

## HARROW COUNCIL

### OVERVIEW AND SCRUTINY COMMITTEE

18<sup>TH</sup> NOVEMBER 2014

### 'THE FUNDING CHALLENGE – SAVING £75 MILLION FROM THE COUNCIL'S BUDGET' CHALLENGE PANEL

VERSION NUMBER 2.00

VERSION HISTORY 17<sup>TH</sup> OCTOBER 2014

1	<b>SUBJECT</b>	The Funding Challenge – Saving £75m from the Council's Budget
2	<b>COMMITTEE</b>	Overview and Scrutiny Committee
3	<b>REVIEW GROUP</b>	<b>Councillors</b> Cllr Kiran Ramchandani (L) Cllr Barry Macleod-Cullinane [C] Cllr Chris Mote [C] Cllr Manji Kara (C) Cllr Pamela Fitzpatrick (L) – Chair Cllr Primesh Patel (L) Cllr Aneka Shah (L)
4	<b>AIMS/ OBJECTIVES/ OUTCOMES</b>	<p>Aims/ Objectives</p> <ul style="list-style-type: none"><li>• To review the budget setting process</li><li>• To understand how budget proposals have been derived</li><li>• To review resident and staff consultation methodologies and how responses inform the budget decision processes.</li><li>• To understand the long term impact and consequences of the proposed budget decisions.</li><li>• To review the way Overview &amp; Scrutiny considers the budget.</li></ul> <p>Outcomes, recommendations for:</p> <ul style="list-style-type: none"><li>• Future budget-setting and related processes to enable the council to find the savings needed in the next three years.</li><li>• How the Council could develop its thinking on alternative sources of income to mitigate the loss of grant-based income.</li><li>• Encouraging and exploring the innovative ideas that will be needed in the next three years.</li><li>• The way Overview &amp; Scrutiny is involved in the budget process in future</li><li>• Avenues of questioning at Overview and Scrutiny Committee's Budget Q&amp;A on 20<sup>th</sup> January 2015.</li></ul>

5	<b>MEASURES OF SUCCESS OF REVIEW</b>	<ul style="list-style-type: none"> <li>Changes in approach to future-budget setting and related processes are accepted and implemented.</li> </ul>
6	<b>SCOPE</b>	<p>This Challenge Panel will review the 2015/16 budget-setting and related processes and their outputs with a view to recommending how such processes may work in future years, to ensure they are as effective as possible, to best meet challenging savings requirements.</p> <p>The Council's systems for planning and using capital budgets are not in scope as they are being considered by a separate Challenge Panel.</p>
7	<b>SERVICE PRIORITIES (Corporate/Dept)</b>	<p>This review relates to all four of the Corporate Priorities 2014/15, including:</p> <ul style="list-style-type: none"> <li>Making a difference for the most vulnerable</li> <li>Making a difference for communities</li> <li>Making a difference for families</li> <li>Making a difference for local businesses</li> </ul>
8	<b>REVIEW SPONSOR</b>	Simon George, Director of Finance
9	<b>ACCOUNTABLE MANAGER</b>	Rachel Gapp, Head of Policy
10	<b>SUPPORT OFFICER</b>	Edward Smith, Policy Officer
11	<b>ADMINISTRATIVE SUPPORT</b>	Business Support Service
12	<b>EXTERNAL INPUT</b>	<p>Written submissions will be requested from:</p> <ul style="list-style-type: none"> <li>Voluntary Sector Organisations</li> <li>Other local authorities (targeted approach)</li> <li>Trade Unions representing Council employees</li> <li>Organisations with expertise relating to public sector budget planning processes.</li> </ul> <p>A small number of witnesses may be invited to attend the Challenge Panel based on the content of their submissions.</p>

13	<b>METHODOLOGY</b>	<p><b>Research in advance</b></p> <p>In advance of the Challenge Panel, members will have the opportunity to consider:</p> <ul style="list-style-type: none"> <li>• Draft budget for 2015/16, which will be published in the papers for the 11<sup>th</sup> December Cabinet meeting.</li> <li>• The Commissioning Panel papers that are published at the same time as the Cabinet Papers.</li> <li>• The methodology and results of the ‘Take Part’ resident and staff consultations</li> <li>• Consultation plans for specific budget proposals (where applicable).</li> <li>• A briefing paper, from desk-based research that will: <ul style="list-style-type: none"> <li>○ Identify key themes in the budget proposals</li> <li>○ Highlight areas of potential risk</li> <li>○ Identify how other councils are responding to budget challenges, particularly innovative responses.</li> <li>○ Compare budget-setting and consultation processes in other councils, with case studies.</li> </ul> </li> <li>• Any submissions from Review Group members (or other Councillors) from their own research/ experience/ knowledge.</li> </ul> <p>The Review Group will meet to discuss the above documents and formulate questions to ask at the Challenge Panel on the week of the 8<sup>th</sup> December.</p> <p><b>At the Challenge Panel:</b></p> <p>The following people will be invited to update on budget-setting and related processes this year, including learning for future years, and to answer questions:</p> <ul style="list-style-type: none"> <li>• Cllr Sachin Shah (Portfolio Holder for Finance and Major Projects)</li> <li>• Cllr Sue Anderson (Cabinet Member with lead responsibility for consultations)</li> <li>• Simon George (Director of Finance)</li> <li>• Carol Yarde (Take Part lead officer)</li> </ul> <p>Input from external people will be as described in section 12 above.</p> <p>The report and recommendations will then be written up and submitted to Overview and Scrutiny Committee.</p>
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14	<b>EQUALITY IMPLICATIONS</b>	<p>The review will consider during the course of its work, how equality implications have been taken into account in current policy and practice and consider the possible implications of any changes it recommends.</p> <p>This could include looking at the Equalities Impact Assessment for the draft budget (which will try to estimate cumulative impact) and 'Take Part' consultation, and reflecting on what these tell us about the budget-setting and related processes.</p>
15	<b>ASSUMPTIONS/ CONSTRAINTS</b>	<p>The timing of the Challenge Panel may make it very difficult for recommendations regarding changes to the 2015/16 budget to be fully considered and responded to before the final budget needs to be agreed.</p> <p>Given this constraint, the most impactful recommendation are likely to be those that inform approaches to budget-setting and related processes for the 2016/17 and subsequent budgets. As such, this is the focus of the Challenge Panel scope.</p>
16	<b>SECTION 17 IMPLICATIONS</b>	
17	<b>TIMESCALE</b>	<ol style="list-style-type: none"> <li>1) Agree panel members and draft scope virtually - Oct</li> <li>2) O&amp;S 18th Nov - agree scope</li> <li>3) Challenge Panel - 16/19 Dec</li> <li>4) (in parallel) Budget Q&amp;A with Leader &amp; HoPS - 20th Jan</li> <li>5) O&amp;S agree report &amp; forward to Cabinet - 24th Feb</li> <li>6) Cabinet receive the report - 19th March</li> <li>7) Cabinet respond to report - 23rd April</li> </ol>
18	<b>RESOURCE COMMITMENTS</b>	Project costs will be met from within existing scrutiny resources
19	<b>REPORT AUTHOR</b>	Edward Smith, in consultation with Challenge Panel members
20	<b>REPORTING ARRANGEMENTS</b>	<p>To O&amp;S Committee                    [x]      When...24<sup>th</sup> February 2015.....</p> <p>To Cabinet                                    [x]      When...19<sup>th</sup> March 2015.....</p>
21	<b>FOLLOW UP ARRANGEMENTS (proposals)</b>	It is anticipated that Cabinet would respond to any recommendations made at the Cabinet meeting in April. Any changes made to budget setting processes at this stage could be implemented at an early stage of planning for the 2016/17 budget.