



Report of the
**Budget and Medium-Term Financial
Strategy Task and Finish Group**

January 2026



Report of the Budget and Medium-Term Financial Strategy (MTFS) Task and Finish Group to the Corporate Scrutiny Committee, 19 January 2026

Contents

Chair's Introduction	3
Recommendations	4
Background	5
Remit of the Review	5
Structure of the Review	6
Witnesses	7
Findings	7
Ongoing Budget Scrutiny	7
The Budget-setting Process	9
Adult Social Care	10
Member Training and Development	10
Communications and Engagement	11
Tracking Progress	12
Next Steps	13
Glossary	13
Background Papers	14

Task and Finish Group Members



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(Chair)



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Chair's Introduction

Councillor Anna Baxter

I am pleased to share with the committee the findings of the Budget and Medium-Term Financial Strategy (MTFS) Task and Finish Group.

Firstly, I would like to thank everyone involved in this review: the members of the cross-party task group, who worked collaboratively in sharing their experiences; and the officers for their support with the task at what is a very busy time for them. I am also grateful for the support of the Executive Member and her commitment to open and transparent budget processes.

Our role was to provide financial scrutiny of the budget and MTFS by reviewing the process of engaging residents and businesses with the council's budget proposals, as well as the process of how the MTFS is used to inform budget setting.

Given the limited time available before the budget is considered by Council, we decided to focus on a small number of key issues.

This report sets out our recommendations and how we believe we can move forward, while acknowledging the funding gap that makes medium and long-term planning a significant challenge requiring difficult choices to be made to ensure the delivery of a balanced budget that provides best value and meets the needs of our residents. The recent government announcement of a consultation and a multi-year funding settlement for local government, (covering 2026-27 to 2028-29), should help improve the Council's ability to plan ahead.

Recommendations

1. That the Budget and Medium-Term Financial Strategy (MTFS) Scrutiny Task and Finish Group is re-established for the start of the next Municipal year, with a continued focus on the MTFS, the budget setting process, and the form that scrutiny of these should take.
2. That the re-established Task and Finish Group reviews the format of budget and budget monitoring reports with a view to ensuring greater accessibility and a sufficient level of detail to understand the impact of decisions taken on the budget.
3. That the Corporate Scrutiny Committee recommends to the Council's Executive that the budget-setting process commence earlier in the municipal year, to enable proposed savings to be shared sooner with Elected Members and the Task and Finish Group, allowing for greater engagement and more in-depth scrutiny of the proposals to better inform recommendations to the Executive.
4. That the Corporate Scrutiny Committee and the People Scrutiny Committee establish a standing joint Task and Finish Group to review the financial challenges within Adult Social Care on a regular basis.
5. That the Committee request, as part of the Joint Standards Committee's review of Member training and induction, that the Council looks to provide enhanced training and guidance for Members on the Council's financial position, including capital and treasury management.
6. That the Council identifies ways to further develop the level of communication and engagement with stakeholders and communities on the reality of the budget situation affecting the Council, which includes encouraging feedback aimed at increasing responses as part of the budget consultation process.
7. That the level of progress made against the recommendations will be reviewed by Corporate Scrutiny Committee as part of an agreed tracking process.

Background

As noted by the Centre for Governance and Scrutiny (CfGS), the ability to engage with financial information and the way in which the Council addresses its financial challenges is one of scrutiny's most pressing tasks. The need to develop a structured approach to budget scrutiny was one of the areas highlighted by the CfGS in its review of City of York Council's scrutiny function during the 2024/25 municipal year, with its final report recommending:

'Scrutiny taking a more deliberate and planned approach to budget scrutiny through the year. This should include a focus upon service delivery beyond finances.' (CfGS, Scrutiny Impact Report: City of York Council, recommendation 5).

This recommendation was approved by Full Council in March 2025. The CfGS report noted that while scrutiny had had the opportunity to review, for the first time, the results of the budget consultation for the 2025/26 budget in November 2024, there was a need to focus on ensuring effective resource management by reviewing the allocation, monitoring and use of resources, paying close attention to the Council's budgeting process from planning to delivery. Scrutiny could add value by looking at how financial and service planning fit together, and by focusing on the bigger picture rather than small details.

Remit of the Review

At the Corporate Scrutiny Committee meeting held on 9 June 2025, members considered a report of the Director of Finance outlining the Council's annual budget setting process, including the role of the Medium-Term Financial Strategy (MTFS) in projecting forward likely income and expenditure over the next three years.

The report noted the importance of financial scrutiny in ensuring clear links between budget setting and strategic plans, identifying evidence-based options for reducing costs, generating income or introducing new models of delivery, challenging the allocation, use and impact of resources, and providing an additional and transparent challenge to the Executive's management of Council's finances. It was suggested that a Task and Finish Group (TFG) could be formed to review the MTFS and the budget process, to help shape, before public consultation, the proposals being consulted on, and after public consultation to review the outcomes and make suggestions to Executive about how to proceed.

The Committee resolved to establish a TFG to provide financial scrutiny of the budget setting process and the MTFS. A formal TFG proposal was brought to the Committee's next meeting held on 7 July 2025 and following amendments by the Committee, the aims and objectives of the proposal were agreed as follows:

- Review the council's MTFS.
- Review the process through which the council will engage with residents, businesses and other stakeholders as it develops and engages on its 2026/27 budget proposals.
- Review the process through which the MTFS informs the approach to budget-setting.
- Consider whether and how the budget proposals align with the Council Plan and the ten-year strategies.
- Review responses to the public consultation on budget proposals and consider any recommendations to Executive.
- Consider any improvements to the budget-setting process which could be adopted for future years.

The initial timeline proposed involved reviewing the MTFS and the budget-setting process by 30 September 2025; reviewing budget proposals prior to public consultation; and following the public consultation, reviewing the outcomes and making suggestions to Executive about how to proceed, for the Corporate Scrutiny meeting 17 January 2026.

The membership of the TFG was agreed in early August 2025.

Structure of the Review

The Task and Finish Group held five in-person meetings as below:

- 4 September 2025
- 6 October 2025
- 3 November 2025
- 10 November 2025
- 5 January 2026

Witnesses

The Group would like to thank all the witnesses who provided evidence:

- Cllr Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion
- Debbie Mitchell, Director of Finance and Section 151 Officer
- Patrick Looker, Assistant Director of Finance
- Mike James, Head of Communications and Engagement
- Steve Tait, Finance Manager for Adult Services

Findings

The Group began its work in September 2025, and owing to the limited time available decided to prioritise several key areas, including developing an understanding of the MTFS and the potential impact of the Government's Fair Funding Review, the process of consultation with residents and businesses around budget proposals, cost pressures around Adult Social Care, and capital investment.

From this work, the Group has agreed seven recommendations as detailed below, based on its findings in relation to ongoing budget scrutiny, the budget-setting process, Adult Social Care, member training and development, communications and engagement, and tracking progress made against these recommendations. Taken together, while acknowledging the pressures under which the Council operates, the recommendations aim to contribute to the development of a structured and consistent approach to budget scrutiny which can be carried forward into the new municipal year and beyond.

Ongoing Budget Scrutiny

As part of their work the Group reviewed guides to best practice in financial scrutiny produced by the CfGS, the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Local Government Association (LGA). It was clear that a structured, regular approach across the budget cycle should form part of any best practice financial scrutiny. Budget scrutiny should function as a 'rolling programme', based on early and ongoing engagement across the budget process, examining the assumptions behind emerging budget proposals rather than being confined to querying individual budget lines later in the year.

The Group also considered best practice examples from other local authorities, noting the broad range of approaches taken to budget scrutiny.

Re-establishing the Budget and Medium-Term Financial Strategy Task and Finish Group for the next municipal year would enable the work of scrutinising the budget setting process and the MTFS to continue in a structured way from early in the process. This would contribute to developing the ‘deliberate and planned approach to budget scrutiny through the year’ recommended by the CfGS. The re-established TFG would also provide an opportunity to review the most appropriate form for budget scrutiny at City of York Council.

Recommendation 1

That the Budget and Medium-Term Financial Strategy (MTFS) Scrutiny Task and Finish Group is re-established for the start of the next municipal year, with a continued focus on the MTFS, the budget setting process, and the form that scrutiny of these should take.

Although members were unable to spend time examining the budget documentation in detail, the Group noted that the published budget and budget monitoring information could, subject to available resources, be presented in ways that made them more accessible to residents, with clearer labelling and more detailed explanations on the reasoning behind the decisions being made. This would enable residents and members to gain a clearer understanding of the impact of decisions taken on the budget. Greater use could also be made of available comparative data, for example, from previous years.

A re-established TFG would provide a suitable opportunity for a review of the format of budget and budget monitoring reports.

Recommendation 2

That the re-established Task and Finish Group reviews the format of budget and budget monitoring reports with a view to ensuring greater accessibility and a sufficient level of detail to understand the impact of decisions taken on the budget.

The Budget-setting Process

Best practice guidance suggests that engagement with the budget process early from an early stage makes for more impactful and effective financial scrutiny. In particular, CfGS guidance suggests that scrutiny throughout the budget cycle, as set out below, can help shift the focus away from a line a line-by-line examination of the budget and towards earlier and more strategic engagement with the assumptions that underpin the proposals.

- Early Summer: Understand needs, review Medium Term Financial Strategy (MTFS), assess likely resources.
- Summer into Autumn: Set priorities, begin developing savings and growth proposals (intensive period of activity for Cabinet).
- Autumn into Winter: Publicise proposals, subject them to public debate at scrutiny, and refine.
- Late Winter: Formal budget and policy framework approval at full Council. The budget and policy framework is generally agreed in February. Billing authorities (unitary councils and shire districts) must complete and approve their budgets, and set their council tax, by 11 March. (CfGS, Financial Scrutiny: A Guide for Members, p. 17).

Similarly, guidance produced by CIPFA highlights ways in which scrutiny might engage with the budget setting process and the MTFS across the financial year.

The Group acknowledged the impact of the timing of the Local Government Financial Settlement on the budget-setting process, noting that the recent multi-year settlement should help facilitate an earlier start to the process over the next two budget cycles.

Commencing the budget-setting process earlier in the year would facilitate the embedding of best practice financial scrutiny at the Council by enabling proposals and the assumptions behind them to be shared sooner with Members, facilitate greater engagement and more impactful scrutiny to better inform recommendations to Executive.

Recommendation 3

That the Corporate Scrutiny Committee recommends to the Council's Executive that the budget-setting process commence earlier in the municipal year, to enable proposed savings to be shared sooner with Elected Members and the Task and Finish Group, allowing for greater engagement and more in-depth scrutiny of the proposals to better inform recommendations to the Executive.

Adult Social Care

The Group acknowledged that approximately 40% of the Council's budget is spent on Adult Services. They also noted the cost pressures on this service area, which continue to grow due to increased demand and high staffing costs. It was suggested that the current focus on short-term interventions meant there was a need for a long-term plan within Adult Social Care, noting that City of York Council remained one of the lowest funded local authorities and health economies in the country.

As such it was felt that scrutiny of the financial challenges within Adult Social Care could be usefully undertaken on a regular basis by a smaller group, and that a standing joint Task and Finish Group with the People Scrutiny Committee, under whose remit Adult Services fell, would be the most appropriate way to develop this work.

Recommendation 4

That the Corporate Scrutiny Committee and the People Scrutiny Committee establish a standing joint Task and Finish Group to review the financial challenges within Adult Social Care on a regular basis.

Member Training and Development

All councillors carry the same legal duty to safeguard the interests of local taxpayers in the management of council finances, ensuring that the budget meets community needs and is managed effectively. Through the course of the work, the Group recognised that Members need a sufficient level of knowledge and skills to meaningfully scrutinise financial documents, monitor financial

performance and participate effectively in budget discussions. As the LGA's financial scrutiny workbook explains, Members do not need to be financial experts to carry out effective scrutiny. However, they do need a reasonable understanding of the Council's financial position and the ability to ask relevant questions about it.

The development of suitable training and guidance will enable members to better discharge their responsibilities in this area. It would be appropriate for this to be considered as part of the review of Member development and training currently being undertaken through the Joint Standards Committee.

Recommendation 5

That the Committee request, as part of the Joint Standards Committee's review of Member training and induction, that the Council looks to provide enhanced training and guidance for Members on the Council's financial position, including capital and treasury management.

Communications and Engagement

The Group noted that, with the exception of engaging with businesses in the city, there was no statutory requirement to carry out a comprehensive budget consultation. Part of this year's public consultation would involve an awareness campaign around what the Council does, with case studies re-purposing existing material to convey the breadth of services delivered. It was noted that this aligned with the draft Corporate Communications and Engagement Strategy which was considered by the Corporate Scrutiny Committee in October 2025.

Group Members had a timely discussion with the Head of Communication and Engagement which led to the development of the approach to engaging with residents through the use of bite-size educational videos on the reality of the budget situation affecting the Council using social media platforms. These were delivered by the Executive Member for Finance and aimed to start conversations around council budget priorities.

While noting the limited resources available to the Council's Communications team, it was suggested that the level of communication and engagement with stakeholders and communities could be further developed.

Due to the by-election taking place in the Heworth Ward, Council communications (including around the budget consultation) have been restricted during the pre-election period which began on 8 December 2025 and runs until 15 January 2026. It has therefore not been possible for the TFG to conduct a full review of responses to the public consultation on budget proposals.

Recommendation 6

That the Council identifies ways to further develop the level of communication and engagement with stakeholders and communities on the reality of the budget situation affecting the Council, which includes encouraging feedback aimed at increasing responses as part of the budget consultation process.

Tracking Progress

The Executive / Scrutiny Protocol for City of York Council, which was incorporated into the Council's Constitution following agreement by Full Council in September 2025, states that:

‘Recommendations from Scrutiny will be logged and tracked by Democratic Services and Scrutiny Committees will receive formal reports twice each year on the number of recommendations that have been accepted and incorporated through the decision-making process and the level of progress made against the recommendations.’ (Article 8, Paragraph 14.5.3)

As such progress against the above recommendations should be tracked in this way.

Recommendation 7

That the level of progress made against the recommendations will be reviewed by Corporate Scrutiny Committee as part of an agreed tracking process.

Next Steps

Should the Committee agree to endorse the report and recommendations of the Budget and MTFS TFG, these will be referred to the Executive for consideration.

With reference to Recommendation 1 above regarding the re-establishment of the Task and Finish Group, in order to ensure that this work can be undertaken in a timely and meaningful way and avoid delay, it would be advisable to seek agreement on the membership of the re-established TFG as soon as is feasible.

With reference to Recommendation 4 above regarding a standing joint Task and Finish Group to review the financial challenges within Adult Social Care, the agreement of the People Scrutiny Committee would need to be sought, and a remit agreed.

Glossary

CfGS	Centre for Governance and Scrutiny
CIPFA	Chartered Institute of Public Finance and Accountancy
Democratic Services	A Council function supporting the democratic and decision-making processes.
Executive	The group of councillors appointed by the Leader to take decisions on behalf of the Council.
LGA	Local Government Association
MTFS	Medium Term Financial Strategy
TFG	Task and Finish Group – a cross-party working group set up to look in detail at a topic identified by the relevant scrutiny committee.

Background Papers

Report of the Director of Finance, Budget Setting Process and Scrutiny. Corporate Scrutiny Committee, 9 June 2025,
<https://democracy.york.gov.uk/documents/s183621/Budget%20scrutiny%20June%202025.pdf>

Centre for Governance and Scrutiny (CfGS), *Scrutiny Impact Report: City of York Council* (January 2025),
<https://democracy.york.gov.uk/documents/s182228/Annex%20A%20York%20Scrutiny%20Impact%20Report.pdf>

Centre for Governance and Scrutiny (CfGS), *Financial scrutiny: a guide for members* (November 2023), <https://www.cfgs.org.uk/wp-content/uploads/2023-12-11-Finance-Scrutiny-guide.pdf>

Chartered Institute of Public Finance & Accountancy (CIPFA) and Centre for Public Scrutiny (CfPS), *Financial Scrutiny Practice Guide* (June 2020),
https://www.cfgs.org.uk/wp-content/uploads/Financial-scrutiny-practice-guide_proof3.pdf

Local Government Association, *A councillor's workbook on scrutiny of finance* (November 2017),
https://www.local.gov.uk/sites/default/files/documents/11.85%20A%20councillor%27s%20workbook%20on%20scrutiny%20of%20finance_v03.pdf

Ministry of Housing, Communities and Local Government, *Fair Funding Review 2.0 Consultation*, <https://www.gov.uk/government/consultations/the-fair-funding-review-20/the-fair-funding-review-20>