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Budget Setting and Effective Challenge

LGA Independent Group
Information & Development Seminar
Thursday 7th January 2020

Session Plan

1. The big picture
2. Effective Challenge
3. Brighton and Hove Case Study
3. Open Discussion





The Big Challenges

- Covid
- The EU deal
- Social Care
- Housing/Homelessness
- Climate Emergency
- Health
- Infrastructure

Proposed Local Government Funding

- **£2.2 billion** increased core spending in 2021/2022
- **£1.5 billion** COVID-19 Pressures
- **£300 million** Adult and Children's Services
- **£622 million** New Homes Bonus
- **£2.2 billion** to increase school budgets
- **£730 million** for Special Education Needs and Disabilities
- **£650 million** Compensation for under-indexing business rates multiplier
- **£85 million** Rural Services Delivery Grant
- **£20 million** Safer Streets Fund
- **£670 million** Local Council Tax Support
- **£15 million** Redmond Review
- **£0.00 ?? Public Health**

Do we have the Solutions?

- **Full Business Rates Retention**
- **Social Care Green Paper**
- **Fair Funding Review**
- **Tourist Tax**
- **Local Income Tax**
- **Devolution**
- **UK Shared Prosperity Fund**



Budget Setting – why is it so important?

- Sets the basis for service delivery over the next year
- Includes budget cuts
- Needs to meet statutory obligations first
- Revenue, Capital & Reserves
- Forms the level of Council Tax
- Needs to be accountable to Members and the public



Budget Setting – roles

- The role of Administration
- The role of Officers
- The role of Opposition
 - Effective challenge – to Members and Officers
 - Scrutiny
 - To hold to account
 - Provide an alternative budget



How to prepare and deliver an alternative budget proposal

- Consider the Administration Budget
- Involve all group members
- What are your priorities?
- Consider your options
- Formulate your costings
- Register your budget amendments
- Publicity & Communications



- *Consider the Administration Budget*

- What are the weaknesses?
- Does it all stack up?
- Does it reflect the priorities of residents?
- Is there scope for increased savings on specific items?
- Effective Challenge - again!

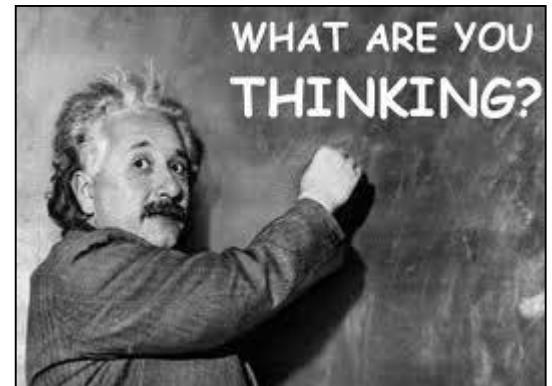
- *Involve all group members*

- Use the expertise of all members and keep them updated
- Avoid a 'closed shop' approach – Listen!
- Where appropriate, keep it confidential
- What about working with other opposition groups or members?
- What do you consider your priorities?
 - Draw up a long list
 - Consult
 - Draw up a short list

TOP-TIP BE REALISTIC

- *Consider your options*

- Are they deliverable?
- What are the strengths and weaknesses?
- What are the service implications/risks?
- What are the political implications/risks?
- Would it gain support from other opposition groups?
- Where would the Administration find fault?
- Invest to Save?
- Capital Programme
- Commercialisation
- Make it balance?



- *Formulate your Costings*

- Consult with Director of Finance
- It needs to pass the 'robustness' test
- Are there ongoing costs?
- Are there redundancy costs?
- Calculate pay-back for investment to save
- What are the financial risks?



- Register your budget amendments

- Make sure you adhere to the timetable
- Involve all group members again!
- Check with Director of Finance before submitting
- Start working on your presentation for Budget Council!

Register Now

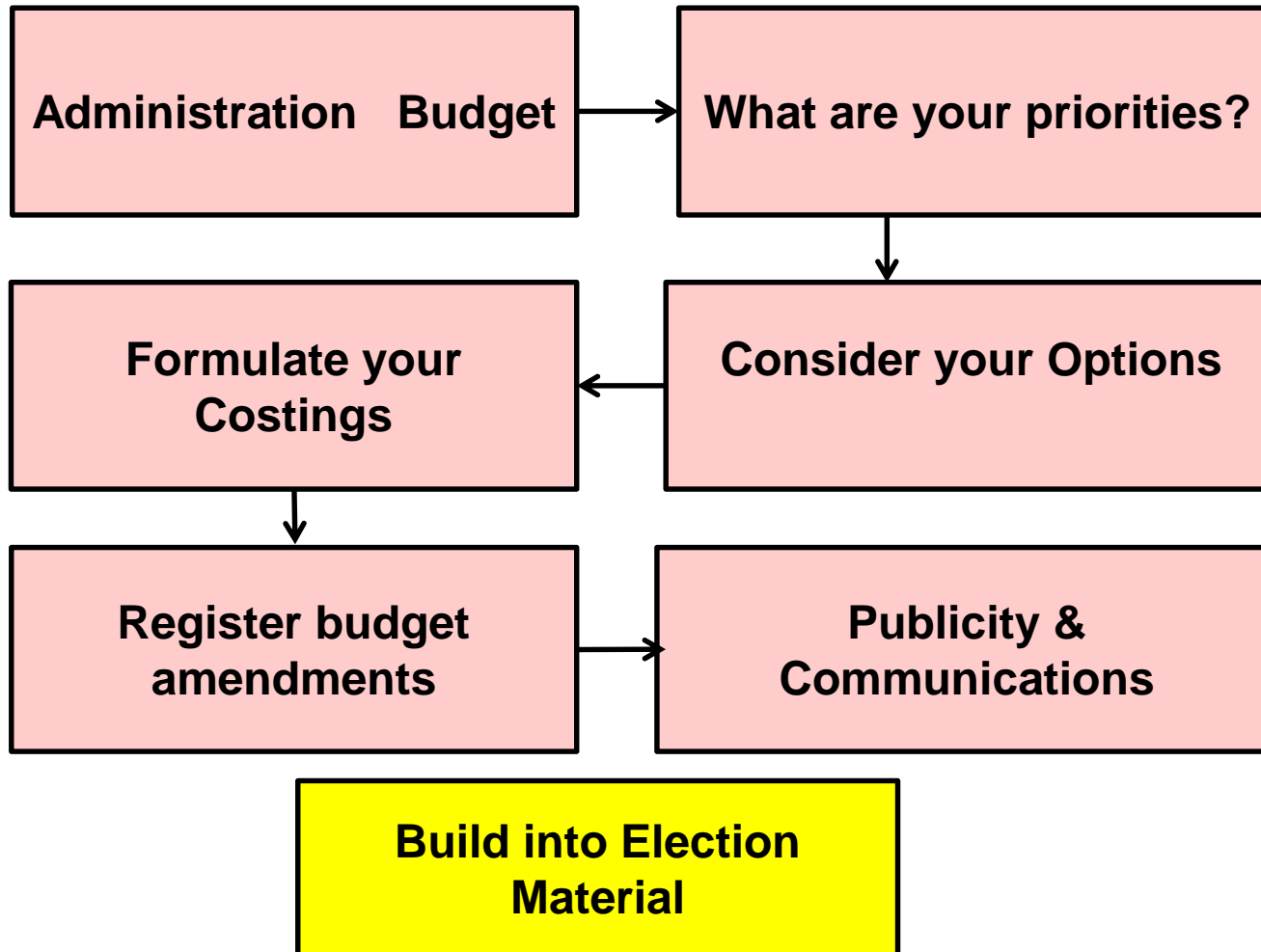
- *Publicity & Communications*

- Communications are all important!
- Who will see this? Who do you want to see this?
- Organise press releases
- Prepare your speeches!
- Give advance copies of your budget speech to press
- Follow up afterwards

“By failing to prepare, you are preparing to fail.”

Benjamin Franklin

A plan!



- *Examples (1)*

■ Brighton & Hove Council - Green Party

- Increase fees & charges to raise £643,000
- Reverse savings of £643,000 in housing support, third sector investment, buses and fund contract management capacity
- <https://www.brightonhovegreens.org/news/2017/02/21/green-proposals-for-city%E2%80%99s-budget-released/>

■ Havering LB – Residents' Association

- Savings on Interest receipts, contingency & allowances - £450,000
- 3% reduction in consultancy budgets - £50,000
- Spend on flood prevention, Christmas Park'n'Ride, Community Support Bank, Promoting Business Growth - £450,000
- Reverse saving on turning off street lights - £50,000

- Examples (2)

- Street Sweeping – employ a rapid response team (£120k)
- Bank Holiday Parking (£20k)
- Council Tax discounts for volunteers (£30k)
- Fly-Tipping ‘Operation Themis’ (£50k)

- Appointment Freeze for three months (- £300k)
- Early payment discounts (-£100k+)
- Review of Members Allowances (-£50k)

- *Questions, questions, questions*

- How robust is scrutiny, do you receive regular briefings and regular oversight of budget reports and projected spends and pressures?
- Are you effective in undertaking financial scrutiny and how good are you at Audit?
- How robust are you at actually questioning and challenging?
- What about policy decisions? Do you undertake impact assessments? Are they delivering the expected outcomes, is there an overspend or perhaps a revenue deficit that needs reviewing.
- What conversations are you having with your partners?
- And finally how sound are your communications skills and active responses to public negativity, which will be inevitable when services are cut, changed or lost as a consequence?