

Local government financial overview 2016/17

Supplement 1 Scrutiny tool for Councillors

This scrutiny tool captures a number of potential questions for councillors and relates to our report *Local government in Scotland Financial overview 2016/17*.

It is designed to provide councillors with examples of questions they may wish to consider to help them better understand their council's financial position and to scrutinise financial performance.

How well informed am I?		
Questions for councillors to consider	What do I know?	Do I need to ask further questions?
Budget setting (paragraphs 65–68 and 76–80)		
1. Does your council have a medium term financial strategy aligned with corporate objectives?	Yes; presented in papers for Special Council 20 February 2018	Gaps in understanding - briefing would assist
2. How does annual budget setting link to medium term financial planning?	5-year revenue financial plan and 10-year capital financial plan	Need greater explanation as new members have not been through full cycle
3. How is your council preparing for any further real terms reduction in Scottish Government funding?	Special Council 20 February 2018 papers - financial planning assumptions	
4. If your council plans to raise council tax do you know how much it will raise? How will you communicate and explain the reasons for the rise to constituents?	Yes. Will refer to Budget statement and Council Tax leaflet issued to households.	
5. What impact will savings have on the delivery of services? What are the potential risks?	Don't know about effect on delivery of services. Financial Risk Register included within budget papers.	

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Financial and savings plans (paragraph 69–80 and 86)		
6. What is your council's financial position? What particular challenges does the council face?	Special Council 20 February 2018 papers - financial planning assumptions	
7. Does your council have a savings plan? What are the options to close future funding gaps?	Corporate Transformation Programme presented at Special Council 20 February 2018 alongside financial plans	
8. What measures in the council's corporate and transformational plans are aimed at addressing the underlying demand for some services?	Aware of impact of demographics on financial and other plans though demand analysis not clear. Reference in Corporate Plan.	Requires to be more explicit
Reserves (paragraphs 36-48)		
9. What is the council's reserves policy?	Special Council 20 February 2018 papers includes reserves statement; 50% risks covered by Reserves according to Financial Risk Register included within budget papers.	Gaps in understanding - briefing on Reserves nos. 9-13 by CFO would assist
10. What have reserves been used for in recent years? Supporting services and bridging the funding gap or transforming services?	Emergencies - sometimes cash flow pending Bellwin Scheme claim	
11. What are the different types of reserves your council holds? Do you know what these can be spent on?	Unallocated and allocated for specific purposes	
12. What is the likely use of reserves for 2017/18? How does this compare to forecast funding gaps?	Balancing spend over 2 years	
13. What are the levels of reserves held by your council's IJB? Are these in line with the IJB's reserve policy?	Don't know	

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Levels of debt and affordability (paragraphs 49–54)		
14. What share of your council's budget is taken up with interest payments and debt repayment?	Set out in Treasury Management Strategy	
15. What proportion of the council's debt is linked to inflation (ie, subject to indexation)? What does that mean for longer term affordability?	Set out in Treasury Management Strategy	
Budget outturn reports and management commentaries		
16. Do budget monitoring reports clearly explain performance against plans and any changes to plans?	Yes; revenue and capital budget monitoring reports to Executive Committee	
17. Do management commentaries clearly explain council performance and any changes to plans?	Not so clear from financial reports Performance Monitoring reports and Corporate Transformation progress reports presented quarterly to Executive Committee.	
Financial scrutiny (paragraph 84)		
18. What additional training would you like to receive to develop your knowledge and skills in financial scrutiny?		Briefings on reports in advance; Refresh required on TM for A&SC prior to consideration of next TM report
Charging for services (paragraphs 23–26)		
19. Does your council have a charging policy? Is this in line with corporate plans and objectives? When was this last reviewed?	Yes; Fees and Charges papers considered at Special Council 20 February 2018	
20. What information do you need to be able to explain increases in fees and charges to your constituents?	Explanations provided within Fees and Charges report	

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Exit packages (paragraph 40–42)		
21. Are staff severances in line with the council's workforce plan?	Don't know	A&SC will rely on assurance work on Workforce Planning included in Internal Audit Annual Plan 2018/19
22. How does the council ensure that councils have the capacity to delivery transformational change?	Due diligence on corporate Transformation Programme; Corporate Transformation staff resources.	
23. Do you know the implications of your council's pension liabilities of staff retiring early?	Information included within ERVS reports to Council	
Capital programmes (paragraphs 31–33 and 65–66)		
24. How clearly does the council's capital programme link with the asset management plan and corporate objectives?	Note from the Internal Audit report on Capital Investment that strategic asset management plans for all asset classes are not yet in place. Corporate Plan and Capital Financial Plan indicate links to corporate objectives and priorities.	
25. Has non-delivery of the capital programme (ie, slippage) been significant at your council in recent years? Why?	Capital budget monitoring reports to Executive Committee provide explanations of slippage; acknowledge that the capital programme is ambitious; External Audit reports have highlighted level of slippage in previous years.	