



## Scrutiny Sub-Committee – Budget Framework

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## Budget framework context - statutory

### **Local Government Act 2000**

- **political management structures**
- **executives and executive arrangements**

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## Budget framework context - statutory

### **Local Authorities (Functions and Responsibilities ) (England) Regulations 2000**

- **set out council assembly and executive responsibilities relating to the budget**

## Budget framework context - regulatory

### ***New council constitutions: guidance to English Authorities (ODPM, 2002)***

- **defines 'budget'**
- **describes framework for agreeing budget**
- **confirms that each council should determine details of process**

## Budget framework context - local

**Council's constitution sets out budget responsibilities**

### ***Council assembly***

- **agrees budget and determines level of local taxation**
- **makes decisions on control of council's borrowing requirement and treasury management strategy**

### ***Executive***

- **implements budget within approved resources**
- **approves council's capital strategy and programme**

## Budget framework context - local

**Council's constitution defines 'budget' as:**

- **The budget includes the allocation of financial resources to different services and projects, proposed contingency funds including reserves and balances, the council tax base, setting the council tax and decisions relating to the control of the council's borrowing requirement, the treasury management strategy and the setting of virement limits.**

## Budget framework context - local

### **Budget and policy framework procedure rules**

- **Framework for executive decisions**
- **Process for developing the framework**
- **Decisions outside the budget or policy framework**
- **Urgent decisions outside the budget framework**
- **Virements**
- **In-year changes to policy framework**
- **Call-in of decisions outside the budget and policy framework**

## Budget framework context - local

### **Financial Standing Orders**

**Include sections on:**

- **Financial planning**
- **Preparation of the revenue budget**
- **Setting the annual budget and the council tax**
- **Monitoring and control of the revenue budget**
- **Preparation of the capital programme**
- **Monitoring and control of the capital programme**

## Format and detail of revenue budgets

### By department:

- Build up from old year base to new year base – with analysis of inflation, commitments, efficiencies?
- Expenditure/income analysis – staffing, contract and external payments, operation and support costs, grants, other income?

### Other areas under review:

- Allocation of Area Based Grant
- Medium Term Resources Strategy

### By executive portfolio holder:

- IT accounting system issues?
- Identification of budgets by portfolio?

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## Scrutiny of budget proposals

### Budget and policy framework procedure rules:

- Executive is responsible for publishing via forward plan timetable for budget and arrangements for consultation
- Consultation arrangements must take account of statutory deadlines (e.g. council tax setting)
- Chairs of OSC and its sub-committees must be notified
- OSC is responsible for its own work programme – should consider any responses from community councils when making its recommendations to executive
- Executive must take account of any response from OSC/its sub-committees in its report to council assembly

### Housing rents and schools budgets?

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## Consideration by council assembly of budget proposals

**More in-depth consideration than at budget meeting?**

**All members budget seminar?**

- **Timing issues**
- **Need to set aside political views**

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## Role of council assembly in approving the capital programme

**Current arrangements:**

- **Council assembly approves treasury management strategy, including prudential borrowing arrangements**
- **Executive approves capital programme, prior to approval of budget and level of council tax by council assembly**

**If council assembly to approve capital programme:**

- **Timing issues to ensure revenue implications of capital programme fully addressed in budget**

**Alternative option to ensure programme aligns with corporate priorities**

- **Approval by council assembly of a refreshed capital programme at agreed intervals – e.g. every three years?**

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## Use of reserves

### Creation of reserves

- To cover specified, significant expenditure
- Requires FD's approval via completed request form

### Use of reserves

- Only for the purpose for which created
- Requires FD's approval and, for capital contingency reserve, executive member for resources' approval via completed request form
- Protocol on use of corporate reserves

### Reporting on reserves

- Included in statement of accounts and in monitoring reports to executive – further detail?

## Proposals?

**What proposals would this sub-committee wish to recommend?**