

Governance, Risk and Best Value Committee

10.00am, Tuesday 1 August 2023

Lessons Learned Exercise on the 23/24 budget setting process – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Lessons Learned Exercise by the Corporate Leadership Team on the 23/24 budget setting process following an update from Internal Audit.

Dr Deborah Smart
Executive Director of Corporate Services

Contact: Taylor Ward, Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: taylor.ward@edinburgh.gov.uk

Referral Report

Lessons Learned Exercise on the 23/24 budget setting process

2. Terms of Referral

- 2.1 On 20 June 2023, the Finance and Resources Committee considered a report on the Lessons Learned Exercise on the 23/24 budget setting process. The report set out the work and subsequent recommendations of the review of process undertaken by the Corporate Leadership Team (CLT).
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To offer budget training for all Councillors.
 - 2.2.2 To start the budget process, particularly identifying change proposals, earlier in the year, before summer recess.
 - 2.2.3 To build in additional support and regular meetings with each political group through the autumn and winter.
 - 2.2.4 That where possible, proposals should be taken through the relevant Executive Committee.
 - 2.2.5 That a report is taken to Council in September to amend standing orders to alter the deadline for budget motions to a week and a day before Council.
- 2.3 To refer the report to Internal Audit and for a subsequent update from them to go to Governance Risk and Best Value Committee in August.
- 2.4 To note that in March Full Council approved a motion requesting that all Councillors be consulted on the budget process and that officers report – either as part of an audit or independently – on the budget process undertaken by other Council across Scotland in order to inform our own potential budget process reforms.
- 2.5 To note, in March, Policy and Sustainability Committee approved a motion instructing officers to include feedback on groups' experience around using the climate impact statement template as part of the post budget review.
- 2.6 To note that these decisions would be taken forward through the parallel internal audit process.
- 2.7 To add a clear timeline setting out key milestones in the budget process, and who is responsible for making sure they are met.

- 2.8 To request that this timeline includes opportunities for all parties to meet following the submission of budget motions.

3. Background Reading

- 3.1 Finance and Resources Committee – 20 June 2023 - Webcast
3.2 Minute of the Finance and Resources Committee – 20 June 2023

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Tuesday, 20th June 2023

Lessons Learned Exercise by CLT on the 23/24 budget setting process

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1. To agree the changes to the budget process for 24/25 set out in section 3 of this report which are:
 - 1.1.1. To provide budget training for all Councillors.
 - 1.1.2. To start the budget process, particularly identifying change proposals, earlier in the year, before summer recess.
 - 1.1.3. To build in additional support and regular meetings with each political group through the autumn and winter.
 - 1.1.4. That where possible, proposals should be taken through the relevant Executive Committee.
 - 1.1.5. That a report is taken to Council in September to amend standing orders to alter the deadline for budget motions to a week and a day before Council.
- 1.2. To refer this report to Internal Audit and for a subsequent update from them to go to Governance Risk and Best Value Committee in August.

Dr Deborah Smart

Executive Director of Corporate Services

Contact: Deborah Smart, Executive Director of Corporate Services

E-mail: Deborah.Smart@edinburgh.gov.uk



Finance and Resources Committee

Lessons Learned Exercise on the budget process

2. Background

- 2.1. Following the budget setting process for 23/24, Governance Risk and Best Value Committee asked CLT to review the process followed and provide recommendations that would strengthen and improve the process for 24/25. This report sets out the work undertaken and subsequent recommendations.

3. Main report

- 3.1. The Executive Director for Corporate services reviewed the process followed internally and then met with all political groups individually to discuss their perspectives on the budget process conducted during 2022 and 2023. Areas of consensus emerged where the process for 23/24 could be strengthened. These are discussed briefly below.
- 3.2. Provide budget training for all Councillors.

Budget training should be provided and open to all councillors. This would include re-running some of the training provided as part of member induction. Training should be focused on supporting councillors to understand some of the technical aspects of council finance as well as how directorate budgets are currently structured and allocated.
- 3.3. Start the process earlier.

Make sure the initial report that outlines the budget gap for the following year and the Medium-Term Financial Plan (MTFP) continues to be presented to Finance and Resources committee before summer recess so there is as much time as possible for members and officers to work on closing the gap. Begin to work through proposals with political groups as soon as possible in the budget cycle. Concentrate on proposals that close the gap for subsequent years so the focus moves from finding in-year savings to a more medium-term transformational approach supported by a workforce plan.
- 3.4. Build in support and regular meetings with each political group through the autumn and winter.

While political groups already have support from finance colleagues, it was recognised that support from the strategy team would also be beneficial. This

would strengthen approaches to assessing climate impacts and IIA for budget proposals and improve understanding and scheduling of consultation with the public and Trade Union colleagues if required. Regular meetings for each political group with Executive Directors should also be scheduled through the Autumn and Winter to allow detailed discussion of proposals coming forward.

3.5. Where possible proposals should be taken through Executive Committees.

Reflecting on the budget process for 23/24 it was felt that some proposals would have benefited from discussion and agreement at the relevant executive committee before being either agreed and reflected in the MTFP or referred to F&R for consideration.

3.6. The deadline for budget motions should be moved forward to a week and a day before Council.

Reflecting on the budget process for 23/24 it was felt that allowing more time would be beneficial and therefore the deadline for budget motions should be brought forward by a week and a day before Council.

4. Financial impact

4.1. There are no direct financial implications associated with the changes proposed, as these can be accommodated from existing resources.

5. Stakeholder/Community Impact

5.1. Not applicable.

6. Background reading/external references

7. Appendices

7.1. Not applicable.