

### **BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL** **ANNUAL REPORT 2009/10**

1. The Budget and Performance Monitoring Scrutiny Panel is a new scrutiny body which was established in the autumn of 2009 as part of the new scrutiny arrangements formed after the County Council elections. It has met a total of four times this year which has encompassed three regular meetings and one Budget meeting.
2. The Panel has been given two main roles:
  - Consideration of quarterly performance and budget reports;
  - Consideration of the County Council's Medium Term Financial Strategy (MTFS)

#### **Consideration of quarterly performance and budget reports**

3. This involves receiving and considering quarterly performance and budget reports with a view to identifying issues which may merit further consideration by the relevant scrutiny committee or, subject to the agreement of the Commission, by members of the Panel. This effectively takes on the role previously undertaken by the Scrutiny Commission. The Panel in this regard seeks to enhance the scrutiny function in relation to performance management.
4. In practice, this is undertaken through consideration of performance reports that focuses on:
  - the Revenue Budget;
  - the Capital Programme;
  - the Local Area Agreement (LAA)2 and Multi Area Agreement;
  - the County Council's Medium Term Delivery Plan.
5. In what is a difficult financial climate, the Panel has been considering reports on the Revenue Budget and Capital Programme on a quarterly basis. The Panel has noted the difficult work that Departments have had in increasing efficiency savings and reducing their budgets in order to balance the MTFS. Given this difficult position, at the time of writing, the Council should be congratulated on achieving a slight budget underspend for the financial year which should be able to be transferred to a special reserve for future severance costs/invest to save measures.
6. The Panel has also been pleased to note, in its scrutiny of the outcomes of LAA1 that, of the additional funding available from the Performance Reward Grant, £4.06m has been achieved to date, with it being most likely that £3m of further funding will also be achieved. Such rewards, to be distributed to the Council and its partners, become more important in this financial climate and it is therefore important that the effective scrutiny of LAA1 is built on through LAA2, particularly through the work of this Scrutiny Panel in order to achieve as great a level of reward funding from LAA2 as is possible.
7. With the LAA being formed on a partnership basis, the Panel recognises the importance for District and Borough Councils to have a role to play in its scrutiny. To that effect I am pleased that in November 2009 we received

two nominations from the District and Borough Councils to serve as non-voting members of the Panel in this area - Cllr Matthew Lay of Hinckley and Bosworth Borough Council and Cllr David Jennings of Blaby District Council. I am sure they will bring their own areas of expertise and enhance our scrutiny function to good effect.

### **Consideration of the County Council's Medium Term Financial Strategy (MTFS)**

8. The Panel's role in the budget process is to consider and comment on overall budget issues such as the level of balances, inflation provision and level of council tax. It is also to consider and comment on specific areas not covered by the Children and Young People's Service Overview and Scrutiny Committee and Adult Social Care and Health Overview and Scrutiny Committee; such areas include our corporate resources functions and highways, transportation and waste services. It is then the Scrutiny Commission's role to consider the comments of the Panel and the two Scrutiny Committees and determine the comments to be submitted to the Cabinet.
9. This was the first such year that scrutiny of the MTFS was undertaken in such a way, involving the Panel meeting over the course of a whole day to consider the overall budget, three Departmental budgets and questioning five Lead members on their budget proposals. This involved a lot of planning and preparation and enabled on the day a positive level of detailed scrutiny of the budget areas. I would like to thank all Members and Officers involved for making the process a success and enabling it to run smoothly.

### **Overall Conclusions**

10. The Panel is coming to the end of its first year of operation and having developed and built up its knowledge and understanding of the key budgetary issues and processes of the Council will be seeking over the course of the next 12 months to scrutinise the budget in greater detail to monitor how well the Council is achieving its important and necessary efficiency and spending reductions targets.
11. The Panel will also be concentrating on LAA performance 'red' indicators where the Council and its partners are not meeting their targets. As an example, one of our LAA targets has been for Parish Councils to achieve 'Quality Parish' status, although this has been disappointingly few. The Parish Council Association has therefore been invited to the Panel's first meeting of 2010/11 to outline what they are doing to tackle this issue.



**Dr. Kevin Feltham CC**  
Chairman of the Panel and Scrutiny Commissioner