

SCRUTINY COMMISSION – 25TH APRIL 2007**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****MEDIUM TERM FINANCIAL STRATEGY – DECISION MAKING
PROCESS AND SCRUTINY****Introduction**

1. The purpose of this report is to respond to the issues discussed at the last meeting of the Commission.

Background

2. The Commission considered a briefing note prepared by the Head of Legal Services which outlined the issues in relation to scrutiny of matters arising from decisions taken by the County Council on the Medium Term Financial Strategy (MTFS).
3. Members noted the difficulties facing officers in identifying clearly those issues meriting attention by scrutiny members which, although not falling within the definition of a key decision may be for other reasons deemed to be of significance. It was noted that members of scrutiny had a key role to play in identifying those issues. As part of the process of scrutinising the MTFS consideration should be given to identifying means within the reporting of budget options of identifying the likely long term implications in terms of staffing and service provision.
4. The Director of Corporate Resources was asked to report to the next meeting on possible means of improving the information available to members regarding budget options to enable members to identify those issues which they consider would merit further scrutiny.

MTFS Process

5. The process adopted for the MTFS for 2007/8 – 2009/10 was a significant improvement on that in previous years. Improvements included:
 - All members briefing on prospects for the MTFS in October
 - Early scrutiny of outline proposals
 - More detailed information produced to support this process

6. The intention is to develop the process for future years. At this stage it is difficult to be precise, not least because much is dependent on the timing and content of the Comprehensive Spending Review. This was due to be announced in July but has been postponed until the autumn.
7. It is intended to give a presentation to all members in May setting out the prospects for the MTFS following the Chancellor's budget statement.
8. There will be a subsequent report to the Commission setting out the proposed process for updating the MTFS later in the year.

Scrutiny of MTFS Proposals

9. Some concerns were expressed about the need to identify the long term implications of MTFS proposals in terms of staffing and service provision. Initial proposals to address these are as follows:-

Savings Proposals Commencing in 2007/8

- There will be quarterly monitoring reports to the Commission which will include progress on achieving savings. These can include information on redundancies, which will have to be reported to the Employment Committee in any event.
- For service reduction and increased charges the implication would have been made clear in the detailed MTFS report considered by the scrutiny committees in January.
- By definition, efficiency savings will not involve a reduction in the standard or volume of service delivered. However, there may be implications for the way the service is delivered. For 2007/8 efficiency savings, the implications of efficiency savings were covered in detailed budget reports. However, in the case of the major savings proposals for the Highways Review, it is acknowledged that only limited information was available at the time of agreeing the MTFS. In this case a report on detailed proposals will be taken through the relevant scrutiny committee.

Savings Proposals in Feb 2007 for 2008/9 and 2009/10

- When the MTFS is rolled forward, savings proposals which are due to be implemented in 2008/9 or 2009/10 will be shown as individual items and not 'lost' within the overall figure for the full year effect of previous years' decisions.
- Where key decisions have to be taken in relation to implementing savings for 2008/9 and 2009/10 these can be scrutinised under the normal procedure e.g. extra care schemes.
- In some cases undertakings have been given in the process to report to scrutiny before decisions are made e.g. country parks.

- It was noted at the previous meeting that members of scrutiny had a key role to play in identifying relevant issues. The current practice of formulating work programmes for scrutiny committees should identify those issues which are key decisions or matters which officers consider may be significant (e.g. Highways Review). It is for members to identify any further issues they wish to scrutinise arising from the budget process.

Conclusion

10. The process will be subject to refinement and will be the subject of a further report. Hopefully the proposals set out in this paper address the issues raised at the Commission's last meeting.

Recommendations

11. The Commission is asked to note this report.

Equal Opportunities

12. None specific.

Circulations Under Sensitive Issues Procedures

None

Background Papers

None

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