

## TERMS OF REFERENCE & MODUS OPERANDI

### RESOURCES SCRUTINY PANEL

## PART I – BACKGROUND & CONTEXT

### 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..."<sup>1</sup>*

"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 forthcoming years.

### Adding Value<sup>2</sup>

Financial scrutiny can take many forms but there are four fundamental areas where effective non-executive oversight can add value:

1. **Reviewing how resources are allocated** - monitoring how they are used and examining their impact. This is about following through from budget development and planning to the delivery of a budget and oversight over that budget in-year. It links to the way that scrutiny selects and prioritises its work
2. **Reviewing the integration between financial and service planning** - what is the level of integration between corporate and service planning and financial management / performance. There is a need for scrutiny to 'mainstream' an understanding of financial issues and undertake scrutiny that is strategic rather than line-by-line
3. **Testing out and making explicit whether the Council is directing its resources effectively** - testing out and making explicit whether the Council is directing its resources

<sup>1</sup> 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)

<sup>2</sup> Financial Scrutiny Practice Guide (Chartered Institute of Public Finance & Accountancy and Centre for Governance and Scrutiny June 2020)

effectively to meet its priorities and demonstrating whether it is achieving value for money, equity and social value

4. **Providing, through scrutiny challenge to the Executive's management of the Council's finances and a different perspective on challenges** - Scrutiny having a clearly defined role and bringing something unique to the table in how it goes about its work.

### **Scrutiny of Resources**

Local Authority resources refer to the funding, personnel and infrastructure used to deliver services. These include:

- **Funding sources** – primarily from Council Tax, business rates and central government grants. Additional income comes from local fees and charges
- **Key services** – social care, education, housing, highways maintenance, waste management, planning, licencing, leisure centres and other services
- **Resources facilities** – the local authority has a portfolio of assets and facilities

This broader definition provides scope for this Scrutiny Panel to examine resource matters beyond Local Authority finances.

### **Our Local Arrangements**

The scrutiny of the process of establishing the Council's annual budget has developed and matured over recent years laying the foundations for a better, more strategic process based on outcomes and good practice. In fact, the process has 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 former Finance Scrutiny Panel<sup>3</sup> during the last Administration has also been 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.

## **PART II – PANEL REMIT AND SCOPE**

### **REMIT**

The Resources Scrutiny Panel will operate with the following key objectives:

- Develop a model of working on finance matters focusing on a smaller group to enable Members to become more involved, develop a level of expertise, encourage good attendance and teamwork
- Forum to discuss information regarding the Council's financial risks and financial performance, as a basis to inform the forward work programme of the Corporate Scrutiny Committee
- Free up space on the agenda 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.

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<sup>3</sup> The Finance Scrutiny Panel was established in Summer, 2017 as a sub panel of the Corporate Scrutiny Committee

## SCOPE

Topic	Work programme	Timeline
Induction	Induction of Panel members	4 July, 2022
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	July → September
	Draft budget - the mechanics and process of the financial settlement	
	Overview of the position regarding any efficiencies	October → November
	Scrutinise risks associated with the budget proposals	
	Scrutinise how achievable the proposals are	
	Scrutinise the Council Tax level for the following year	
Medium Term Financial Plan	Scrutinise the principles and assumptions	September
Service Areas	Scrutinise pressures within individual service areas	To be scheduled within the annual budget cycle
Debt Management	Scrutiny of debt management performance (to include income collection rates)	To be confirmed
Fees and Charges	Scrutiny of fees and charges for the coming financial year	To be confirmed
Second Home Premium	Scrutinise the principles, assumptions and recommendations	November / December (tbc)
HRA Business Plan	Scrutinise the principles and assumptions	January / February
Council balances and reserves	Questioning and scrutiny	June / July
Value for Money / Social Value through Procurement		tbc

## PART III – GOVERNANCE ARRANGEMENTS

### 1. Governance / Panel Membership

- The scrutiny panels have been established to undertake work streams on behalf of the parent scrutiny committees and as such are working groups without decision-making powers
- Panel membership will be subject to political balance principles and rules<sup>4</sup>.

The core membership of the Panel will include:

- Elected members** - 3 members from both scrutiny committees and based on the political balance formula of the Council
- Portfolio Member for Resources** – as an observer, with no vote
- Officers** – Director of Function (Resources) and S151 Officer, Accountancy Services Manager, Scrutiny Manager

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

### 2. Frequency of Meetings and Quorum

- **Frequency of meetings** – the panel has been established as a standing panel to consider the breadth of local authority financial issues which are summarised in the table above. The panel will therefore meet regularly, in accordance with the schedules and timelines of the Council's budgetary processes as follows:
  - July – Qtr 4 budget monitoring / annual outturn
  - September – Qtr 1 budget monitoring
  - November – Qtr 2 budget monitoring
  - December – Initial Draft Settlement for new financial year
  - January – Initial Budget Proposals for new financial year
  - February – Capital Proposals / Final Draft Revenue Proposal for new financial year / Qtr 3 budget monitoring.
- **Quorum** – this will not apply to the panel.

### 3. Recording Meetings and Reporting Arrangements

- The panel will 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
- **Reporting arrangements** - regular reporting by panel members to the Corporate Scrutiny Committee. As part of the Scrutiny Annual Report, the Panel will publish an annual statement summarising the added value its scrutiny work has achieved.

[11/07/2025, 23/07/2025, 19/08/2025 & 09/09/2025]

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<sup>4</sup> The Local Government and Housing Act 1989 sets out the main principles governing political balance of local authorities