

Cabinet – 17 September 2008

Budget Setting Framework and Timetable 2009/10 – 2011/11

Portfolio: Councillor A. Griffiths, Finance and Personnel

Service: Corporate finance

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

- 1.1 The draft revenue budget will be presented to Cabinet on 14 January 2009. This report sets out the framework for setting the budget for 2009/10 to 2011/12 and the associated timetable for budget activity.

2. Recommendations

- 2.1 That Cabinet note and endorse the budget framework and timetable of budget activity.

3. Background information

3.1 Budget Framework 2009/10 – 2011/12

- 3.1.1 Officer input to the budget process takes place within a framework of protocols and guidelines. In particular, the medium term budget process for 2009/10 to 2011/12 will follow the approved medium term financial strategy approved annually by Cabinet. The overall aim is to maintain and improve the policy-led medium term budget developed over previous years.
- 3.1.2 The process has been amended and improved to allow more in depth review of base budgets, unit costs and performance versus outcomes, and includes identifying detailed efficiency options, budget and investment pressures for the next three years, and the working up of detailed budgets based on current priorities and plans, underlying demographic trends and cost pressures. The budget will focus on a 3 year outcome, and will integrate capital and revenue budgets.

3.1.3 It is envisaged that there will be limited or no headroom for new investment, unless financial capacity is liberated from existing financial resources. This is due to the cost pressures being higher than the additional resources that will be received in additional income to the council via the settlement. As such, funding realignments will need to be made, from implementing service savings and efficiencies, the identification of new income sources or a higher council tax level.

3.1.4 Budgets are set within the medium term financial strategy (MTFS). The settlement for 2009/10 is challenging given the current economic climate. Funding for the development and start of new services will need to be met from the redirection of existing resources. The budget process will consider:

- The council's priorities – what does it want to do, to what standard and what results does it want to achieve (i.e. what services will it fund, what can it afford)
- The level of council tax increases and what this means for the council's overall budget
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc)
- The levels of balances required for financial prudence and to proactively manage the council's risks
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships, outsourcing)
- Stakeholder consultation and lobbying.

3.1.5 Budget decisions must deliver a balanced budget for the following financial year with an acceptable council tax increase. In recent years central Government has capped the level of council tax rises. For 2008/9 this was capped at a maximum of 5% for council tax increases and a maximum net budget requirement increase of 5%. This will continue. The council's approach seeks to include the above points, including that:

- All budgets are required to be linked to corporate and service priorities
- A rolling five year medium term financial framework and strategy exists
- Efficiency targets are required from all services and work is underway to identify options
- Three-year investment, developments and pressures are being identified for a sixth year
- Reviews of charges taking place
- The budget will include a strategy for funding the full implications of all known future liabilities; including inflation, pay award, etc

- Member involvement over the last 5 years has been developed through a combination of decision conferencing with Cabinet and the Corporate Scrutiny Panel, and a detailed review of individual directorate budget and performance by the relevant Scrutiny and Performance Panels
- Budget consultation, through a combination of briefings, focus groups, and facilitated sessions with key stakeholders, business groups and residents.

3.2 Budget Timetable

3.2.1 The budget setting process starts in the early summer of each year. Activity to date includes;

- Publication of guidelines in respect of the process for 2009/10+, including submission of efficiency/savings options and revenue and capital investment bids
- Budget briefings held with Cabinet and CMT
- Directorate decision conference events to work through service delivery priorities, efficiency options and investment bids
- CMT challenge and validation of draft proposals at CMT decision conference and meetings in September
- Budget consultation with stakeholders, residents, users etc in September and October.

3.2.2 The draft medium term financial strategy and outlook will be presented to cabinet on 14 January. Further activity includes:

- Decision conferencing with Cabinet in November over several days
- Scrutiny of the draft service cash limits by scrutiny and performance panels late November/ early December
- Decision conferencing with Corporate Scrutiny Panel on 11.12.08 and 12.12.08
- Receipt of the revised draft settlement early December
- Scrutiny of the detailed draft budget proposals by scrutiny and performance panels in January 2009
- Budget briefings for political groups in January 2009
- Approval of the budget by Cabinet on 04.02.09 and by Council on 23.02.09
- The timetable includes sufficient flexibility to allow for a special cabinet and Council meeting in March, should they be required.

4. Resource considerations

4.1 Financial:

4.1.1 Our medium term, policy led approach to financial planning enables focus on the council's priorities, funding them accordingly and making objective decisions on the allocation of scarce resources. The budget process takes place within a framework of financial protocols and guidelines, which are embraced within the council's corporate integrated performance planning framework (CIPPF). To make this approach optimally successful, service planning takes place alongside financial planning and is managed within a robust performance management framework.

4.1.2 It is good practice to consider 3 year budgets and council tax levels. Cabinet need to consider the actual budget and council tax levels for 2009/10 and indicative figures for 2010/11 and 2011/12 in making their recommendations to full Council.

4.2 Legal:

4.2.1 Under the Local Government Act, an authority must set a council tax and balanced budget, giving 14 day notice of the council tax level prior to the date of billing. Walsall bills from the 1st April of each year.

4.3 Staffing:

4.3.1 There are no implications from this report.

5. Citizen impact

5.1 There are none directly related to this report.

6. Community safety

6.1 None directly relating to this report

7. Environmental impact

7.1 There are none directly related to this report

8. Performance and risk management issues

8.1 Risk:

8.1.1 The budget process is governed by the overarching medium term financial strategy, which is part of the CIPPF. This includes identifying revenue and capital budget efficiencies and investment bids for the next five years, and the working up of detailed budgets based on current and future priorities and plans,

underlying demographic trends and inflation. Risk management is an integral part of this activity.

8.2 Performance management:

- 8.2.1 The draft settlement for 2009/10 is known as this is year 2 of the Comprehensive Spending Review 2007 (CSR2007) however this is subject to any changes arising from data changes or amendments to the formula grant calculation, including movements to/from grant and floor damping. The draft settlement is expected in early December. The current increase in formula grant on a like-for-like basis for 2009/10 is £4.53m (3.5%); for 2010/11 the increase is £3.98m (3.0%). The increase for 2011/12 is unknown, therefore a figure of 3% (£4.12m) has been used. Given consumer price inflation is running at 3.8%, RPIX at 4.8%, with food and energy/fuel inflation significantly above that, this is unlikely to cover even normal cost pressures faced by the council. Therefore there will be a continued need for efficiencies and for existing resources to be realigned to fund priority services and outcomes.
- 8.2.2 The settlement assumes a 3% Gershon efficiency target which is fully cashable. This will be passported to services to ensure a balanced budget is achieved.

9. Equality implications

- 9.1 There are none directly related to this report

10. Consultation

- 10.1 Consultation is an integral part of the budget process and arrangements are in hand to consult with a wide range of stakeholders (i.e.: councillors, residents, service users, business sector, voluntary and community organisations, etc.). The timetable includes provision for decision conferencing by Cabinet and Corporate Scrutiny Panel and for consultation with other key stakeholders

Background papers

Various financial working papers.

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