

# **Jeff Garfoot**

## **Head of Corporate Finance**

**Audit Committee consideration of the Constitution's Budget Procedure / Finance Procedure Rules / Financial Management Standards and how they are followed in the development of the Council's Budget and Medium Term Financial Plan (MTFP).**

*Altogether better*



# Content of Presentation

|   |   |
|---|---|
| Budget Procedure Rules                                | - Overall framework and requirements of the Full Council                                  |
| Finance Procedure Rules                               | - How the budget process should be developed / controlled                                 |
| Financial Management Standards (FMS)                  | - How the FMS support the Finance Procedure Rules   |
| 2014/15 Budget and 2014/15 – 2016/17 MTFP Development | - Details the actual process followed which is driven / controlled by the Procedure Rules |

*Altogether better*



# Budget Procedure Rules

- The Executive will publish a timetable for making proposals to the Council along with its arrangements for consultation. The Chairman of the Overview and Scrutiny Management Board (OSMB) will be notified.
- At the end of the consultation period the Executive will draw up firm proposals having regard to the responses to the consultation. If the OSMB wishes to respond to the Executive in the consultation process then it may do so.
- Detailed procedures on what the Executive must do if Council does not approve the budget.

*Altogether better*



# Financial Procedure Rules

- Financial Procedures provide the framework for managing the Council's financial affairs.
- The procedures identify the financial responsibilities of the Full Council, the Cabinet and Officers.
- Good sound financial management is a key element of the Corporate Governance Framework, secures VFM, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.

*Altogether better*



# Financial Procedure Rules

- Financial Procedures apply to every Member and Officer of the Council.
- Chief Officers and the Heads of Service are ultimately responsible to the Council for ensuring that Financial Procedures are applied.

*Altogether better*



# Financial Procedure Rules

## Role of Full Council

- The Full Council is responsible for approving the Budget ... having regard to the Chief Financial Officer's comments in his Local Government Act 2003 Section 25 Report.

## Role of Cabinet

- The Cabinet is responsible for proposing the Budget to Full Council

*Altogether better*



# Financial Procedure Rules

## Financial Planning

- The preparation of the Medium Term Financial Plan (MTFP) is part of the strategic policy framework of the Council and aims to ensure that the Council's spending plans are prudent, affordable and sustainable and reflect Council priorities.

*Altogether better*



# Financial Procedure Rules

## Budget Preparation

- The Cabinet in consultation with the Chief Officer is responsible for determining the general budget strategy and issuing annual guidelines to Members and Chief Officers on:
  - Preparing a detailed revenue budget for the following year.
  - Preparing the MTFP.
  - Preparing the Capital programme.
  - The timetable for preparing and agreeing the Council's revenue and capital budget.

*Altogether better*





# Financial Procedure Rules

- The guidelines will take account of:
  - Council priorities.
  - Spending pressures.
  - What funding is available.
  - What level of reserves are available.
  - The affordability, sustainability and prudence of capital investment plans.

*Altogether better*



# Financial Management Standards (FMS)

- Financial Procedure Rules provide the overall high level framework for managing the Council's financial affairs and FSM set out in more detail how these procedures will be implemented to embed sound financial management across the Council.
- FMS cover 22 functional areas including Budget Monitoring and Reporting, Accounting Policies, Risk Management, Audit Requirements and Debt Recovery. Access to the FMS can be found on the Intranet.
- One of the FMS relates to Budget Preparation and MTFP. This provides an operational overview of the process and identifies the key responsibilities of the Chief Finance Officer, Corporate Directors and the Finance function.

*Altogether better*



# Development of 2014/15 Budget and 2014/15 to 2016/17 MTFP

## Cabinet 17 July 2013

- Aim – to develop the MTFP (4), Council Plan and Service Plan delivery frameworks. Includes a high level timetable for the process.
- Refresh the MTFP (4) Model (copy circulated separately) by:
  - Reviewing base budget pressures
  - Assessing the impact of Government announcements (March 2013 Budget Statement and 2015/16 Spending Round) on the forecast level of Government grant.
  - Identification of additional budget pressures.
- Update on options to eradicate 2014/15 base budget shortfall of £2.8m.

*Altogether better*



## Development of 2014/15 Budget and 2014/15 to 2016/17 MTFP

- Development of Council Plan/Service Plans
- MTFP / Council Plan timetable which included:
  - Consultation process
  - Equality considerations
  - Timing of Government announcements
  - Development of Capital programme
  - Timing of Overview and Scrutiny overview process

*Altogether better*



# Development of 2014/15 Budget and 2014/15 to 2016/17 MTFP

## Cabinet 9 October 2013

- Update on impact of 2015/16 Spending Round and the 2014/15 and 2015/16 Local Government Finance Settlement consultation.
- Increase in savings requirements (2011 – 2017 savings target increased from £188m to £222m).
- 2014/15 Base Budget shortfall now reduced to £0.78m.
- Additional savings target of £15m for 2015/16.
- Still a forecast £63m savings shortfall for 2014 – 2017.

*Altogether better*



# Development of 2014/15 Budget and 2014/15 to 2016/17 MTFP

## Cabinet 18 December 2013

- Detail of actual Finance Settlement for 2014/15 and provisional for 2015/16 (hopefully).
- Findings from Autumn Consultation process.
- Update of MTFP (4) Model.
- Update on Equality Impact Assessment.
- Risk Assessment.

*Altogether better*



# Development of 2014/15 Budget and 2014/15 to 2016/17 MTFP

## Cabinet 12 February 2014

- 2014/15 Revenue Budget
- Council Tax
- MTFP (4) for 2014/15 – 2016/17
- Capital Budget
- Service commentary on savings proposals
- Separate report on HRA

*Altogether better*



# County Council

## 26 February 2014

- Approval of the following:

|                               |  |
|-------------------------------|--|
| • 2014/15 Budget and MTFP (4) | • Prudential Indicators / Treasury Management Strategy |
| • Savings and Investments     | • HRA Budget   |
| • Council Tax                 | • Local Government Act 2003 – Section 25 Reports       |
| • Reserves Policy             |  |

*Altogether better*

