

BRIEFING NOTE

TO: Health and Social Care Scrutiny and Performance Panel
DATE: 28 August 2008

RE: Budget Process 2009/10 to 2011/12

Purpose

This note provides the outline framework for the budget setting process for 2009/10 – 2011/12 and seeks the panels views and feedback on any further information the panel requires.

Budget Framework 2009/0 – 2011/12

The council is recognised as having sound corporate financial management. Reflecting on the 2008/9 budget process, it is proposed to further develop the process to align it more closely with the needs of the organisation. A revised framework has been adopted for future resource planning/budgeting. The purpose of the framework is to ensure the budget and its allied processes:

1. Enable and support delivery of the political vision and priorities of the council.
2. Be a financial quantification of the corporate plan, supported by service plans (linked to performance outcomes).
3. Be achievement rather than process driven.
4. Be set and delivered within the council's financial strategies, policies and frameworks.
5. Enjoy the full buy-in and engagement of councillors and managers.
6. Have a timetable and process that is clearly communicated and understood by all.

In addition:

7. Cabinet and CMT should lead and facilitate the effective participation of all relevant colleagues and stakeholders.
8. There should be good and sound decision-making: enabled through the provision and use of good quality, focussed information.
9. Financial management ability and action should be a key part of managers' performance management.

The overriding aim is to continue the development of a longer-term policy-led process that combines policy, performance, finance and service planning. A number of key aspects have been identified so far in setting the next budget:

Context: The need to continue to develop and operate with a longer-term perspective (recognising the tensions that it is a complex, changing activity), a focus on delivering policy, with full and active engagement during the process.

Story: Setting the Walsall story; our longer-term organisational vision grounded in what needs to be done at directorate/service/team level, with a clear focus on customers.

Comparison: Being clear where we are compared with others, understanding our costs, inputs, outputs and the vfm of services.

Consultation: Continuing to consult and engage with internal and external stakeholders and use the outcomes to inform decision-making.

Accountability: Continuing to make managers clearly accountable for delivering service targets to budget, to defined standards of quality, and on time.

A revised resource planning framework is attached at Appendix 1. It is aimed at continuing to improve the links between council priorities and resource allocation, combining the revenue and capital processes together into one, focusing on a three year horizon, linking service and budget planning more effectively, and focusing more closely on key performance and benchmarking information linked to unit cost.

The process will be in several stages. A key emphasis will be the requirement for all directorates to consider and provide options in relation to the 3 years from 2009/10 – 2011/12, rather than just a one year focus.

Stage 1:

The first part of the process is the completion of a pack which will include relevant information which will provide the “story” for each of the services for previous and future years, i.e. where it has come from, where the service currently is and where it needs to be in 3-5 years time in performance and financial and outcome terms, alongside actual service and financial performance. This will provide members with information on service objectives, pressures, challenges, cost v performance etc to use alongside the priority setting process for the 2009/10-2011/12 budget plan and provide a focus for investment/disinvestment proposals and decisions.

Stage 2:

Templates and guidance for stage 2 of the resource planning process were distributed in August. This included an indicative cash limit for three years along with an inbuilt efficiency target. The guidance will also require services to provide detailed investment and efficiency / realignment proposals for services. Indicative cash limits based on the funding envelope were issued with inbuilt efficiency targets for services to work on identifying future realignment, investment and savings proposals.

Scrutiny will be provided with completed stage 1 packs and indicative cash limits for services within their remit for consideration in forming their own budget proposals/recommendations to Cabinet.

Recommendations

The panel is asked to:

1. Note the proposed framework and stage 1 budget templates
2. Note that completed Stage 1 packs for services falling within the remit of the panel will be presented at their 9 October meeting alongside indicative cash limits.
3. Advise officers of any further information that is required by the panel in respect of the services within their remit in order for the panel to make recommendations on the budget.

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Resource Planning Framework**Stage 1: Issue of templates for stage 1 information packs**

The aim of this phase is to provide an overview of performance, service delivery and financial performance of the service over a period of 3 years and to identify future challenges, pressures and objectives. This is intended to inform decisions on resource allocation.

The packs will comprise the following:

- Summary of services provided
- Where the service currently is and where it needs to be, including key national and local drivers/challenges – corporate and department/service objectives, key service targets
- Current and future performance indicators
- Demographics and trends
- Assets and purpose/contribution to council priorities
- Investment/disinvestment history
- Previous year outturn, current year forecast, and trends/variances

A copy of the pack is contained at Appendix 2 for scrutiny's information.

Stage 2:

This phase will require services to provide resource realignment, detailed investments/demand proposals and savings/efficiencies proposals against an indicative cash limit utilising the stage one packs to inform this.

The templates will cover:

- the need for change and strategy and financial impact;
- base budget review, costs changes, efficiency review,
- key capital investment areas, alternatives to capital investment
- actions to balance/closing the gap

Indicative cash limits will be issued in August. This is the start of the resource allocation process for services to identify current resources (what is available) against projected spend (costs pressures, etc).

Resource Planning 2009/10 – 2011/12

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1. Summary of Services provided by the Directorate

Please summarise the main services provide by the department. Add more services/bullet points as required but should aim to be a maximum of 1 page.

Service A

- Description of service A
-

Service B

- Description of Service B
-
-

Service C

- Description of Service C
-

2. Objectives of Service.

Summary of objectives

This should include corporate/service objectives and any national ones you are required to have. This should be linked to the sustainable communities plan, corporate plan and individual service plans.

This should be completed in consultation with your portfolio holder (s).

One page.

3. Service Priorities

Please provide a summary of the key national and local priorities.

These should be measurable, e.g.

- *x% of Children to pass x GCSEs*
- *Reduce the numbers of children on the child protection register by x or from x to x.*
- *Reduce the average time it takes to process benefit claims to x days.*
- *Adapt the homes of x people with a disability so they can live independently.*
- *Reduce child poverty by increasing the take up of free school meals by x.*
- *Maintain weekly waste collections for all households and begin kerbside collection of plastic and cardboard.*

This should be completed in consultation with your portfolio holder(s).

One page.

National Priorities

The national priorities of **service x** are:

- 1.
- 2.
- 3.
- 4.

Continue as necessary

Local Priorities

The local priorities of **service x** are:

- 1.
- 2.
- 3.
- 4.

Continue as necessary.

4. Key Performance Indicators

Data to be populated in conjunction with Corporate Performance Management, using key PIs. Data to cover previous 3 years, current year and next three year and include actual and targets.

Identify why data chosen (why a key measure). Provide comparators to indicate where service fits i.e. quartile, variance from average.

Identify financial and non-financial indicators and relevant unit costs.

Two pages.

5. Summary of Directorate Outturn and 2008/09 Budget

	ACTUAL 2005/06 £	ACTUAL 2006/07 £	ACTUAL 2007/08 £	BUDGET 2008/09 £
EXPENDITURE				
SERVICE A				
SUB SERVICE A1				
SUB SERVICE A2				
SUB SERVICE A3				
SUB SERVICE A4				
SUB TOTAL SERVICE A				
SERVICE B				
SUB SERVICE B1				
SUB SERVICE B2				
SUB SERVICE B3				
SUB SERVICE B4				
SUB TOTAL SERVICE B				
TOTAL EXPENDITURE				
INCOME				
SERVICE A				
SUB SERVICE A1				
SUB SERVICE A2				
SUB SERVICE A3				
SUB SERVICE A4				
SUB TOTAL SERVICE A				
SERVICE B				
SUB SERVICE B1				
SUB SERVICE B2				
SUB SERVICE B3				
SUB SERVICE B4				
SUB TOTAL SERVICE B				
TOTAL INCOME				
NET EXPENDITURE				

Example: Neighbourhood Services

Service (as per cashlimit) – Built Environment

Sub Service (break down further if appropriate) – Property Services, Street Pride etc

6. Summary of Variance against Budget – Past Three Years

	VARIANCE TO BUDGET 2005/06 £	VARIANCE TO BUDGET 2006/07 £	VARIANCE TO BUDGET 2007/08 £
EXPENDITURE			
SERVICE A			
SUB SERVICE A1			
SUB SERVICE A2			
SUB SERVICE A3			
SUB SERVICE A4			
SUB TOTAL SERVICE A			
SERVICE B			
SUB SERVICE B1			
SUB SERVICE B2			
SUB SERVICE B3			
SUB SERVICE B4			
SUB TOTAL SERVICE B			
TOTAL EXPENDITURE OVER/(UNDER) SPEND			
INCOME			
SERVICE A			
SUB SERVICE A1			
SUB SERVICE A2			
SUB SERVICE A3			
SUB SERVICE A4			
SUB TOTAL SERVICE A			
SERVICE B			
SUB SERVICE B1			
SUB SERVICE B2			
SUB SERVICE B3			
SUB SERVICE B4			
SUB TOTAL SERVICE B			
TOTAL INCOME OVER/(UNDER) SPEND			
NET EXPENDITURE OVER/(UNDER) SPEND			

7. Explanation of Key variances

Please provide an explanation of the key variances (over and under spends) to budget as detailed in section 6 and whether recurring or non-recurring.

Add bullet points as necessary.

One page only.

Service A

2005/06

- £over/(under) spend - explanation
-

2006/07

- £over/(under) spend - explanation
-

2007/08

- £over/(under) spend - explanation
-

Service B

2005/06

- £over/(under) spend - explanation
-

2006/07

- £over/(under) spend - explanation
-

2007/08

- £over/(under) spend - explanation
-

8. Key Service and Cost Drivers

In this section please list the key drivers/cost drivers that affect the service and will be an influence on service delivery and cost. Please quantify. Include decreasing factors as well as increasing ones.

E.g.

- *X% increase/decrease in numbers/population of older people and those over 85*
- *X% increase/decrease number of children placed for adoption*
- *X% /Number of residents receiving housing benefits*
- *Number of children on the child protection register and trend upwards/downwards.*

One page maximum.

9. Cost and Performance Analysis

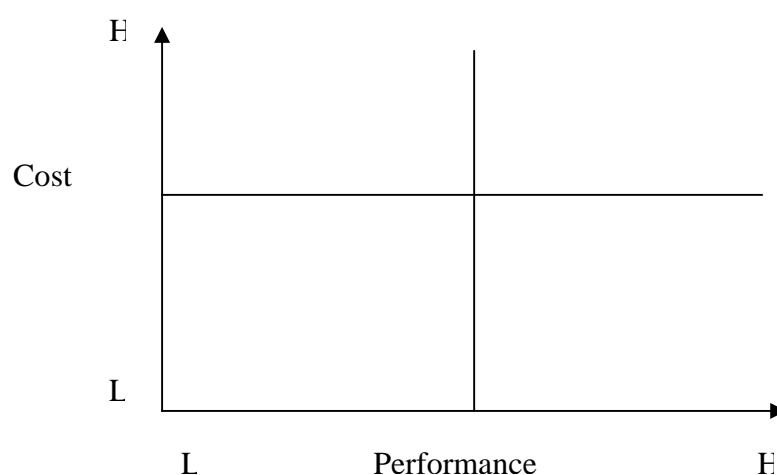
This section should be completed after analysis of previous sheets and should aim to show an analysis of relative performance versus costs.

The aim of this section is to understand the relationship between expenditure/unit cost and performance. Services should have clear metrics and associated unit costs for key performance areas e.g. Number of claims completed and cost per claim, unit cost per LAC, etc.

Comparators should be included here i.e. £x from average.

Make appropriate use of the CIPFA stats, Audit Commission VFM tool and other benchmarking data as appropriate.

Where possible, map unit cost/performance data on a chart below for each key indicator.



APPENDIX A

Demographics and Trends from 2005/06 to 2011/12

Please provide details of relevant demographics and trends e.g. population stats relevant to services; changes in no of older people, visitor numbers, no of planning applications, number of managers supported (for support services), etc and describe any past, potential or expected impact on services arising from these. Indicate how these have or will influence service changes, increases/decreases in unit costs etc.

One page maximum.

APPENDIX B

Analysis of Investments and Savings

	Budget Category for Investment /Saving (see below)	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
BASE BUDGET					
<u>INFLATION AND OTHER INCREASES:</u> Employees Other Costs Income Removal of one off Items FYE of previous investment/savings					
TOTAL INFLATION AND OTHER INCREASES:					
<u>INVESTMENTS (list detail)</u> E.g. Increased demographics increasing cost	* D				
TOTAL INVESTMENTS					
<u>SAVINGS (list Detail)</u> E.g. Improved contract on utilities	** CP				
TOTAL SAVINGS					
APPROVED BUDGET					
FTE Numbers per service: <i>List services and FTE Nos for each one:</i>					

Budget Categories for Investment

* Please Select category from list below :

Plus Investment

Additional services i.e. increase in demand	D
Additional services i.e. changes in legislation	L
Additional services i.e. other (new)	D
Quality Improvement i.e. investment to improve quality of service delivery	Q
Fall out of Grant	G
Revenue Effects of Capital Programme	C
Invest To Save	I
Pump priming / one off Investment	O
Virements to other services	V

Budget Categories for Savings / Efficiencies

** Please Select category from list below :

Minus Saving / Efficiency

Contractual / Procurement	CP
Cash Releasing Efficiencies	CRE
Additional Fees and Charges	FC
Additional Grant	AG
Contribution from other Stakeholders	CS
Service Reductions	SR
Other	O
Virements to other services	V

APPENDIX C

Key Pressures and Invest to Save Opportunities – 3 Year Forecast

Please list the key pressures that the service is facing over the next three years and outline the potential revenue and capital implication/costs including need for revenue and capital investment

Include one page maximum.

			POTENTIAL REVENUE IMPLICATION			POTENTIAL CAPITAL IMPLICATION		
SERVICE NAME	CAUSE OF PRESSURE	DESCRIPTION OF PRESSURE	2009/10 £	2010/11 £	2011/12 £	2009/10 £	2010/11 £	2011/12 £

Cause of Pressure Categories are:

Additional services i.e. increase in demand	D
Additional services i.e. changes in Legislation	L
Additional services i.e. other (new)	N
Quality Improvement i.e. investment to improve service delivery	Q
Fall out of Grant	G
Revenue Effects of Capital Programme	C
Invest To Save	I

Please note that this is the first stage of identifying potential future pressures and invest to save and should be at high level.

Stage 2 of the process will cover a more detailed investment/saving exercise. Stage one will allow us to update our medium term financial plan and brief CMT and Cabinet on potential future cost pressures and funding opportunities.

APPENDIX C

External Funding Opportunities

Please identify any current schemes or projects that attract external funding where grant is due to fall out in the period 2009/10 to 2011/12.
Please also state exactly when this grant is due to fall out

Please identify any further potential opportunities for leveraging in capital and revenue funding to support service objectives and priorities over the next 3 years.

APPENDIX D

Capital Asset Assessment

*Please provide a summary of existing **KEY** assets per service and a brief description of their current usage and purpose. This is not a case of listing everything; it is identifying the assets which are key to performing the service.*

One page maximum.

SERVICE	DESCRIPTION OF ASSET	PURPOSE OF ASSET	NUMBER

APPENDIX D continued

Capital Asset Assessment

Please comment on the future use of the assets listed above, including:

- *current condition, sufficiency, suitability (are they fit for purpose)*
- *future plans or opportunities for rationalisation, change in use, occupancy, improvement, making fit for purpose (that may or may not entail capital investment) and what support (financial or otherwise) is needed to make that happen*
- *Are there alternatives to direct capital investment: rationalisation, etc.*

Two page maximum