 of this report sets out some options to address the proposal to improve budget scrutiny that was contained in the 2007/08 Annual Report of the Councils Overview and Scrutiny Commissions and which was approved by full Council at its meeting on 21 May 2008.
- 2.2 The options in Appendix 2 are also intended to address points raised by the Director of Resources in his presentation to the Scrutiny Management Commission meeting on 1 July 2008.
- 2.3 Members are asked to consider the report and options contained in Appendix 2 and to indicate how they now wish to proceed.

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**Background papers:** Appendix 1 – Implications  
**List of appendices:** Appendix 2 - Options for Improving Budget Scrutiny

<b>IMPLICATIONS</b>
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**Financial**

1. None arising from this report.

**Legal**

2. None arising from this report.

**Personnel**

3. None arising from this report.

**Equalities impact**

4. Effective budget scrutiny will be of benefit to all Derby people.

**Corporate Objectives**

5. This report has the potential to link with all the Council's Corporate Objectives,

SMC Budget Scrutiny

### Options for Improving Budget Scrutiny

#### 1. Introduction

1. The 2007/08 Annual Report of the Overview and Scrutiny Commissions commented upon the problems associated with the current budget scrutiny process and the pressures of timing which it creates.
2. The difficulties with the current process are further exacerbated if, as occurred in 2008, there is any delay in issuing the draft budget document. If this happens, it is inevitable that some Commissions will have only a few days in which to consider the budget proposals that affect their portfolios and to formulate their responses and recommendations.
3. To address these problems it was suggested in the 2007/08 Annual Report that consideration might be given to holding a single budget review meeting during the latter part of January which would be attended by all the Commission Chairs and Vice Chairs and by as many Cabinet members and Chief Officers as were considered necessary to present the budget proposals to the scrutiny members and answer their questions.
4. It was recognised that this meeting would of necessity be fairly long but as the whole of the budget scrutiny process could be conducted within it was felt that there should be an overall saving in member/officer time and that the meeting would be much easier to service than the current six meetings.
5. When this proposal was discussed in general terms at the SMC meeting on 1 July, members felt their Commissions needed to be fully involved in the budget scrutiny process and there was limited support for the idea of a single meeting.
6. At its meeting on 1 July the Commission requested a report to its meeting on 29 September on other options for improving budget scrutiny.
7. This report suggests some possible options for improving budget scrutiny whilst retaining full Commission involvement in the process.

#### 2. Current Budget Scrutiny Arrangements

8. In previous years the Commissions have conducted their budget scrutiny following the publication of the draft budget proposals, which has usually been sometime in the second week of January.
9. In 2008 the draft budget summary was issued to members at an evening meeting on Thursday 10 January, although the detailed document was not available to members until early the following week.

10. The schedule of meetings in January at which the 2008 budget proposals were considered by the Commission was as follows:

Scrutiny Management Commission	29 January
Adult Services and Health Commission	21 January
Children and Young People Commission	22 January
Planning and Transportation Commission	21 January
Climate Change Commission	15 January
Community Commission	14 January

11. The schedule of meetings and the timing of the issue of the detailed budget document meant that Adult Services and Health and Children and Young People Commission members had about one week and Scrutiny Management Commission members around two weeks in which to consider the budget proposals. However, those members of the Climate Change and Community Commissions only had a matter of days in which to consider the implications of the budget proposals for their Commissions. In their case the time available was too short for the Climate Change and Community Commissions to effectively consider the budget proposals that affected their portfolios before making their recommendations.

### **3. Constraints on the Budget Scrutiny Process**

12. The budget scrutiny process is constrained by the following factors:

- It appears unlikely that the draft budget proposals can be made available much before the second week of January
- The draft budget needs to be considered by Council Cabinet at its meeting in February (on 17 February 2009) and the SMC report to this meeting must therefore be prepared by the beginning of February.
- SMC needs to receive and consider the comments and recommendations of the other Commissions and to collate them into a single report for the Council Cabinet meeting in February
- The timing of the issue of the draft budget proposals and the Council Cabinet meeting at which the draft budget is considered means that the process of scrutinising the draft budget must be compressed into the last two/three weeks of January
- Cabinet members and Chief Officers have a lot of other budget meetings to attend in January – this puts pressure on their availability to attend budget scrutiny meetings.

### **4. Objectives for improving the Budget Scrutiny Process**

13. In order for the Commissions to conduct effective budget scrutiny it is considered that the following objectives should be met:

1. All Commission members should understand budget pressures facing both the departments that they scrutinise and the Council as a whole

2. Chief Officers must have adequate opportunity to give clear and adequate briefing to the relevant Commissions on the situation facing their departments
3. The Commissions must be given sufficient opportunity to scrutinise and comment upon the draft budget proposals
4. The Commission must make clear and clearly justified recommendations on the proposals affecting the portfolios for which they are responsible
5. There must be enough time to draw together the comments and recommendations of the Commissions and to present them in a concise and understandable form to Council Cabinet

## **5. Options for providing Budget Scrutiny**

14. A number of options for providing budget scrutiny have been identified and are discussed below.

### **5.1 Option 1 – Do nothing and retain present arrangements**

#### **Advantages**

- The arrangement is known to work, albeit with some problems, and to provide a quality of output that has in previous years been considered acceptable.
- Members and officers are familiar with the process and know what is required of them

#### **Disadvantages**

- The Commissions have no prior knowledge of the budget pressures faced by departments or of what the budget proposals are likely to be
- If the budget proposals cannot be published before the second week in January and the composite report of the Commissions' recommendations must be completed for the first week in February, the Commissions have a maximum of 15 working days in which to consider the budget proposals and prepare their recommendations. This would be an adequate period of time but because of the schedule of meetings not all Commission can have this long and in the past some have only two or three days
- Chief Officers and Cabinet Members have other budget meetings during January which gives them even less time and flexibility for meetings with the Commissions

### **5.2 Option 2 – Pre-Budget briefing and fewer meetings**

15. This option is intended to build upon the positive aspects of the current budget scrutiny process whilst taking other actions to address the known disadvantages of the current process

### 5.2.3 Pre-budget briefing

16. It is considered that a pre-budget briefing would be of value to all the Commissions and the idea of this was touched upon by the Director of Resources in his presentation to the SMC meeting on 1 July 2008.

17. It is thought that the best time to deliver pre-budget briefings would be at the Commission meetings in November. An alternative might be to arrange special Commission meetings in December but this would be very close to the January budget meetings and the budget process would by then be in its final stages.

18. Using the scheduled November meetings of the Commissions, pre-budget briefings could be provided on the following dates:

Scrutiny Management Commission	18 November 2008
Adult Services and Health Commission	27 October 2008
Children and Young People Commission	4 November 2008
Planning and Transportation Commission	3 November 2008
Climate Change Commission	Would need a special meeting as there is a 4 month gap between scheduled meetings
Community Commission	11 November 2008

19. It is considered that it would be helpful if any arrangement adopted for budget scrutiny included the pre-budget briefings outlined above.

### 5.2.4 Reducing the number of Commission meetings

20. It is suggested that one budget scrutiny Commission meeting could be saved if members of the Climate Change Commission, which has a very small portfolio, attended the Community Commission budget meeting on for those aspects of Climate Change that fall within the Housing and Public Protection Cabinet portfolio, and the Scrutiny Management Commission budget meeting for any Climate Change issues covered by the Direct and Internal Services Cabinet portfolio.

21. Reducing the number of budget scrutiny Commission meetings in this way would mean that in 2008/09 the Community Commission meeting currently scheduled for 13 January 2009 could be moved to the 20 January slot vacated by the Climate Change Commission.

22. As a result of this one change the schedule of budget scrutiny meetings could be as shown in the following table. The third column of the table shows the number of working days that each Commission would have to consider the budget proposals affecting its portfolio. This figure assumes that the full draft budget proposals are published on 8 January 2009.

Date	Commission	Time available	Cabinet member	Chief Officer(s)
19 Jan	ASH	7 w/days	Skelton	MAF
	P&T	7 w/days	Care	JG
20 Jan	CYP/CP Sub	8 w/days	Allen	AF
	COM/CLICH	8 w/days	Troup Naitta	PR/MAF/JG
27 Jan	SMC/CLICH	11 w/days	Jones Carr	RC/DMc/PR/MAF/JG

23. The table also shows that this arrangement would not present any conflict so far as Cabinet members and Chief Officers are concerned.

24. The advantages of this option are:

- Commissions will have a pre-budget meeting in November at which Cabinet members and Chief Officers will be able to brief scrutiny members on the pressures faced by departments and on the solutions that are proposed.
- All Commissions, with the exception of the Climate Change Commission have a separate budget scrutiny meeting, and Climate Change Commission members will still have an opportunity to discuss the budget proposals affecting their Commission with the relevant Cabinet members
- The number of budget scrutiny meetings will be reduced from six to five.
- All Commission will have reasonable time to consider the draft budget before their budget scrutiny meeting
- Cabinet members and Chief Officers are not scheduled to attend two budget scrutiny meetings on the same night.

25. The main disadvantage of the proposal is that there will still be five budget scrutiny meetings. The following option looks at possible ways of reducing the number of budget scrutiny meetings in January.

### **5.3 Option 3 – Grouped Budget Scrutiny meetings**

26. If it is desired to reduce the number of budget scrutiny meetings to fewer than the five listed in Option 2, and the time constraints remain the same, the only option appears to be to pair or further group the Commissions' budget scrutiny meetings.

27. For paired meetings the possible groupings would seem to be:

- Adult Services and Health and Children and Young People Commission
- Planning and Transportation and Community Commission together with the Climate Change Commission issues covered by the Housing and Public Protection Cabinet Portfolio

- Scrutiny Management Commission together with the Climate Change Commission issues covered by the Direct and Internal Services Cabinet portfolio.

28. These groupings would reduce the number of budget scrutiny meetings to three. However, because of the diverse nature of the Commission portfolios it is probable that the meetings would need to be divided into two parts with each part being devoted to a single Commission. When compared with option 2 there would seem to be few additional advantages in adopting this approach, other than the reduction in the total number of meetings from five to three.

29. Larger groupings might be possible but it would be impracticable to cover these by means of an evening meeting.

30. It would in theory be possible to hold a single budget scrutiny meeting covering all the Commission portfolios but this would probably necessitate a whole day meeting which given members work and daytime commitments might need to take place on a Saturday. The arrangements for such a meeting could be explored if members consider this to be a viable option.

DRR 22 July 2008.