

BRIEFING NOTE

Agenda Item 9

TO: Children's and Young People Scrutiny and Performance Panel
DATE: 24 July 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 will be distributed in July. This will include 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 will be 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 packs for services falling within the remit of the panel will be presented at their September/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 July. This is the start of the resource allocation process for services to identify current resources (what is available) against projected spend (costs pressures, etc).