
Briefing Note to
Scrutiny Co-ordination Committee

2 November 2005

From
Head of Corporate Policy

Title
Budget Setting Process

1 Purpose of the Briefing Note

- 1.1 To brief Scrutiny Co-ordination Committee on the arrangements for Scrutiny Boards to contribute to the budget setting process.

2 Information/Background

- 2.1 Under the City Council's constitution, the Cabinet has the responsibility for implementing a process for the adoption of the budget within the Budget and Policy Framework Procedure rules (section 4.3.2 of the City Council's constitution).
- 2.2 The council's budget setting process culminates in a full Council meeting held towards the end of February each year where the level of council tax and the budget for the forthcoming financial year is agreed. This is a key decision.
- 2.3 As part of the Budget procedure, the Cabinet is required to publish initial proposals with a consultation period of eight weeks to give Scrutiny Boards an opportunity to respond to the initial proposals so that these can be considered by Cabinet in producing the final proposals. In previous years this included a formal joint meeting of scrutiny boards in mid-December, following the agreement of initial budget proposals by the Cabinet. There is a general view that this meeting has not served its purpose. It should be noted that political groups also have their own processes for considering budget setting.
- 2.4 As part of the budget setting process the council also undertakes public consultation with local organisations and stakeholders. Consultation with non-domestic rate payers ie businesses is a statutory requirement.
- 2.5 The City Council adopted a new Performance Management Framework in January 2004, based on three levels of plans. The council's Corporate Plan provides strategic direction and sets out the policy priorities for the council over three years. Cabinet Member Strategic Plans contain the key strategic objectives and performance indicators for each individual portfolio and are the focus of reporting performance to members on a half yearly basis as well as identifying issues to be considered as part of the annual budget setting process.

- 2.6 The council also has a Medium Term Financial Strategy that provides the financial framework for the budget setting process. This is revised annually in light of new financial information.
- 2.7 Scrutiny Co-ordination Committee has asked for information about the budget process for 2006/07 and in particular for information about the role of scrutiny in the process.

3 Budget Setting Procedure for 2006/07

- 3.1 The formal budget setting procedure and timetable is set out below:

Cabinet

- 13 December 2005 Initial budget proposals made by Cabinet along with revised Medium Term Financial Strategy, half year progress report on the Corporate Plan and Cabinet Member Plans
- 14 February 2006 Formal Budget Proposals made by Cabinet (following consideration of comments from Scrutiny Boards) and referred to Council

Scrutiny

- 14 December 2006 Scrutiny Board 1 (as the Audit Committee) consider the revised Medium Term Financial Strategy – comments referred to Cabinet
- December 2005 – January 2006 Scrutiny Boards 1, 2 and 3 consider relevant Cabinet Member Plans half year reviews – comments referred to Cabinet
- January 2006 Scrutiny Board 1 (as the Audit Committee) consider the initial budget proposals – comments referred to Cabinet

Council

- 17 January 2006 Revised Medium Term Financial Strategy
- 21 February 2006 Council tax and budget setting meeting

- 3.2 This procedure meets the requirements of the council's constitution, gives Scrutiny Boards a formal opportunity to respond to any initial budget proposals for the portfolios that come under their remit and allows financial policy to be considered by Scrutiny Board 1 as the council's Audit Committee. Any comments by Scrutiny will be considered by the Cabinet before making final budget proposals to put before the full meeting of Council where the budget and council tax will be set.

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