

# Overview and Scrutiny Committee

<b>Date:</b>	5 October 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Budget Scrutiny Task Group 2023/24
<b>Report of:</b>	Councillor Paul Fisher, Chair of Housing and Regeneration Policy and Scrutiny Committee and Chair of Budget Scrutiny Task Group
<b>Cabinet Member Portfolio:</b>	All
<b>Wards Involved:</b>	All
<b>Policy Context:</b>	Governance Arrangements
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## 1. Executive Summary

- 1.1. This report sets out an update on the constitution of the Budget Scrutiny Task Group (“BSTG”), formerly formally known as the “Budget and Performance Task Group”, including proposed updated arrangements to be adopted for the process used to contribute to the Budget for 2023/2024.
- 1.2. The report provides the Overview and Scrutiny Committee (“OSC”), which is the parent Committee of the Task Group, with an opportunity to review the process of the Task Group and its impact.

## 2. Key Matters for the Committee’s Consideration

- 2.1. The OSC is asked to comment on and approve the revised Terms of Reference for the Budget Scrutiny Task Group (Appendix 1), including a formal change of name; and
- 2.2. The OSC is asked to comment on and note the process of the Budget Scrutiny Task Group to be adopted for the 2023/2024 budget (Appendix 2).

## 3. Background

3.1. The BSTG is a standing task group of the OSC which meets every year to scrutinise the draft Budget proposals. The OSC, formerly the Westminster Scrutiny Commission, agreed in July 2007 to set up the Group as a standing Task Group, with the following Terms of Reference:

*‘to consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the cabinet and/or cabinet members.’*

These terms of reference are noted within the Budget and Policy Framework Procedure Rules in Chapter 3 of the Constitution.

Since this time, there has been no formal review of the process or terms of reference reported back to the OSC.

3.2. To fulfil this commitment, the Chair of the BSTG compiles and publishes a summary report of its findings over the process. As noted in the original terms of reference and owing to the requirement in the Local Government Act 2000<sup>1</sup>, the Executive must consider and give due regard to any views and recommendations from the BSTG within two months, beginning with the date on which the report or recommendations are received, in drawing up firm Budget proposals for submission to the Council. The final report recommending the draft Budget to Full Council must reflect the feedback of the BTSG (and those of other Task Groups and Committees, if any) as well as the Cabinet’s response to that feedback.

3.3. The last cycle of budget scrutiny occurred in January 2023 and, in addition to recording risks and positive opportunities, the BSTG also noted options for the future of the Group to ensure it is an effective tool to scrutinise the draft Budget each year. These included: Cabinet Member participation, more sessions, transparency and different options for presenting material as well as adequate briefing on the material.

3.4. In addition, the Scrutiny Improvement Review undertaken by the Centre for Governance and Scrutiny in spring 2023 also referred to strengthening “finance scrutiny through member development and through rigorous and early involvement of budget scrutiny activity where scrutiny is embedded and aligned with the budget process”.

3.5. In summer 2023, the Chair of the BTSG, advised by the Council’s Section 151 Officer and the Statutory Scrutiny Officer, developed a new approach which took account of these recommendations. The majority of these changes are to informal arrangements and do not therefore require approval from the OSC as the parent committee to the Task Group. The terms of reference have however also been updated to reflect changing practice and provide a contemporary record of the constitutional underpinning for the Task Group. Approval of the terms of reference is a matter for the OSC.

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<sup>1</sup> [Local Government Act 2000 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

3.6. The Council's Constitution states that:

*“Task Groups will operate on an informal basis and will not be subject to the formal requirements relating to meetings in respect of the issue of agendas, minutes and notice of meetings etc. However, meetings will at the discretion of the Task Group usually, be open to members of the public except where the normal rules on confidentiality apply or there is a reasonable reason for a meeting taking place in private.”*

#### **4. Summary of changes to the Budget Scrutiny process**

- 4.1. The proposed changes to the budget scrutiny process set out in this section have been developed based on a review of the previous format as well as reflecting on best practice and the finance scrutiny recommendations made by the Centre for Governance and Scrutiny in their Scrutiny Improvement Review. These changes are as follows.
- 4.2. **Cabinet Member participation:** Cabinet Members have been invited to the sessions of the BSTG in order to answer policy questions relating to the draft Budgets within their respective portfolios. Cabinet Members have not recently attended BSTG meetings and the involvement of Cabinet Members is intended to allow for more detailed policy debate as part of the scrutiny process, focusing on the intention and impact of options for budget changes being considered as opposed to purely the overall financial robustness and deliverability of the budget.
- 4.3. **Early involvement of budget scrutiny activity:** To fully embed scrutiny in the budget setting process and allow maximum opportunity for influence, budget scrutiny will be scheduled early and in alignment to this process. The meetings of the BSTG have been scheduled in November to allow for this early and rigorous scrutiny of draft Budget proposals. Furthermore, the last formal meeting of the BSTG in January 2024 will mean that there can be adequate time and focus allocated to the updates on government grants, which are usually released at the end of the calendar year.
- 4.4. **Briefing on the material:** There was a briefing session held on 25 September 2023 which all scrutiny Members were invited to, with emphasis on attendance by the BSTG Members. At this meeting Members discussed the draft Budget assumptions and Medium-Term Financial Plan approach received at Cabinet on 10 July 2023. Topics of discussion and comments/ recommendations were captured and will feed into the BSTG sessions in November 2023. There is also a budget/finance scrutiny training session to be held on Thursday 16 November. The expectation is for all BSTG Members to attend this, and the invite has also been extended to all scrutiny Members as this session will help to support Members in developing their financial scrutiny skills which would not only benefit the BSTG but Policy and Scrutiny in general.
- 4.5. **More sessions:** Related to points 4.3 and 4.4, whereas traditionally there have been three meetings of the BSTG, there are now four meetings; three in November and one in January which, in addition to focusing on the updates of government grants it will provide an opportunity to wrap-up the formal meetings

of the BSTG. The informal session in September also gave an opportunity to engage further with budget scrutiny ahead of the formal meetings.

4.6. **Presentation of material:** Building on points 4.4 and 4.5, the detail within the draft Budget proposals and the Medium-Term Financial Plan are complex and breaking this information down is critical to the budget scrutiny process. Officers will consider submitting a written commentary alongside the presentations to build on the content provided, using clear language, expanded acronyms and understandable diagrams and tables.

4.7. **Transparency:** The Chair of the BSTG and the Policy and Scrutiny team are working with the Communications team on a campaign to ensure that the budget scrutiny process is as transparent as possible and offers maximum opportunity for public engagement.

**If you have any queries about this Report or wish to inspect any of the  
Background Papers, please contact Clare O’Keefe  
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#### **APPENDICES:**

Appendix 1: outline process of budget scrutiny by the Budget Scrutiny Task Group in 2023-2024.

Appendix 2: draft revised BTSG Terms of Reference

#### **BACKGROUND PAPERS:**

1. [Budget Scrutiny Task Group Summary Report, February 2023.](#)
2. [Scrutiny Improvement Review – Centre for Governance and Scrutiny](#)
3. [Council Response to the Scrutiny Improvement Review](#)