

### Recommendations

- i. The council should set clear objectives on both a short and medium term basis,  
These need to be clear in both financial and service terms and be the basis upon which priorities are made.
- ii. The timetable for the budget needs to start earlier and be more robust:
  - Budget Pack (Objectives and Guidelines) – end May
  - Departmental response mid July followed by management and PFH challenge
  - Draft Budget to Leadership team in September, followed by challenge/review
  - Draft Budget to Scrutiny Task Force in October
  - Draft Budget to Exec and Scrutiny in December
- iii. Budget challenge process needs to be clearer and more robust. This should initially focus on robustness of numbers and value for money and thereafter choice:
  - Officer challenge needs to be on a top down basis and at a higher level
    - o Internal directorate challenge pre directorate submission
    - o Portfolio Holders need early involvement and to challenge their budget
    - o Challenge process of Directorate Budget led by Chief Executive
    - o CMT process to look at overall picture, cross cutting issues and also bench marking eg overlaps. This should also involve Executive
  - That CBC should have a joint OSC Task Force to scrutinise budget for “robustness of numbers” earlier eg October prior to individual OSC scrutiny which should focus on “choice” challenge
  - Greater level of detail to be provided to members such that they can see what money is being spent on
- iv. The council should have a longer term Corporate Plan to drive the priorities and service improvements of the council forward. At present there is a Medium Term Financial Plan (MTFP) which could be developed to achieve this:
  - A top down plan, but of sufficient detail that covers departments performance and is bought into by both Exec and CMT
    - o Needs to incorporate anticipated major budget pressures, investment strategies, efficiency savings, business improvement/transformation, service reviews and anticipated grant income changes
    - o Avoid excessive detail on underlying expenditure
  - Should drive and direct Council improvement and priorities
  - 3-5 year timescale

- This should be a live document, and incorporate all efficiency, business improvement and investment as they arise. There should be full annual review in July and regular updates.
- v. Efficiency and other business improvement needs to be looked at both at Individual Budget and across the Council, cannot have single target for all budgets:
- Targets should be real ie after impact of inflation/pressures etc
  - Monitoring of efficiency improvements should be done as part of MTFP
- vi. Budget Pack should comprise both Objectives for the coming year and Guidelines on how budget information should be fed back and constructed including assumptions:
- Objectives need to be given by Exec/Council,
  - Guidelines need to be clear, simple and consistent,
  - Need to clearly identify cost drivers for demand led budgets
  - Revenue budget should identify separately “one off, short term” expenditure in services such that the underlying expenditure can be identified
- vii. Budget holder should be fully responsible for their budget, including ownership of budgeting both development, accuracy and monitoring:
- Budget skills must be a core job competency of budget holders
  - Finance team has a supporting role to budget holders, assisting but primary responsibility must remain with budget holder
  - The embedding of finance managers into the directorates needs to be improved. In order to clearly align responsibility for Budgets to Budget Holders consider moving Finance managers into Directorates
  - Balanced scorecard approach should be used to assess performance. These should include both budget and Key Performance Criteria – 3-5KPI’s
  - Responsibility for budget also means budget holder needs to agree budget changes. In particular where savings are proposed or a business case made, the relevant budget holder needs to agree
  - Responsibility needs to be meaningful, both positive for success and negative for failure
- viii. The service levels and budget of Corporate Services (Finance/HR/Legal/IT/Facilities) needs to be clarified:
- The level of resource available and service level provided to directorates needs to be both agreed and defined as part of budget process
  - Above this level, and in particular for where additional external resource is required mechanisms need to be in place for this to go to relevant Directorate budget
- ix. The Task Force has not yet focused on budget monitoring however certain points have already arisen. In particular Budget monitoring

needs to be regular, faster with greater accuracy in terms of spend and profiling:

- Budget reports need to be standardised across the council and simplified
  - Numbers need to be accurate and correctly profiled. Monitoring should look at actual versus budget and also prior year
  - Reports should be available within 30 days of month end
  - Budgets where there is significant variability due to demand should also report activity level
  - Ongoing monitoring of KPIs to avoid surprises
  - There is a need for reporting tool software such as Business Warehouse
- x. The Task Force has only looked at Capital in a limited way. This needs to be reviewed at a later date. However many of the comments regarding the revenue budget are also applicable to the Capital Budget.