

Budget & MTFP Decision Making Process

Governance and Safeguards

Audit & Governance Committee

5 September 2024

Governance

Corporate governance comprises of the arrangements put in place to ensure that the intended outcomes for service users and stakeholders are defined and achieved, while acting in the public interest at all times.

It is about doing the right things, in the right way, for the right people, in a timely, inclusive, open, transparent, honest and accountable manner.

The framework for managing the council. Who can make decisions, who can act on the council's behalf and who is accountable for how the council and its staff behave and perform.

Good Governance in the Public Sector



Budget

Financial expression of the Council's ambitions and priorities

Needed to enable Council to plan, authorise, monitor and control the way money is allocated and spent.
Must ensure resources are:

- Required in accordance with the law and properly authorised.
- Used only for the purpose of achieving policies, objectives, and service priorities.
- Held securely for use when required.
- Used appropriately to avoid waste, inefficiency and/or loss.

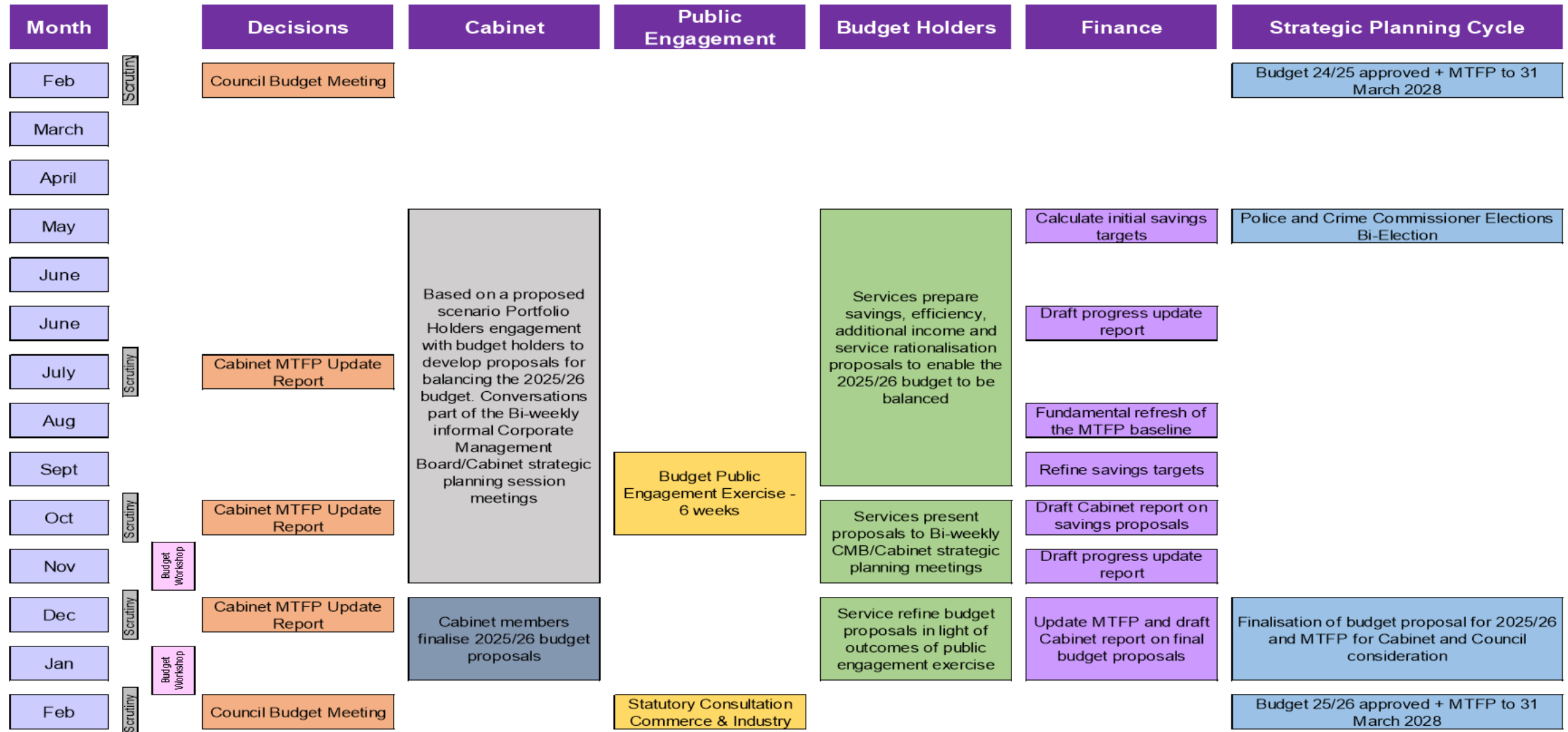
Unlawful for the Council to budget for a deficit.

Produced annually and delivered in the context of a 3-year Medium Term Financial Plan (MTFP)

- Include Capital Programme, Treasury Management Statement

Services are required to manage their income and expenditure within cash limits of Budget allocated to them.

Budget Process





Formal Budget Framework

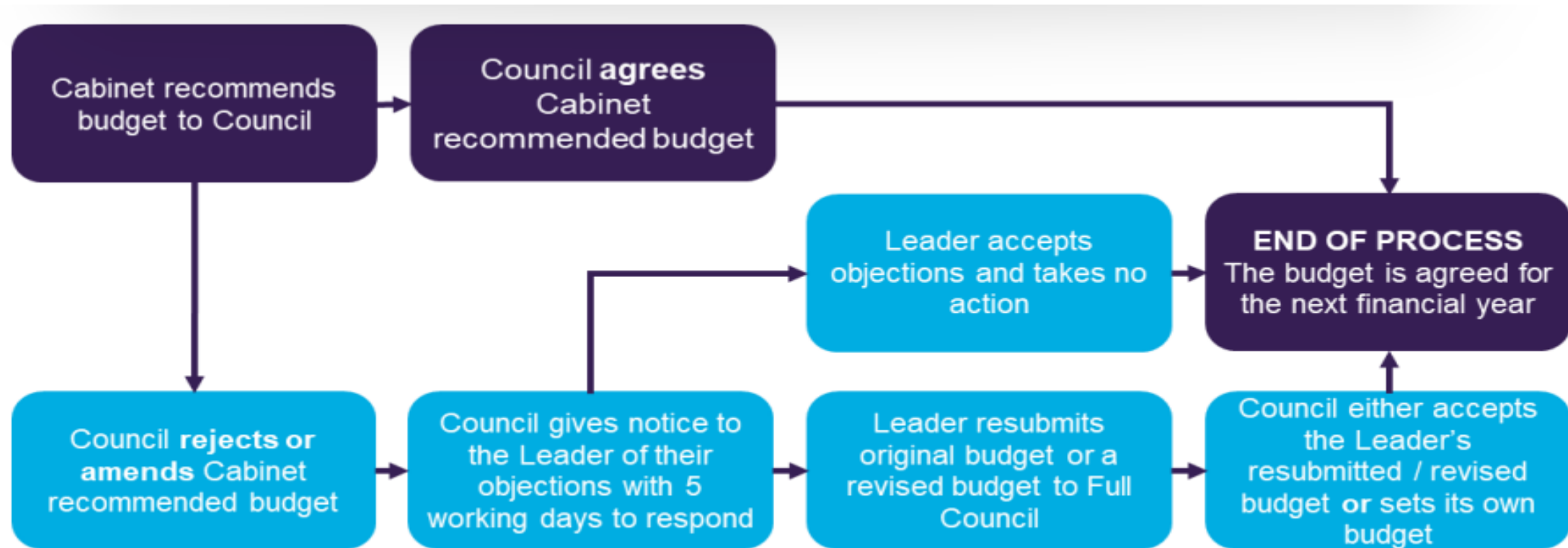
- Leader & Cabinet:**
- Responsible for developing budget proposals working with officers
 - Responsible for proposing the Budget to Council
 - Responsible for monitoring performance against the Budget
- Council:**
- Responsible for setting the Budget
 - Any alternative proposal submitted by any councillor or group of councillors must be done no less than 3 working days before the Budget setting meeting.
 - If Council supportive of the alternative proposal must ask Leader & Cabinet to reconsider Budget proposal. It is required.
 - To give Leader instructions to reconsider in light of objections.
 - Specify a period of at least 5 working days within which Leader & Cabinet may reconsider

If **Leader** accepts objection, or fails to act in specified period, budget as amended becomes effective

If **Leader** disagrees with Council's objection or submits revised proposal, in light of the objection, then Council must meet again to reconsider.

Budget and Policy Framework Procedure Rules

- Based on 2024 Update of Constitution.



Budget: Safeguards (part 1 of 2)

- **section 25 Report** (formal advice) from the Chief Financial Officer
 - Included in Budget Report (Appendix 10 2024/25)
 - Tendency to be co-authored by the Chief Executive
 - Highlights robustness of the budget estimates and the adequacy of reserves
 - Focus on financial risks
 - Protocol that independent advice undertaken on any unusual or innovate items.
- **Legal Advice**
 - Budget report will include any specific legal advice from the monitoring officer.
- **External Auditor**
 - Monitors budget progress through formal reports and informal conversations with Portfolio Holder for Finance, Chief Executive, and Director of Finance
 - Retain ability to provide advice to Leader or Council (as per letter to Leader in January 2023)
 - Comment on financial sustainability as part of their annual Value for Money judgement.

Budget: Safeguards (part 2 of 2)

- **Budget Monitoring**

- Required by good practice & accounting code of practice.
- Requires action to maintain equilibrium.

- **Virements**

- Process transferring budget sums from one budget line to another in light of experience or to reflect anticipated change.

Over £1m

Council

Over £500k up to £1m

Cabinet

Over £100k up to £500k

Corporate Director

Up to £100k

Service Director

- All decisions should only be made after the advice of the Director of Finance (DoF)
- DoF delegated to correct errors in the budget upload, in virements, and to distribute centrally held budgets provided no change to net budget or council tax requirement.

Scrutiny – Enhanced arrangements for 2025/26

- **Step 1. Budget Skills Training for Councillors (29 July 2024)**
Independent Training based on approach taken by Dorset Council - Andrew Hardingham (previously Plymouth s151 Officer)
- **Step 2. Directorate Budget Awareness – September 2024**
Each Corporate Director to give a presentation to relevant scrutiny committee and undertake a Q&A on their budget, pressures, assumed savings etc.
- **Step 3. Budget Task and Finish Groups – October 2024**
Four task and finish groups focusing on issues in each Directorate – 1 group for each directorate
- **Step 4. Budget Workshop – All Member Invite - 8 November 2024**
Short presentation to provide the outline of the budget
- **Step 5. Feedback – All Member Invite – 18 November 2024**
Each Task & Finish Group feedback to the Overview & Scrutiny Board
- **Step 6. Budget Workshop – All Member Invite – 22 January 2025**
Short presentation to provide the outline of the proposed budget post public consultation and draft 25/26 LG Finance Settlement
- **Step 7. Scrutiny Committee – All Member Invite – 3 February 2025**
Scrutiny 2025/26 budget proposals and any recommendations to Cabinet
- **Step 8. Cabinet – 5 February 2025 – Propose budget to Council.**
- **Step 9. Council – 25 February 2025 – Ask to approve 2025/26 budget**

Questions