

# Scrutiny at Eden

## Budget Scrutiny Review 2020/2021

February 2020

## **Chairman's Foreword**

Unfortunately with the changes of financial leadership it has not proved possible to carry out a full detailed Scrutiny Review of the 2020-2021 Budget. Because of the decision to change the way in which the budget is formulated and the need to incorporate the One Eden Transformation Project the budget was already delayed and we were not able to begin to consider it until January and even at that stage many items were not settled. Added to that the loss of the Assistant Financial Director and their temporary replacement left the Finance Dept without a lead for a period. The interim replacements came aboard in November but inevitably needed a little time to assimilate what was required and to make meaningful contribution. A further complication was the late General Election and further delays to the issue of data on Government funding. Yet another complication was the late addition to the programme to proceed with the Single Site proposal using Voreda House. We were only advised of this final item on February 12<sup>th</sup> when we received the final Draft Budget.

None the less we have carried out a detailed strategic appraisal of the Budget, the setting process and the funding of the Council and we believe it to be robust and achievable and in the case of the Single Site Proposals offers the prospect of substantial savings going forward and we recommend acceptance as per our attached Report.

We have made an important Recommendation going forward and that is the establishment of a Budget Planning Committee made up of members to work alongside the Finance Dept throughout the Council Year monitoring the Budget and planning for the subsequent year budgets. It is our wish to see that operating from the start of the next Council Year.

I must pay great tribute to the temporary Financial Officers Paul Sutton and Tim ?????? who have gone out of their way to communicate with us and guide us through the various proposals contained in the new Budget. I must also pay tribute to my fellow Committee Members who have bent over backwards to try to make often very hastily called meetings to achieve compilation of this exercise within the very tight time parameters.

Finally as ever our thanks to Vivien Little and her team, especially Karen Wyeth for their enormous help during this process.

Councillor Rob Orchard

Chairman Budget Scrutiny Review Committee 2020-2021

## 1. Background

1.1 Scrutiny of the 2020/2021 budgets began later than normal, in December 2019. This was due to a number of factors. Firstly, the Assistant Director Finance, the Council's S151 officer, left the Council in October 2019. Due to the change management policy being in place, a full time replacement was not sought immediately, and an officer to fill the role on an interim basis was sought. While the post was filled, the officer selected left due to family reasons.

1.2 The current Interim Chief Financial Officer/s151 Officer and the Strategic Advisor Corporate Finance joined the Council in November 2019 on an interim basis. They immediately began work on budget setting, but required time to understand Eden District Council's systems and methodology.

1.3 The Council is undergoing a period of change, with the introduction of the One Eden Transformation programme. This programme is designed to improve the way the Council works, and will provide efficiency savings as well as a better service to the public. However, preparing the business case for this and the impact it has on the budget has taken longer than expected, therefore the whole budget setting process was delayed, and the budget setting meeting of full Council moved back two weeks until the 27 February 2020.

1.4 Initially, three Members volunteered to sit on the Review Group. The group had varying levels of experience of scrutinising the budget. This rose to five.

1.5 The key points that the Members raised in the previous year were that:

To make most efficient use of Executive Members', Officers' and Members of Budget Scrutiny Review Group's time, during the budget setting process, one single day should be set aside and all Portfolio Holder budget meetings should be held on that day, to be agreed when the Calendar of Meetings for the forthcoming year is being prepared.

That the practise of the circulation of budget papers in addition to meeting notes, allowing them to consider recommendations in greater detail should continue on a permanent basis.

That the Budget Scrutiny process should have members from all recognised political groups, and that a number of standing deputies should be recruited at the same time as volunteers are sought.

1.6 The Review Group

1.6.1 Councillor R Orchard, G Nicolson, P Baker, W Patterson. Councillor Nicolson left the group, and Councillors S Lancaster and N McCall joined the group.

1.6.2 Councillor Orchard was elected Chairman of the Review Group on 14 November 2019.

1.6.3 The group confirmed its Terms of Reference at the first meeting, which were to:

1. To consider whether the Executive has produced an effective budget that would meet the Council's corporate priorities and strategic actions in the Council Plan.
2. To review the significant movements in the base budget, progress with savings proposals to meet the budget gap and any growth items, across all portfolios.
3. To ensure that the recommendations from last year's Budget Scrutiny Review have been implemented.

## 1.7 Methodology

- 1.7.1 At its first meeting the Review Group heard from the Interim Chief Finance Officer/s151 and the Strategic Advisor Corporate Finance, who had both recently started their roles at Eden District Council. They informed Members of what they had learned of the challenges facing the Council moving forward, and the work that they had been brought in to do, and their previous experience. The upcoming General Election would have an impact on the timing of the budget as it was uncertain when Councils would receive notification of the settlement figures.
- 1.7.2 At the second meeting on 8 January 2020, the Review Group went into more detail regarding the Council budget and the pressures on it. The group agreed that they needed to focus on a more strategic, long term view of the budget rather than interrogating individual Portfolio Holders, focusing on topics such as the Medium Term Financial Plan. It was mooted that a Budget Committee could be set up which would meet on a regular basis in order to have better oversight of the budget.
- 1.7.3 At the third meeting of the group on 4 February 2020, the Review Group looked at what the impact of raising the Council Tax would be on the Council Budget.
- 1.7.4 At the fourth and final meeting of the group on 12 February 2020, the Members discussed and agreed the recommendations.
- 1.7.5 The final report of the Review Group will be discussed at the extraordinary Scrutiny Co-ordinating Board on 20 February 2020.
- 1.7.6 It is proposed that the final report is considered by Executive on 25 February 2020 and full Council on 27 February 2020.

## 2. Findings

- 2.1 The Group agreed from the first meeting that the remit of the scrutiny group was not to comment on the specific values contained within the budget, but should take a far more strategic approach. Individual interrogation of the Portfolio Holders may have worked in previous years, but ultimately the budget needed to be looked at as a whole rather than taken in piecemeal fashion.

- 2.2 Members were concerned that the process was taking place so late, with the result that they felt there was not adequate time to scrutinise the budget. Members were reassured that the timescales were workable, and that with there no longer being a need to scrutinise individual Portfolio Holders, it was felt that there was enough time to give the budget due consideration.
- 2.3 The Members did continue to feel that the time scale was extremely tight, and they felt that perhaps there wasn't the oversight of the budget in the detail that they would prefer. While they had seen the highlights, and taken them on board, they would prefer to have a greater understanding of the budget in order to make recommendations.
- 2.4 However, this feeling led them to a discussion about the way Budget Scrutiny could be undertaken moving forward. The Interim Chief Finance Officer said that other Councils had set up Budget Planning Committees, and that perhaps there was a role for that in Eden District Council. The Review Group agreed, and it was felt it was a good recommendation to put forward.
- 2.5 The Members discussed the proposal which was being put forward regarding buying Voreda House. It was felt that as the single site was the cornerstone of the One Eden Project, that this would be a positive move forward. Council had already identified the capital of £2.3 million for Single Site at its meeting on 19 April 2018 (minute CI/135/04/18), and this purchase could be completed for under this amount. Negotiations were at an advanced stage, and a report would be being brought to Council in due course.

### **3. Conclusions**

- 3.1 Members of the Budget Scrutiny Review Group considered any potential increase to the Council Tax carefully and given the information with which they were presented, agreed that supporting the Council Tax increase was the best way forward.
- 3.2 The Members considered the previous way that Budget Scrutiny had taken place, and compared it to how it had been done this year. They agreed that the need to undertake a line by line examination of the budget was not necessary, and therefore the decision was taken not to have meetings with each individual Portfolio Holder.
- 3.3 With the savings that the Council will have to make over the next few years, Members felt that it was important to have continual oversight of the budget, rather than just during the budget setting process, which only looks forward, and not at trends throughout the Council. Therefore they felt that there was merit in setting up a committee designed specifically to monitor the budget. The Budget Scrutiny Review Group wished to look at setting the terms of reference after the budget setting process for this year and will reconvene during March. This will feed into the constitution review process which is ongoing.

#### **4. Recommendations**

1. That the Budget Scrutiny Review Group recommend that Scrutiny Co-ordinating Board endorse the proposed increase in Council Tax, as set out in the Budget papers to Council on 27 February 2020.
2. That Scrutiny Co-ordinating Board be recommended to support the budget proposal for 2020/2021.
3. That Scrutiny Co-ordinating Board be recommended to endorse the acquisition of Voreda House as part of the One Eden Single Site project.
4. That the Budget Scrutiny Review Group recommend that a Budget Planning Committee be set up from May 2020 onwards in order to have a more strategic oversight of the Budget throughout the year.

For further information:

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