

OVERVIEW & SCRUTINY BUDGET CONSULTATION REPORT

SUMMARY

The Combined Authority is required to set out its Budget on an annual basis, and to consult publicly before its submission to Cabinet. The draft Budget and Investment Plan documents were presented to Overview & Scrutiny Committee at their meeting on 30th November 2017 to allow consultation with the Committee to commence. Following this meeting the Overview & Scrutiny Committee set up a task and finish group, consisting of 4 members of the full committee, to allow them to focus on the budget in more detail and conduct a full analysis of the draft documents.

The task and finish Group met on 7th December where they presented a number of questions to the Managing Director and Finance Director with regard to the budget and Investment Plan. The session allowed the questions to be answered in detail and further information to be provided where necessary.

This report details the findings of the task and finish group and their consultation response to be provided to Cabinet at their meeting on 5th February 2018

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- Note the process undertaken by the task and finish group to scrutinise the budget.
- Note the conclusion of the Overview & Scrutiny Committee that the budget should be supported
- Note the issues raised by the Committee in discussion with officers, as set out in this report.

DETAIL

1. The Overview & Scrutiny Committee agreed to establish a small task and finish group to focus on the budget in detail, and to report back to the main Committee.
2. The task and finish group was chaired by Councillor Ian Haszeldine. The other members of the group were Councillor Denise Rooney, Councillor Heather Scott and Councillor Derrick Brown.
3. The task and finish group met on 7th December, after studying the draft documents in detail. At this meeting they were able to question the Managing Director and Finance Director around the proposed budget and the detail of this.

4. The task and finish group put forward a list of the questions for response by the Managing Director and Finance Director. To ensure transparency the full list of these questions and the responses provided was published alongside the report for the Committee meeting on 16th January 2018
5. Following the question and answer session the members of the task and finish group agreed that they were satisfied with the responses given and now felt they had a good understanding of the budget and the investment plan.
6. The Chair closed the session thanking everyone for their time and relaying that the group were satisfied with the responses and had no further areas that they felt needed to be examined in relation to the budget and investment plan at this time
7. A report from the task and finish group was drafted and taken to the meeting of the Overview & Scrutiny Committee on 16th January 2018. This meeting allowed the full committee to review the findings of the task and finish group and put forward any final questions they may have to the Managing Director and Finance Director.
8. At the full committee meeting and after reflection on the report some further detail around a couple of areas of the budget was requested. The Committee debated the following topics:
 - Durham Tees Valley Airport – The Committee understood that although there is £500,000 set aside for the airport project modest financial commitments have been made so far. They were advised that £46,000 has been spent to date and this has been on financial and legal advice, which was necessary to ensure that any future decision on how to proceed is a fully informed decision. The Committee discussed whether £500,000 was too much given the uncertainty of the project but agreed to support this figure providing they could be given further information on the work carried out to date and the findings of the research. It was agreed that a meeting would be scheduled in the near future to give the Committee further information on the airport project.
 - Staffing of the Combined Authority – It was explained to the Committee that the reason why staffing in some specific areas has significantly increased for the forthcoming financial year is due to additional resources coming into the Combined Authority through devolution, and an expansion on the work of the Combined Authority. It was accepted that the staffing increase is necessary as it is not to deliver existing responsibilities but is due to new responsibilities previously carried out by Central Government.
 - Delegated Decisions – The Committee debated the financial level of the agreed delegated decisions and whether this had been set too high. The criteria around these decisions and the process to be followed was explained. The Committee felt that the delegated decision limit was acceptable but that they should be given clearer visibility of these decisions and be informed of them in the same way as key decisions. It was agreed to include any delegated decisions as an item on future agendas of the Committee.

- Quarterly Financial Updates – the Committee requested that they be presented with quarterly updates of Combined Authority expenditure to allow them to track the use of the budget throughout the year and understand where funds were being utilised. It was agreed that this can be carried out and the budget updates will be added to the Forward Plan for the Committee.
9. The Committee were content with the information provided by officers and agreed to endorse the budget proposals, subject to some amendments to improve transparency on specific issues.

FINANCIAL IMPLICATIONS

10. The final published report will set the budget for the Combined Authority.

LEGAL IMPLICATIONS

11. As a Mayoral Combined Authority we are legally required to set a budget for the coming financial year and a Medium Term Financial Plan covering the coming financial year and the three years thereafter. Under our constitution, we are also required to have an Investment Plan.

RISK ASSESSMENT

12. This Budget is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION

13. Consultation was undertaken with the public and key stakeholders for a period from 24th November 2017 to 5 January 2018.

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