

## Slough Borough Council

<b>Report To:</b>	Corporate Improvement Scrutiny Committee
<b>Date:</b>	30 July 2024
<b>Subject:</b>	Launching a Task and Finish Panel to Scrutinise in -year budget management and planning Budget /MTFS for 2025-26.
<b>Chief Officer:</b>	Annabel Scholes, Interim Executive Director: Finance and Commercial
<b>Contact Officers:</b>	<ul style="list-style-type: none"><li>• Christopher Holme, Interim Finance Director</li><li>• Alexander Polak, Statutory Scrutiny Officer</li><li>• Michael Edley, Governance and Scrutiny Officer.</li></ul>
<b>Ward(s):</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	<b>Appendix A:</b> Draft Scope for Budget Task & Finish Panel

### 1. Summary and Recommendations

- 1.1 This report recommends launching CISC's scrutiny of SBC's in-year budget management and development of the budget for 2025-26 and the MTFS. It recommends a small task and finish panel<sup>1</sup> (max. 3-4 members) that will work quickly, flexibly, responsively and, when necessary/appropriate, in confidence.
- 1.2 The Task and Finish Panel will operate over several months engaging with senior officers in finance and the directorates. It will provide timely informal updates to CISC as well as formal reports as per the committee's forward plan.
- 1.3 Appendix A sets out the draft scope of the T&F Panel. The topic is 'Budget Management 2024-25, Budget development and MTFS 2025-26. This contributes directly towards the Council's improvement & recovery priorities, and corporate plan.

### Recommendations:

That the Committee approves:

- i. The launch of a 'Budget Management and Development Task and Finish Panel as set out in section 3 below and working to the draft scope in Appendix A; and
- ii. The appointment of the Panel Chair and, if possible, its membership (Section 3.8)

That the Chair approves:

- iii. The maximum timeline for the Panel of 9 months (Section 3.3- 3.4)<sup>2</sup>

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<sup>1</sup> The term Task and Finish Panel has been adopted to distinguish it from the approach taken for more traditional Task and Finish Group working.

<sup>2</sup> The Commissioner has suggested that a Scrutiny Budget Panel might run for a full year. This would require changes to the constitution, We will review the scrutiny of the Budget for April's final report.

## Commissioner Review

Scrutiny is a critical part of the overall governance framework, and the commissioners welcome this report which outlines the mechanism to move scrutiny of the financial management, planning and budget setting, beyond set-piece scrutiny events at the end of the process.

The approach provides greater transparency as the budget builds and will enable the Budget Management and Development Task and Finish Panel to challenge assumptions, assess whether the budget is robust and sustainable and considers the needs of residents. It will also provide a greater understanding of the tough choices that the council will need to make over the term of the plan.

## 2. Background to Budget Scrutiny in 2024-25

- 2.1 In accordance with this committee's work programme for 2024-25 (submitted for approval at this meeting), this paper proposes to launch a 'task and finish panel' on the topic of 'scrutiny of Budget Management and Development.
- 2.2 This topic is traditionally a mainstay of scrutiny in local government. For Slough BC, this has greater imperative due to its current financial predicament, the ongoing challenging economic environment and the difficulty CISC experienced in 2023-24 in getting the traction it needed to effectively investigate both in-year budget management and development of the budget for 2024-25.
- 2.3 The approach, set out below, and scope (Appendix A), seeks to more closely follow the [CiPFA Scrutiny Guidelines](#), whilst acknowledging that the finance team do not have the capacity to resource the level of investigation the guidelines propose as an ideal.
- 2.4 Learning from Scrutiny of both in-year budget management and of developing the budget proposals for 2024-25 was that:
  - i. Quarterly out-turns provided too little information, that was too light (not granular enough), and too late for scrutiny to be practicable or impactful;
  - ii. If there was learning from achievement of in-year savings and year-end outturns, this was not apparent nor was it transparent if this informed budget planning;
  - iii. There was also little opportunity for members to find the re-assurance that assumptions used in forecasting demand and associated delivery costs/savings were appropriate or consistent; and
  - iv. Draft budget proposals for 2024-25 came too late for scrutiny to be able to make any material contribution.
- 2.5 Section 3 sets out proposals for Budget scrutiny in 2024-25, that is hoped will create the opportunity to address the issues above in the spirit of the CIPFA approach.

## 3. Slough's broad approach to budget scrutiny.

- 3.1 To optimise the opportunity for more agile responsive scrutiny, in a dynamic, unpredictable working environment, a small scrutiny group of 4 members is proposed (Section 3.7) that will work closely with officers when opportunities arise .

- 3.2** In managing officer resources, it is recommended that an indication be provided of the maximum number of meetings anticipated, this will assist in focusing the agenda on key issues / assurances across all funds.;
- 3.3** The Finance Team and Executive directors are asked to provide access to documentation and data that will enable the Panel to effectively identify issues that warrant their focus and scrutiny.
- 3.4** There may therefore be occasions when information, put before members, must be accepted and treated as confidential, particularly to give officers and executive members confidence in providing information that, for example, is not necessarily fully formulated or is one of a number of scenarios being explored.
- 3.5** It is hoped that the Panel could start work in August and is unlikely to complete its activities until April 2025. The constitution currently allows for T&F groups to run for a maximum of 4 months. Extension beyond 4 months is possible with the approval of the Chair.
- 3.6** For this reason, the Chair of CISC is being asked to approve that the Panel's timescale is extended beyond the 4 months allowed in the constitution to a maximum of 9 months culminating in a final report by April at the latest. The final report will include a consideration of the constitution in relation to task and finish groups in the light of the commissioner's comments and the effectiveness of budget scrutiny this year.
- 3.7** The panel will be asked to provide verbal updates on progress to CISC, or have occasion to propose issues that CISC may wish to investigate in more detail. The panel members will be invited to submit formal reports:
- (i) To inform the committee's formal scrutiny of the 2025-26 Budget;
  - (ii) To propose formal recommendations to cabinet or new scrutiny topics arising from their ongoing investigations; and
  - (iii) To inform its approach to budget scrutiny in 2025-26.
- 3.8** If the committee wishes to commission this T&F work to commence with immediate effect, it must elect one councillor from its 'pool of chairs' to lead the work.
- 3.9** The committee is also being asked to agree membership of the T&F panel at this meeting. There must be a minimum of three to proceed with a recommended maximum of 4 on this occasion. To ensure a degree of political proportionality, this therefore requires 1 member from each of at least 3 of the 4 Groups being on the T&F Panel.

## **4. Implications of the Recommendations**

### *Financial implications*

- 4.1** This is not a decision-making report so there are no direct financial implications. Where further work is required to respond to the issues identified, any recommendations from CISC will be made to the Cabinet.

### *Legal implications*

- 4.2** The Local Government Act 2000 introduced a new political management system for local councils in England and Wales, requiring them to have a separate 'executive' in

the form of a leader, or elected mayor, and cabinet. To provide a counterweight for this, the Act also introduced the concept of 'overview and scrutiny' – sometimes referred to simply as 'scrutiny' – whereby every council with an executive management structure is required to have an overview and scrutiny committee. This enables the rest of the council to scrutinise the executive by investigating their decisions and policies, and issuing reports and recommendations where any shortcomings are identified.

#### *Risk management implications*

- 4.3** Overview and Scrutiny, commonly referred to as Scrutiny, is a statutory function and is currently subject to government direction in Slough. It is important that topics selected by the Corporate Improvement Scrutiny Committee clearly contribute to the overall improvement drivers for the council, in order to demonstrate that the conditions of the government intervention are being met.

#### *Equality implications*

- 4.4** There are no specific equalities implications arising at this stage. Members however may choose to explore if those with protected characteristics are unduly affected by budget management and budget setting decisions.

### **5. Appendices**

Appendix A: Draft Scope for Scrutiny of Budget Management and Budget Planning

## APPENDIX A: DRAFT SCOPE

<b>TOPIC</b>	<b>Scrutiny of Budget Management and Budget Planning</b>	<b>UPDATED</b>	<b>22 July 2024</b>
<p><b>SUMMARY:</b> To ensure that CISC is given the opportunity to carry out better financial scrutiny, propose real-time improvements to the budget and MTFS development and in year budget management and feed into subsequent annual cycles. The Budget Management and Development Task and Finish Panel will provide a positive contribution and challenge to the 2025/26 Budget Process and 2025 to 2029 Medium Term Financial Planning for Slough, recognising the financial challenges facing the Council and supporting the delivery of a sustainable future for the Borough</p>			
<b>Scrutiny Officer</b>	Michael Edley	<p><b>Steering Group:</b> Regular (monthly?) informal meetings of small member group (Panel), to:</p> <ul style="list-style-type: none"> <li>• review delivery against existing savings targets / budget</li> <li>• input into budget-setting discussions</li> </ul> <p>Schedule when, in the year, the panel will be involved in budget-setting discussions</p>	Members: To Be Agreed
<b>Project Lead</b>	lead finance officer who will provide materials, agree the agendas with the Chair (Dem Services will do the admin) and build a relationship with the group, assisting them to understand the information.		
<b>Strategic Lead</b>	Annabel Scholes	<b>Other stakeholders</b>	CLT, Cabinet, audit committee
<b>In Scope</b>		<b>Out of Scope</b>	<b>Critical Success Factors</b>
Value for money, Funding formula, Benchmarking with nearest neighbours Does saving benefit the saver/service.			Granularity of information.. i.e, The degree to which the panel can access key data and algorithms to predict future demand, inclusion of non-numeric factors, level of confidence and results of stress testing /robustness Access to relevant in-department discussions.

Outcomes of scrutiny	Objectives	Outputs
Councillors will have a greater understanding of the council's financial arrangements and situation and key factors driving variance in 24-25 budget and implications for MTFS	<ul style="list-style-type: none"> <li>• Implications of 1<sup>st</sup> Quarter Budget Monitoring and MTFS Refresh – Focus on key risks and mitigations</li> <li>• Implications on Medium Term Financial Planning of the Balance Sheet Review and Prior Year Accounts</li> <li>• Treasury Management Strategy Outturn 2023/24 and 2024/25 Refresh/ Mid-Term Review and Cash implications</li> <li>• Review of Reserves Policy</li> <li>• Recovery and Transformation</li> <li>• Grants, Council Tax and Business Rates</li> <li>• Specific Budget Deep Dives (risk based/ TBD)</li> <li>• HRA Business Planning</li> <li>• Capital Strategy and Indicative Programme – MTFS and Debt Reduction Implications</li> <li>• DSG Budget setting</li> </ul>	Reporting back to the main committee (primarily in the form of 'to note' items), providing assurance that members are involved in the detail. Finance need to define what materials the group would regularly see – finance outturn information, savings targets data etc
Recommendations to CISC for topics/areas arising where issues of substance which need closer attention by the main committee	Monitor the council's financial position in-year (and the MTFS) via the finance information being submitted to cabinet, CLT, DMTs	Deep dive Agenda items
Recommendations via CISC to assist with the development of the budget 2025-26 and final review of draft Budget and MTFS	<ul style="list-style-type: none"> <li>• Closing the Likely Budget Gap</li> <li>• Initial Savings Proposals</li> <li>• Draft Settlement 2025/26</li> </ul>	CISC agenda reports
<ul style="list-style-type: none"> <li>• Recommendations in relation to Communications to residents about Council finances and impact</li> <li>• Evaluation of scope for meaningful public consultation</li> </ul>		CISC reports and recommendations to Cabinet in November and March/April
<ul style="list-style-type: none"> <li>• Make recommendations about how best to do financial scrutiny in future years</li> </ul>		Annual report and plans for budget scrutiny 2025/26