



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 7

Report Title: Budget Scrutiny Process

To: Overview and Scrutiny Committee

Meeting Date: 25 July 2022

Public report: Yes

Lead Member: N/A

From: Interim Head of Governance

Key decision: No

Forward Plan ref: N/A

Recommendations: The Overview and Scrutiny Committee is recommended to:

- a) Agree budget scrutiny process for 2022/23 as set out in paragraph 3.3

Voting arrangements: A simple majority of all Members present and voting

1. Purpose

- 1.1 The Overview and Scrutiny Committee indicated that they would like to be more involved in the budget setting process moving forward and requested that officers bring forward a proposal for undertaking the budget scrutiny function in 2022/23.
- 1.2 This report sets out that proposal for consideration by the Overview and Scrutiny Committee.

2. Background

- 2.1 The Overview and Scrutiny Committee indicated that they would like to be more involved in the budget setting process moving forward, it is also clear that the scrutiny function can seek to add more value to its involvement in budget scrutiny by perhaps focusing on:
- ☐ The Strategic Objectives – will the budget allocation enable the Combined Authority to deliver its priorities?
 - ☐ Review resource allocation, monitoring their use and impact
 - ☐ Review the integration between financial and service planning
 - ☐ Be strategic rather than line-by-line
 - ☐ Test how resources meet priorities, achieving value for money, equity etc
 - ☐ Provide public scrutiny of the management of the Combined Authority finances
 - ☐ Scrutinise risks and resilience
- 2.2 Normally the goal moving forward would be to develop 2 clear types of budget scrutiny at the Combined Authority:
- ☐ **Budget scrutiny** - this is review and consideration of the development of the Combined Authority budget for the next financial year. A lot of this will look and feel informal – particularly in the early months – but its formality will develop as the time for signoff approaches. As this happens the opportunity may be available to engage with local people, to understand their needs and to use this understanding to feed back into conversations about priority. The focus here is to ensure budget proposals are fit for purpose and able to deliver the Combined Authority priorities.
 - ☐ **In-year performance scrutiny** – this is the continual process of review of financial information as it is produced over the course of the year – checking the delivery of the budget against plans and identifying discrepancies.
- 2.3 The Centre for Governance & Scrutiny has identified four key areas where scrutiny can add value to the authority's financial management arrangements:
- ☐ Challenging whether processes are effective and accessible and ensuring that there is a level of integration between corporate and service planning and performance and financial management.
 - ☐ Challenging how resources are allocated and used and examining their impact.
 - ☐ Testing whether the authority is directing its resources effectively to meet its priorities and is achieving value for money.
 - ☐ Providing an additional and transparent challenge to the executive's management of the authority's finances.

- 2.4 Given the significant concerns raised by the External Auditor that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services and the improvement plan being developed in response, the Overview and Scrutiny function may want to focus its budget scrutiny process on ensuring delivery of any improvement actions is achievable.

3. Proposal

- 3.1 The proposal is for the Combined Authority to accept that budget scrutiny is a corporate endeavour that is a critical part of the governance and assurance framework of the Combined Authority, central to the regulatory and control environment. This requires an acceptance by Board and the Officer structure to support the budget scrutiny process through provision of information and the sharing of ideas in order to ensure the optimum value can be delivered through the process.
- 3.2 The Committee may wish to seek that acceptance by Board and the Interim Chief Executive.
- 3.3 It is propose that the Budget Scrutiny function be delivered through the following timetable:

Meeting	Action
September 2022	<ul style="list-style-type: none"> <input type="checkbox"/> Review of the MTFP as overall themes and constraints for next year's budget begin to emerge <input type="checkbox"/> Review of end of year performance against devolution deal and strategic objectives <input type="checkbox"/> Seek to identify principal challenges and risks for year ahead and beyond <input type="checkbox"/> Review improvement plans and budget implications <input type="checkbox"/> Review of planned consultation
October	<ul style="list-style-type: none"> <input type="checkbox"/> Mayoral Question Time – Budget Element: Focus on emerging proposals and ability to deliver strategic and mayoral objectives
Additional October meeting	<ul style="list-style-type: none"> <input type="checkbox"/> Review of underlying risks and opportunities associated with developing budget, review of previous years' spends and in-year monitoring to evaluate the strength of predictions, proposals and control systems <input type="checkbox"/> Tease out major expected spending pressures in the context of in-year performance, finance and risk issues <input type="checkbox"/> Review of planned consultation
November (possibility additional meeting may be required dependent upon focus of review)	<ul style="list-style-type: none"> <input type="checkbox"/> Pre-Scrutiny of Budget Proposals going to Board <input type="checkbox"/> Budget refinement/ savings and growth proposals/ definition of outcomes – what is the anticipated impact of budget pressures on ability to deliver priorities and improvement plan

	<input type="checkbox"/> Review of budget proposals set out under Priorities, focus on whether the proposals will be able to deliver priority areas, achieve value for money, address key challenges and pressures and ensure equity. Comments/ Recommendations made to Board
January 2023	<input type="checkbox"/> Review of final Budget Proposals <input type="checkbox"/> Pre-scrutiny of final budget proposals going to Board <input type="checkbox"/> Review of finances applied to improvement plan
March	<input type="checkbox"/> Review of budget scrutiny process, how to improve and draw out process for 2023/24

4. Financial Implications

4.1 No significant financial implications have been identified.

5. Legal Implications

5.1 No significant legal implications have been identified.

6. Appendices

6.1 None

7. Background Papers

7.1 None