



Report of the Head of Scrutiny and Member Development

Overview and Scrutiny Committee

Date: 2nd July 2007

Subject: Scrutiny of the Budget – Performance Outturn 2006/07

Electoral Wards Affected:	Specific Implications For:
	Equality and Diversity <input type="checkbox"/>
	Community Cohesion <input type="checkbox"/>
	Narrowing the Gap <input type="checkbox"/>

1.0 INTRODUCTION

1.1 Last municipal year the Overview and Scrutiny Committee issued a report to the Executive Board stating that it was its view that Overview and Scrutiny Committee can be most effective if rather than undertake a line by line analysis of departmental budgets, it tests and challenges the council's ability to adopt a budget process that directs resources to its corporate priorities and has the ability to make early identification of future savings, growth and funding shortfalls.

1.2 The CPA – Harder Test focuses on Performance Management and the involvement of Members. The council will have to meet the Audit Commission's criteria for judgment to maintain a score of 3 for Performance Management in the December 2007 Corporate Assessment. The criteria include:

- Councillors have a record of focused involvement in performance management, through executive, scrutiny or council meetings. Executive and scrutiny members make use of information to manage continuous improvement. Scrutiny is outcome-focused, working within the framework of agreed community and corporate plans. The executive and full council have clearly defined roles in performance management;
- The council sets realistic but challenging targets for improvement in performance, linked to the management of resources. The council allows time to monitor and compare performance information. The council uses performance information to focus on priorities and takes effective action to address areas of identified under-performance; and

- The council uses its knowledge about performance to solve performance problems at an early stage and this is widespread and systematic. Information about poor performance and problems is used to inform decision making. The council has a good understanding of the drivers of performance in all areas of activity to support this.

1.3 Under previous arrangements Overview and Scrutiny Committee received budget information once a year as part of the Council's Budget and Policy Framework. Overview and Scrutiny Members had concerns that this was not frequent enough to pick up early signs of under-performance. Therefore at its November 2006 meeting Members agreed to change its financial health monitoring arrangements to allow:

- Presentation of more timely and more detailed information;
- The opportunity for service performance data to influence budget setting decisions
- The opportunity to consider whether sufficient challenge has been given to existing base budgets
- Consider whether specific funding is being directed at corporate priorities as specified in the corporate plan
- Test the continuing viability of the corporate plan through the identification of budgetary pressures that may hinder its delivery
- Challenge how successful the authority is in optimising existing resources and generating external income
- The opportunity for performance and budget data to influence Scrutiny Board work programmes

1.4 Overview and Scrutiny Committee now receives budget information on a quarterly basis. The attached report presents the Council's financial performance for the year ending 31st March 2007. The report contains an analysis of departmental spending and pressures. Officers will be in attendance at today's meeting to answer any questions.

2.0 RECOMMENDATIONS

2.1 Members are asked to note the Council's financial performance for the year ending 31st March 2007 and consider any potential areas for further scrutiny.