

Meeting:	Cabinet
Date:	18 December 2008
Subject:	Standing Scrutiny Review of the Budget – Response to Interim Report
Key Decision:	No
Responsible Officer:	Myfanwy Barrett Corporate Director of Finance Tom Whiting Assistant Chief Executive
Portfolio Holder:	David Ashton Leader and Portfolio Holder for Strategy, Partnership and Finance Paul Obsorn Portfolio Holder for Performance, Communication and Corporate Services
Exempt:	No
Enclosures:	Appendix 1 – Response to Recommendations Appendix 2 – Reference from Overview and Scrutiny Appendix 3 – Report to Overview and Scrutiny

Section 1 – Summary and Recommendations

This report sets out the response to the interim report on the standing scrutiny review of the budget.

Recommendations:

Cabinet is requested to approve the response to the recommendations.

Reason: To respond to scrutiny recommendations.

Section 2 – Report

Introductory paragraph

1. As part of the 2008/09 work programme, the Overview and Scrutiny committee commissioned a standing review to consider the council's budget setting process. This was in response to a growing recognition of the need to improve scrutiny's consideration of the budget.
2. The review has been meeting since October 2007 and has received a range of evidence regarding the council's processes and national best practice. Councillors have also been able to visit a number of other boroughs to discuss with them their views on managing a council's finances.
3. This report marks the completion of the first phase of the project, which councillors agreed should focus on the council's own budget setting process.
4. The interim report includes a number of recommendations. The response to the recommendations is set out in Appendix 1.
5. The reference from Overview and Scrutiny Committee to cabinet is attached at Appendix 2 and the scrutiny report itself is attached at Appendix 3.

Options considered

6. The recommendations from the scrutiny have been considered and the response is shown in appendix 1.

Financial Implications

7. There are no direct costs but the recommendations do have implications for finance staff.

Performance Issues

8. The recommendations are intended to enhance the budget process.

Risk Management Implications

9. There are no direct risk management implications.
10. There is a risk register included in the budget process each year.

Section 3 - Statutory Officer Clearance

Name: ...Myfanwy Barrett. Chief Financial Officer

Date: 24 November 2008.....

Name:Hugh Peart..... Monitoring Officer

Date: ...24 November 2008.....

Section 4 – Performance Officer Clearance

Name:Tom Whiting.... Assistant Chief Executive

Date: 24 November 2008.....

Section 5 - Contact Details and Background Papers

Contact: Myfanwy Barrett, Corporate Director of Finance, 020 8420 9269

Background Papers: None

Response to Recommendations

	Recommendation	Response	Responsible Officer(s)	Implementation Date where applicable
(a)	progress towards the achievement of the '9-point plan' and the subsequent Council Improvement Programme be monitored by the scrutiny function;	Noted	Tom Whiting, Assistant Chief Executive	N/A
(b)	political direction/clarity of purpose be welcomed and, in accordance with recommendations relating to service and budget planning, the Review Group would seek to contribute to the determination and monitoring of these objectives;	The contribution from Overview and Scrutiny to the integrated planning process is welcomed.	Myfanwy Barrett, Corporate Director of Finance Tom Whiting, Assistant Chief Executive	N/A
(c)	further work be undertaken to examine the robustness of the service and budget planning process, using case studies in particular service areas;	The contribution from Overview and Scrutiny to the integrated planning process is welcomed.	Myfanwy Barrett, Corporate Director of Finance Tom Whiting, Assistant Chief Executive	N/A
(d)	the process for scrutiny's engagement in the service and budget planning, as outlined in the report, be referred to the Executive for comment;	The contribution from Overview and Scrutiny to the integrated planning process is welcomed.	Myfanwy Barrett, Corporate Director of Finance Tom Whiting, Assistant Chief Executive	N/A

	Recommendation	Response	Responsible Officer(s)	Implementation Date where applicable
(e)	that the opportunity for Overview and Scrutiny to contribute to and comment on the development of Directorate Service Plans be identified and built into the Overview and Scrutiny Work Programme;	The contribution from Overview and Scrutiny to the integrated planning process is welcomed.	Myfanwy Barrett, Corporate Director of Finance Tom Whiting, Assistant Chief Executive	N/A
(f)	the Performance and Finance Sub-Committee and the Overview and Scrutiny Committee contribute to the monitoring process and pay particular attention to the quality of information being presented through the management information system and how it was being acted upon. In this context it was noted that the possible investigation of the performance management process being considered was part of the Performance and Finance Sub-Committee's Work Programme for the forthcoming year and which might support the monitoring process;	The contribution from Overview and Scrutiny to the integrated planning process is welcomed.	Myfanwy Barrett, Corporate Director of Finance Tom Whiting, Assistant Chief Executive	N/A

	Recommendation	Response	Responsible Officer(s)	Implementation Date where applicable
(g)	the Council investigate the potential of introducing a zero-based budgeting process to ensure that the limited funds were being effectively targeted at real need and that the most effective means of meeting these needs were adopted;	The principle of zero based budgeting (ZBB) is supported and progress towards this is being made through detailed work with individual budget holders. However, there are insufficient resources to introduce ZBB across the board – instead we should move towards a rolling programme of reviews.	Myfanwy Barrett, Corporate Director of Finance	Ongoing process
(h)	further work to investigate the potential offered via shared services be undertaken by the Review Group during the 2 nd Phase;	Noted	Lynne Margetts Scrutiny Manager	To be built into timetable for scrutiny review
(i)	learning from this Review and the Review on 'Delivering a Strengthened Voluntary and Community Sector' be shared to ensure that the Council makes the most effective use of its budgets and partnerships;	Noted	Lynne Margetts Scrutiny Manager	To be built into timetable for scrutiny review

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(j)	the Council ensure that the most appropriate areas were selected for inclusion in the fundamental service review programme and that the methodology followed was robust enough to deliver a root and branch analysis of the effectiveness of the service;	The service review process combines being holistic while also being practical, such that it can be completed in a 16 week period. While service reviews need to be rigorous it is also important that they are manageable and can be completed within a 16 week window.	Tom Whiting, Assistant Chief Executive	To be taken forward via Efficiency and Improvement Board
(k)	selection of reviews for either fundamental service review or for scrutiny consideration should follow a similar rationale and the two programmes should not duplicate each other.	Agreed. The programming of service reviews will be fed into Scrutiny so that there is transparency of what review work is planned.	Tom Whiting, Assistant Chief Executive	Pick up in planning for 2009-10 scrutiny work plan and service reviews.
(l)	whilst the delivery of 'quick wins' was an attractive element of the fundamental service review process, there could be potential pitfalls in this. As such, it was recommended that scrutiny be engaged in determining the programme of reviews, their scoping and in the consideration of the proposals made. Lead Councillors should also participate in the process either as Members of reviews or by being invited to provide evidence to a project group;	Scrutiny's input to the programming of reviews is welcomed and the current programme and rationale can be made available.	Tom Whiting, Assistant Chief Executive	Pick up in planning for 2009-10 scrutiny work plan and service reviews.

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(m)	the every effort be made to ensure that use of financial management information becomes a cornerstone of the management competencies of the Council. In particular, the Council must ensure that managers become expert in the use of the SAP financial reporting systems;	Agreed. The Management Development Programme will address this recommendation.	Jennifer Hydari Divisional Director, Finance and Procurement	March 2009
(n)	progress toward the delivery of the action plan derived from the financial effectiveness review be monitored by the Performance and Finance Sub-Committee;	Agreed.	Jennifer Hydari Divisional Director, Finance and Procurement	To be programmed into meeting schedule for Finance and Performance Sub committee
(o)	the Council ensure that the budget setting process was ongoing;	Agreed. The strategic budget process is ongoing. We are moving towards an ongoing operational process with budget holders which includes budget development, budget sign off and in year monitoring activity.	Myfanwy Barrett, Corporate Director of Finance Jennifer Hydari Divisional Director, Finance and Procurement	Ongoing process

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(p)	the Executive assure that a formal strategy for the disposal of assets would be in place, that this safeguards the value of the Council's assets and was cognisant with/of the changed economic context for development;	Agreed	Andrew Trehern Corporate Director, Place Shaping	Pick up at Strategic Property Group