

Eden District Council
Finance Scrutiny Committee

12 July 2022

**Terms of Reference and Proposed Business for the
Municipal Year**

Portfolio:	All Portfolios
Report from:	Interim Director of Resources
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To set out the Finance Scrutiny Committee Terms of Reference and highlight the proposed business for the Committee for the municipal year 2022/23.

2 Recommendation

It is recommended that the Committee note the report.

3 Report Details

- 3.1 The Finance Scrutiny Committee (previously named Budget Planning Committee) was set up in April 2020 from the recommendation of the Budget Scrutiny Group approved by Full Council in February 2020.
- 3.2 The main role of the Finance Scrutiny Committee in previous years has been to consider the Medium Term Financial Strategy and undertake scrutiny on the budget setting process.
- 3.3 Local Government Reorganisation (LGR) means those activities will not need to be undertaken for EDC this year.
- 3.4 The Shadow Authority is responsible for the strategy and budget setting and has its own scrutiny committees for overseeing the process. It is however proposed to bring regular informal reports outlining the work that the Finance Theme Board is undertaking as a way of updating the Committee on progress through the LGR process.
- 3.5 This report sets out the terms of reference for the Committee setting out the key business for the municipal year along with a short commentary.

Terms of Reference

- 3.6 There is no need to amend the Terms of Reference as *Oversee the implementation of any financial reform that will significantly affect the Council* is one of the roles of this Committee. The Terms of Reference are attached at Appendix 1.
- 3.7 The Terms of Reference for Budget Monitoring, Treasury Management and the proposal for LGR are explained below:

Budget Monitoring for 22/23

- 3.8 Budget monitoring reports are produced on a quarterly basis and set out the year to date and projected outturn for both revenue and capital budgets.
- 3.9 Monitoring and management of budgets is key to ensure that expenditure is as anticipated or to understand the reasons where budgets have major variances.
- 3.10 The first quarter's monitoring will be presented to the Committee in September.

Treasury Management

- 3.11 The treasury management function is fundamental to the council's budget and financial control.
- 3.12 There are two statutory reports presented each year for treasury management. The annual report, which is presented to Council in February along with the budget, and a mid-year report, presented to Council in October/November.
- 3.13 The annual report looks forward at the strategy for the upcoming year and as such the report in February will be the responsibility of the new Council.
- 3.14 The mid-year report considers the performance in the first half of the year on Treasury Management and whether any material changes are required to the Strategy or Plan. This will be presented to this Committee in October.

Local Government Reorganisation

- 3.15 The plan is to bring informal progress update reports from the work being undertaken by the Finance Theme Board.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative

- 4.2 This report meets sustainable corporate priority

5 Consultation

- 5.1 The Terms of Reference have been developed in accordance with the resolution of Full Council on 27 February 2020. No further consultation has taken place.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.
- 6.1.2 There are no proposals in this report that would reduce or increase resources.

6.2 Legal

6.2.1 There are no legal implications arising from this report.

6.3 Human Resources

6.3.1 There are no human resource implications.

6.4 Environmental

6.4.1 Printing of meeting agendas and travel to meetings will create an environmental impact. No other implications arising from this report.

6.5 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	None arising from this report
Health, Social Environmental and Economic Impact	None arising from this report
Crime and Disorder	None arising from this report
Children and Safeguarding	None arising from this report

6.6 Risk Management

Risk	Consequence	Controls Required
Reputational risk to Council – scrutiny of the Council's budget is a vital part of transparent governance	Inadequate Terms of Reference could undermine public confidence in the effectiveness of the Council	Approval by the Full Council

7 Other Options Considered

7.1 No other options were considered

8 Reasons for the Decision/Recommendation

8.1 To set out the Terms of Reference for the Committee and to provide a framework for the Finance Scrutiny Committee which will enable strategic oversight of the Council's Budget.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	29 June 2022
Monitoring Officer (or Deputy)	4 July 2022
Relevant Assistant Director	N/A

Background Papers: **None**

Appendices: **Appendix 1 – Budget Planning Committee Terms of Reference**

Contact Officer: **Paul Sutton, Interim Director of Resources**

Finance Scrutiny Committee – Terms of Reference

9 Members

The Finance Scrutiny Committee will consist of nine Members, and will have responsibility for overseeing the Council's budget and treasury management functions throughout the year. This will include responsibility for scrutinising the Council's Budget and Budget preparation process. This Committee will meet at least quarterly.

Terms of Reference

The Finance Scrutiny Committee is a committee of Council and will make recommendations to the Cabinet as appropriate within its terms of reference.

The Committee will:

- Provide strategic overview of all matters that could significantly impact upon the finances of the authority
- Oversee the implementation of any financial reform that will significantly affect the Council
- Consider the impact of business and housing growth in the district and estimate the financial impact of such growth;
- Be responsible for supporting and scrutinising the budget setting strategy and process for:
 - the general fund
 - capital programme
 - assets
 - treasury management
 - reserves
 - investments
 - recommending the Committee's preferred option, for formal considerations by Cabinet, in light of the Council's stated priorities
- Consider quarterly revenue and capital budget monitoring reports;
- Consider the medium term planning horizon, including the Council's medium term financial strategy and plan

- Consider how the Council respond to changes in the way the council is funded, value for money and other legislative initiatives and reforms;
- Innovate and challenge the way the Council manages its budget and financial affairs.