

ISLE OF ANGLESEY COUNTY COUNCIL

COMMITTEE:	Partnership and Regeneration Scrutiny Committee
DATE:	20th April, 2017
SUBJECT:	Finance Scrutiny Panel
PORTFOLIO HOLDER(S):	Cllr Hywel Eifion Jones
HEAD OF SERVICE:	Marc Jones, Head of Finance/S151 Officer
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1. RECOMMENDATIONS

The Scrutiny Committee is asked to:

- A1 Note progress made thus far in establishing robust scrutiny arrangements for financial matters**
- A2 Form a view on the proposed scope and remit of the new finance panel**
- A3 Note that the next step will be to complete the practical arrangements in order to establish the finance panel after the Election, by the Scrutiny Manager in consultation with the Head of Resources / S151 Officer.**

2. BACKGROUND AND LOCAL CONTEXT

- 2.1 Funding is crucial to the services provided by the Council and the financial issues facing us as a local authority have far-reaching implications - in terms of the services received by the public and Council Tax or the fees and charges they pay¹. As it becomes harder to achieve the required savings through efficiency savings, the Council must give careful consideration to the options we have. This will also mean continuing to ask challenging questions about which services to offer in the future and the extent to which existing methods of service delivery will continue to be

¹Raising the stakes - financial scrutiny in challenging times. A guide for Welsh local authorities (Centre for Public Scrutiny, June, 2014)

appropriate. Another consideration is how best to manage expectations (internally and externally) in making the required changes.

3. FINANCIAL SCRUTINY

3.1 In the current economic climate, Members need assurance that the Council will make the best use of diminishing resources, particularly financial resources:

"... Effective scrutiny is even more important as public services respond to the challenges of the global financial situation while continuing to try to improve services. Effective scrutiny can improve the evidence base for decisions on the allocation of resources as well as ensuring that decisions are transparent and are made in accordance with the needs of the local community..."²

"How can we add value?" is the key question to be asked in terms of financial scrutiny and "how can we demonstrate that value is added at each stage of the financial process?" In this context, consideration should be given to the following issues:

- The process of setting the budget itself
- Determining priorities among competing demands
- Effective use of funds
- How financial monitoring and management takes place.

3.2 Financial scrutiny is much more than adding value to the decisions of the Executive alone. It is about ensuring that a proper scrutiny process forms part of the planning, implementation and follow up on key decisions that have an impact on taxpayers and local communities.

4. OUR LOCAL ARRANGEMENTS

4.1 Scrutiny of the process of establishing the Council's annual budget has developed and matured over the past 2 years laying the foundations for a better, more strategic process based on outcomes and good practice.

4.2 It is therefore a natural next step to establish a finance sub-group as a sub-panel of the Corporate Scrutiny Committee. Doing this will ensure the following benefits:

- Developing a model of working on finance matters focusing on a smaller group to enable Members to become more involved, develop a level of subject expertise, encourage good attendance and teamwork

² Good scrutiny? Good question! Improvement study Auditor General Wales: Scrutiny in Local Government, May 2014

- Forum to discuss information regarding the Council's financial risks, as a basis to inform the forward work programme of the Corporate Scrutiny Committee
- To free up space on the agendas of the Corporate Scrutiny Committee meetings in order to ensure scrutiny of transformational and strategic matters
- Forum to develop a group of members with the expertise and ownership to lead financial discussions in the Corporate Scrutiny Committee.

4.3 The attached scoping paper (**APPENDIX A**) details the scope and remit of the proposed Panel.

5. WAY FORWARD

The next step will be to complete the practical arrangements in order to establish the finance panel after the Election, by the Scrutiny Manager in consultation with the Head of Resources/S151 Officer.

APPENDIX
APPENDIX A: Finance Scrutiny Panel Scoping Paper

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Job Title: Interim Scrutiny Manager

Date: 30/03/17

SCRUTINY PANEL – FINANCE

Financial Scrutiny

In the current economic climate, Members need assurance that the Council will make the best use of diminishing resources, particularly financial resources:

"... Effective scrutiny is even more important as public services respond to the challenges of the global financial situation while continuing to try to improve services. Effective scrutiny can improve the evidence base for decisions on the allocation of resources as well as ensuring that decisions are transparent and are made in accordance with the needs of the local community..."¹

"How can we add value?" is the key question to be asked in terms of financial scrutiny and "how can we demonstrate that value is added at each stage of the financial process?" In this context, consideration should be given to the following issues:

- The process of setting the budget itself
- Determining priorities among competing demands
- Effective use of funds
- How financial monitoring and management takes place.

Financial scrutiny is much more than adding value to the decisions of the Executive alone. It is about ensuring that a proper scrutiny process forms part of the planning, implementation and follow up on key decisions that have an impact on taxpayers and local communities. As such, effective Scrutiny can:

- Challenge effectively
- Hold decision makers to account; and
- Assist the Executive to develop a robust budget for the forthcoming year.

Our Local Arrangements

The scrutiny of the process of establishing the Council's annual budget has developed and matured over the past 2 years laying the foundations for a better, more strategic process based on outcomes and good practice. In fact, the process allowed for a more systematic path with regard to financial scrutiny, which is an essential component of sound financial management and governance.

The scrutiny work carried out by the scrutiny panel on realizing efficiencies for 2014/15 and 2015/16 was also a positive development in our financial scrutiny arrangements, through:

- Development of a model focusing on a smaller group
- Members developing a level of expertise
- Encouraging good attendance and teamwork

Our financial scrutiny is now emerging as a potential model of good practice.

¹ Good scrutiny? Good question! Improvement study Auditor General Wales: Scrutiny in Local Government, May 2014. Also, Raising the stakes – financial scrutiny in challenging times. A guide for Welsh local authorities (Centre for Public Scrutiny, June, 2014)

It is therefore a **natural next step** to establish a children’s sub-group as a sub-panel of the Corporate Scrutiny Committee. Doing this will ensure the following benefits:

- i. Developing a model of working on finance matters focusing on a smaller group to enable Members to become more involved, develop a level of subject expertise, encourage good attendance and teamwork
- ii. Forum to discuss information regarding the Council’s financial risks, as a basis to inform the forward work programme of the Corporate Scrutiny Committee
- iii. To free up space on the agendas of the Corporate Scrutiny Committee meetings in order to ensure scrutiny of transformational and strategic matters
- iv. Forum to develop a group of members with the expertise and the ownership to lead financial discussions in the Corporate Scrutiny Committee.

Proposed scope and remit of the Panel

Topic	Work programme	Timeline
Induction	Induction of Panel members	June
Quarterly monitoring of the Revenue and Capital Expenditure	Scrutiny of expenditure against budget profile	Quarterly
The forthcoming year's budget	Sharing information on financial risks to the Council in order to inform the forward work programme of the Corporate Scrutiny Committee	June
	Draft budget - the mechanics and process of the financial settlement	Summer
	Overview of the position regarding efficiencies	Autumn
	Scrutinize the risks of proposed efficiency savings	
	Scrutinize how achievable the proposals are	
	Scrutinize the Council Tax level for the following year	
Medium Term Financial Plan	Scrutinize the principles and assumptions	Summer
Debt Management	Scrutiny of debt management performance (to include collection rates)	To be confirmed (dependent on availability of information produced regionally)
Business Tax Relief Policy	Scrutinize the principles and	To be confirmed (on off piece of

Topic	Work programme	Timeline
	assumptions	work)
HRA Business Plan	Scrutinize the principles and assumptions	January
Council balances and reserves	Questioning and scrutiny	Timeline to be agreed by the Panel

Panel Membership

The core membership of the Panel will include:

- Elected members - 2 members from both committees
- Officers - Head of Resources and S151 Officer, Accountancy Services Manager, Revenues and Benefits Service Manager, Scrutiny Manager

The Panel's work will possibly require the attendance of other Elected Members (e.g. members of the Executive Committee) and / or officers from other service areas.

Chairing

At its first meeting, the Panel will elect a Member to chair.

Frequency of Meetings and Quorum

1. **Frequency of meetings** – the panel has been established as a standing panel to consider the breadth of financial issues which are summarized in the table above. The panel will therefore meet regularly, in accordance with the schedules of the Council's budgetary processes
2. **Quorum** – this will not apply to the panel.

Recording meetings and Reporting Arrangements

1. It is intended for the panel to run in the format of a business meeting. The Scrutiny Unit will collate and distribute any papers in preparation for each meeting and provide a list of action points following each meeting
2. **Reporting arrangements** - regular reporting by panel members to the Corporate Scrutiny Committee.