

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>CABINET</b>
2.	<b>Date:</b>	<b>21st November 2012</b>
3.	<b>Title:</b>	<b>Response to Self Regulation Select Commission Review Report into the Council's Budget Setting Process</b>
4.	<b>Directorate:</b>	<b>Resources</b>

### 5. Summary

This report recommends to Cabinet, SLT's response to the Self Regulation Select Commission's Review of the Council's Budget Setting Process, with proposals in respect of each of the recommendations arising from the review.

### 6. Recommendations

Cabinet are asked to:

- **Approve the response to the Self Regulation Select Commission's Review into the Council's Budget Setting Process.**

## **7. Proposals and Details**

### Introduction

This report sets out the response to the Self Regulation Select Commission's Review into the Council's Budget Setting Process that was reported to Cabinet on 5<sup>th</sup> September 2012.

The review was initiated by the Select Commission and was conducted by a Budget Sub Group. The review focussed on the key areas in the Centre for Public Scrutiny's Report 'On the Money: The Scrutiny of Local Government Finance'. The resultant recommendations in Appendix 1 to this report arose following discussions with portfolio holders on the 2012/13 Budget Setting Process.

### Response to the Recommendations

The review made 21 recommendations in total. Cabinet is asked to consider and support the responses to the recommendations detailed in Appendix 1 of this report.

## **8. Finance**

There are no direct financial implications arising from this report.

## **9. Risks and Uncertainties**

Providing the opportunity to challenge the budget process and proposals increases the opportunity for the Council to maximise use of its available funding.

## **10. Policy and Performance Agenda Implications**

Implementation of the recommendations from the review will provide a tighter control framework for challenging how resources are allocated and used, and provides a means to test whether the Council is directing its resources effectively to deliver its priorities and is achieving value for money.

## **11. Background Papers and Consultation**

- Self Regulation Select Commission Report - Review of the Council's Budget Setting Process, Cabinet 5<sup>th</sup> September 2012

### **Contact Name:**

Andrew Bedford, Strategic Director of Resources, ext 22002;  
e-mail: [Andrew.bedford@rotherham.gov.uk](mailto:Andrew.bedford@rotherham.gov.uk)

## Appendix 1

### Scrutiny of the Budget Setting Process

Recommendation	Response	Lead Officer(s)
<p><b><u>Recommendation 1.</u></b> The sub-group considers that a tipping point has been reached; where decisions about transforming delivery or even ceasing provision in some areas will need to be articulated, as 'salami slicing' services cannot be sustainable.</p>	<p>Agreed. Increasingly budget proposals for 2013/14 and beyond will have a focus on savings and efficiencies from service transformation or cessation, unless it is clear from the impact assessment that service reduction is a sustainable option.</p> <p>Consultation and communication in respect of proposed key service reductions to be implemented at the earliest opportunity. (Where the savings proposals are ultimately approved they should be implemented at the earliest opportunity to maximise the level of saving, including the potential for a part year saving in the current financial year)</p>	Relevant Service Director and Head of Comms & Marketing.
<p><b><u>Recommendation 2.</u></b> In these circumstances, the scrutiny members would argue for a realistic assessment of the risks attached to these reductions, particularly in relation to delivering Council priorities and sustaining performance.</p>	Agreed. Impact Assessments to be included with budget proposals at an early stage and to include reference to risks on sustaining service performance at an acceptable level and on the expected impact of delivering Council priorities.	Service Directors
<p><b><u>Recommendation 3.</u></b> That Cabinet Members examine whether 2011/12 savings have been realised and explore the impact on services and priorities if this is not the case. The results of these deliberations to be reported to Self-Regulation Select Commission at the earliest opportunity.</p>	Agreed. Details to be included in the December Cabinet Budget Monitoring Report with the report subsequently being considered by Self-Regulation Select Commission.	Chief Finance Manager
<p><b><u>Recommendation 4.</u></b> Whilst appreciating that difficult decisions have been taken to reduce spending; the sub-group seek assurances that how we communicate service changes as a result of these spending reductions, is taken into account and clearly evidenced when the budget is being considered.</p>	Agreed. Budget savings proposals to clearly include details of who would be impacted by the proposed saving and the extent to which communication has taken place, or will take place with those affected.	Service Directors
<p><b><u>Recommendation 5.</u></b> That portfolio responsibilities are clarified and communicated to ensure that duplication is minimised.</p>	Agreed. New portfolio responsibilities were assigned by the Leader in 2012/13 which will help address this particular matter.	Not Applicable

<p><b><u>Recommendation 6.</u></b> That wider consideration is given to the impact of service reductions within other portfolio areas which may negatively impact on the Council's ability to deliver key priorities; and any risks and uncertainties arising from these discussions are clearly evidenced when budget proposals are being discussed.</p>	<p>Agreed. See response to Recommendation 2.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 7.</u></b> Given all parts of the public sector are facing budget pressures and seeking to make savings; the sub-group would seek reassurance that in the Council's work with partners (for example around policing and anti-social behaviour) that early discussions take place about the consequences of decisions taken by respective bodies which may have an impact on joint operations or services and these are clearly evidenced when the budget is being considered.</p>	<p>Agreed. The Council, at both a Member and Officer level, works closely with its partners in jointly considering budget proposals to ensure that a holistic impact assessment is put forward.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 8.</u></b> The sub-group would seek reassurance that the impact of decisions on parish councils has been explored by each of the relevant portfolio holders and directorates and risks mitigated when the budget is being considered.</p>	<p>Agreed. See response to Recommendation 7.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 9.</u></b> The sub-group recommends that the development of core strategies and needs analyses, including the Joint Strategic Needs Assessment, reflect the developing Welfare Reform agenda.</p>	<p>Agreed. An impact assessment for welfare reform has been developed, which is helping to drive responses across the Council and partner organisations. The impact assessment will be further developed and includes direct and indirect impacts arising including budget and policy priority implications.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 10.</u></b> Similarly, given reductions in grant allocation to the Voluntary Sector, the sub-group would seek reassurance that the impact on advice and guidance services has been explored and risks mitigated.</p>	<p>Agreed. Budget proposals that affect the Voluntary Sector will be clearly signposted and the impact assessment will contain details of communications which have taken or will take place. Any such proposal will also include details of the extent to which, and how, any risks are to be mitigated.</p>	<p>Service Directors</p>

<p><b><u>Recommendation 11.</u></b> The sub-group believes that steps should be taken to ensure that EIA requirements are taken into account and clearly evidenced in reports when the budget is being considered.</p>	<p>Agreed. See Recommendation 2.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 12.</u></b> Members were not clear whether the delivery of Council priorities would be compromised if voluntary sector partners were unable to provide services. The sub-group believes that steps should be taken to ensure that these requirements are taken into account and clearly evidenced when the budget is being considered.</p>	<p>Agreed. See recommendation 10.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 13.</u></b> The sub-group believes that voluntary sector partners should demonstrate outcomes as a result of Council expenditure or grants and these are taken into account when the budget is being considered.</p>	<p>Agreed. See Recommendation 10. Additionally, all Service Level Agreements (SLA's) or Contracts with Voluntary Sector partners will continue to clearly state required outcomes and require reporting of these outcomes to agreed timescales.</p>	<p>Strategic Commissioning Manager</p>
<p><b><u>Recommendation 14.</u></b> The sub-group would support a longer approach to resolving the areas of historic overspend in Children and Young People's Services.</p>	<p>Agreed. The Service is continuing its programme of transformation including new working arrangements and structures that will take time to embed. The 2012/13 revenue budget monitoring reports reflect this position.</p>	<p>Strategic Director (CYPS)</p>
<p><b><u>Recommendation 15.</u></b> The sub-group would ask for proposals to be put forward to address budget pressures related to older people's residential care in the medium term financial strategy.</p>	<p>Agreed. The Service are actively looking to put forward proposals to address older people's residential care pressures as part of the 2013/14 budget setting process (covering the period 2013/14 to 2015/16) for elected Member consideration.</p>	<p>Strategic Director (NAS)</p>
<p><b><u>Recommendation 16.</u></b> The sub-group asks that a realistic assessment of asset disposal and maintenance cost is undertaken, and reflected in future budget deliberations.</p>	<p>Agreed. The Council over the last few years has been proactively looking to rationalise its asset ownership and manage the associated disposal and maintenance costs in difficult market conditions. All such decisions are taken with the knowledge of the likely estimated costs. Consideration of the future budget requirement to meet these costs will be considered in the context of the Council's Asset Management plans.</p>	<p>Director of Audit and Asset Management</p>

<p><b><u>Recommendation 17.</u></b> That in areas reliant on grant funding or non-recurrent spend, that clear exit strategies are developed and implemented, and that these strategies are clearly evidenced in budget deliberations</p>	<p>Agreed. Since the start of this Coalition Government, the number of grant funding streams has dramatically reduced. Exit strategies for the residual streams are either in place or being worked up to ensure integration with the Council's MTFS.</p>	<p>Service Directors</p>
<p><b><u>Recommendation 18.</u></b> The sub-group asks that a realistic assessment of risks attached to the transfer of public health is undertaken, and reflected in budget projections.</p>	<p>Agreed. Once confirmed, details of Public Health budgets will be incorporated into the Council's Budget and MTFS. Any potential risks around the level of funding transferred to deliver future Public Health services in the Borough will be considered at that time.</p>	<p>Director of Public Health</p>
<p><b><u>Recommendation 19.</u></b> The sub-group believes that steps should be taken, in line with Council priorities, to ensure that opportunities for partnership working or alternative service delivery are taken into account and clearly evidenced when the budget is being considered in future years.</p>	<p>Agreed. The Council is continuing to consider opportunities for further joined up or partnership working across all sectors and alternative service delivery working. Any opportunities will be considered in the context of the Council's corporate priorities and MTFS.</p>	<p>Strategic Directors / Service Directors</p>
<p><b><u>Recommendation 20.</u></b> That the outcomes of budget consultations are able to be used at a more timely point to inform our questioning of budget options particularly around more sensitive areas.</p>	<p>Agreed. The planned Budget Setting Timetable provides Members with opportunity to consider budget proposals prior to it being formally adopted.</p>	<p>Director (Commissioning, Policy &amp; Performance)</p>
<p><b><u>Recommendation 21.</u></b> If Members are to undertake proper and robust scrutiny of budget proposals in future years, there needs to be a clear and shared understanding of what information can be expected, in what format and at what stage of the process.</p>	<p>Agreed. In formulating the 2014/15 Budget Setting Timetable, we will look to set out timely opportunities for Scrutiny to consider budget proposals and agree the format of the information to be shared.</p>	<p>Strategic Director (Resources)</p>