

# AGENDA ITEM 11(c)

COUNCIL MEETING  
WEDNESDAY 21<sup>ST</sup> SEPTEMBER 2005

## POLICY AND BUDGET FRAMEWORK

### MATTERS WHICH REQUIRE A DECISION BY COUNCIL RECOMMENDATIONS OF THE FINANCE AND CORPORATE AFFAIRS POLICY AND SCRUTINY PANEL 9th AUGUST 2005

#### Purpose of Report

To consider recommendations from the Finance and Corporate Affairs Policy and Scrutiny Panel on a matter outside the policy framework or approved budget of the Council.

#### SUPPORTING INFORMATION

The proposed Terms of Reference are attached as Appendix 1.

ITEM	RECOMMENDATIONS TO COUNCIL	CABINET MEMBER
<b>BUDGET REVIEW GROUP TERMS OF REFERENCE</b>	The Panel made recommendations to Council to formally adopt the Budget Review Group's Terms of Reference.  <b>It is recommended to the Council that:</b>  <b>The Budget Review Group's Terms of Reference, attached as Appendix 1, be adopted.</b>	John-Paul Campion

**WYRE FOREST DISTRICT COUNCIL**

**BUDGET REVIEW GROUP  
TERMS OF REFERENCE**

**A Introduction and Background**

1. The Finance & Corporate Affairs Policy and Scrutiny Panel on 15th March 2005 agreed to establish a Budget Review Group to scrutinise and prioritise all Council Activities with reference to the Base Budget and future Budget Strategies proposed by the Cabinet.
2. The Budget Review Group held its first meeting on 13<sup>th</sup> April 2005 and agreed a Work Programme for 2005-2008. (see **Appendix 1**). (*Not attached to this copy as approval not required by Council*)
3. The Group has agreed to meet fortnightly commencing from 11<sup>th</sup> May 2005 and will report directly to the Finance & Corporate Affairs Policy and Scrutiny Panel.

**B Composition of Group**

4. The Composition of the Group comprises all Members of the Finance & Corporate Affairs Policy and Scrutiny Panel, with Group Leaders making appropriate substitutes (Non-Cabinet) to assist with workloads.
5. The Group will be chaired on a rota basis by any Member expressing a particular interest in a given service area. Where no such expression of interest is given, the Chairmanship shall fall to the Chairman of the Finance & Corporate Affairs Policy and Scrutiny Panel.

**C Purpose and Objectives:**

6. Meetings of the Group will provide a forum for discussion of key budget issues and consideration of the main components of each Division's budget, as detailed in the Group's Work Programme.
7. The Group will also consider Divisions' service planning intentions arising from the Council's three year Comprehensive Performance Assessment

(CPA) Improvement Plan and may make recommendations for inclusion in future Budget Strategies.

8. The objective of the Group is to examine the principles that underline the Base Budget, Service Business Plans and Budget Strategy to establish that:

- They are measured, clear, focused, achievable and based on sound financial and operational practices.
- The relationship between the Budget, Service Business Plans and the priorities contained within the Community Strategy, Corporate Plan and other Plans/Strategies are real and designed to improve services in the Council's priority areas.
- Politically, managerially and operationally the Council is clear about the direction and priorities for action to meet our objectives, standards and priorities.

#### **D Projected Outcomes:**

9. The Group's projected outcomes will be to have:

- challenged the Cabinet's Budget proposals for 2006-2007 onwards
- examined the Budget as a whole and selected Service Plans
- held the appropriate Cabinet members to account over their Budget and Service Plan proposals
- formulated evidence-based recommendations to the Finance & Corporate Affairs Policy & Scrutiny Panel on the effectiveness of the Cabinet's Budget proposals, and
- assisted the above Panel in providing an opportunity for public transparency and awareness of the Budget-setting process for the community.

#### **E Approach to Reviews**

10. As one of the aims of the exercise is to hold the Cabinet to account for their proposed Budget for 2006/07 onwards, the Group has agreed the following approach to reviews:

- Examine key components of Divisional Budgets over a three-year period

- Comment as appropriate on budget allocations and indicate satisfaction with allocation of resources and capacity to deliver services to required standards, with reference (among other factors) to:
  - ✓ Growth pressures (for example through increasing demand, government targets, new legislation or local priorities)
  - ✓ Opportunities for 'Gershon' efficiencies ("same for less or more for same / less"), including Shared Services
  - ✓ Opportunities to improve or reduce service levels
- Comment as appropriate, on the overall Three-Year Budget Strategy
- Based on the above and any other findings, to make recommendations to the Finance & Corporate Affairs Policy & Scrutiny Panel on whether the service is a priority or non-priority for the following year's Budget. (See attached matrix in **Appendix 2**).

## **F Scope of Questions**

11. The overall scope of the questions will include the following:

### **(i) Base Budget**

- How much does the service cost and what is the cost made up of?
- Is the Service Mandatory or Discretionary and at what level are we providing the service i.e. minimum average or above average?
- Is the service operating at full capacity in terms of service delivery within existing resources?
- What would be the impact/risk of changing service delivery or the level of service delivered?
- Can the service be delivered in a different way?
- Is there an opportunity to raise or increase income?
- How can the service be improved within existing resources i.e. Gershon efficiencies?
- Does the service provide value for money?
- Are there any known or projected pressures for growth of this service?
- What priority would you place on the service?

### **(ii) Budget Strategy**

- Is the Budget based on a sustainable approach?

- What are the criteria for the allocation of capital and revenue resources available?
- Are the Cabinet's Budget-monitoring arrangements robust enough to anticipate and manage Budget pressures?
- How does the proposed Budget fit with the Council's priorities in the Corporate Plan, Community Strategies and other Strategies as appropriate?
- Is the approach taken to identifying 'Gershon' efficiency savings and the impact that they have on the delivery of services robust?
- Is the Council's Budget Risk Management robust and projected within the Finance Strategy?
- What proposals (if any) have been put forward to manage the implications of any recent legislative requirements?

### **G Service Business Plans**

12. The questioning on the Service Business Plans to Cabinet Members will be focused generally around the linkage to the Corporate Plan, the Budget requirement linked to Human Resources capacity and the pressures facing the Service.

### **H Information to be provided to the Group**

13. Each Head of Service will be asked to provide the following:

- a) Brief description of the service or activity
- b) Total net Budget, supported by detailed analysis of Budget allocations
- c) Details of other significant resources used
- d) Key service outcomes including P.I. Targets

14. This information will enable the Group to:

- Test growth/spending pressures
- Understand the implications of not meeting spending pressures.
- Identify policies and targets driving spending
- Identify options for changes to policies, criteria and targets
- Identify any non-priorities
- Examine comparative performance information for the service
- Examine the scope for Gershon efficiency savings

**WYRE FOREST DISTRICT COUNCIL**

**OUTCOME OF BUDGET REVIEW GROUP MEETING ON (DATE)  
(TITLE OF SERVICE AREA)**

Key Budget Components	Growth Pressures National/Regional/Local Priorities	Gershon Efficiency Opportunities	Scope for Improvement/Reduction in Service Level	Recomm. Priority * (H,M,L,N)

**H – High Priority** (Statutory function; Inescapable commitments; National/Regional/Local Priority)

**M – Medium Priority** (Desirable but not essential)

**L – Low Priority** (Programme for future years; consider against other funding sources, (e.g. capital, grants))

**N – Non Priority** (Duplication by other providers; no evidence of significant local need)