

BUDGET STRATEGY 2008/09 TO 2010/11

EXECUTIVE MEMBER: Cllr Elaine Woodburn

LEAD OFFICER: Liam Murphy

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Summary: This report recommends the budget strategy to be followed for the three years 2008/09 to 2010/11.

Recommendation:	That Council be recommended to approve that: 1) The strategy is adopted as the 'Resource Planning Strategy'; and 2) The process detailed in the report is followed.
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Impact on delivering Copeland objectives: The budget strategy aims to integrate strategic planning with three year budgeting, and therefore has a crucial impact on delivering the Community Strategy and the Council's Corporate Plan objectives.

Impact on other statutory objectives (e.g. crime & disorder, LA21): The budget strategy will also need to ensure that statutory objectives can be met. This include meeting the requirements of the efficiency agenda.

Financial and human resource implications: The budget process needs to ensure that any increase in budget requirements are met where possible by cost savings elsewhere. In addition the budget process will incorporate efficiencies that can be released to support increased expenditure in front line services.

The difference between the base budget and the levy, plus any other finance available, will be available for non-recurring expenditure or for additions to the capital programme.

Staff time utilised will be considerable within accountancy for the budget process, and at management level throughout the Council for the resource allocation.

**Project & Risk
Management:**

There are 4 risk areas associated with this listed in the strategic risk register relating to key council priorities being effectively funded and delivered.

- 1 Internal resource allocation is inappropriate;
- 2 External resources are not maximized;
- 3 We do not manage our project plan or resources effectively; and,
- 4 We set out to do more than we are able to.

These risks are identified in the Strategic risk register but the new proposed process actively seeks to address them.

Key Decision Status

- **Financial:**
- **Ward:**

The budget setting is a major key decision.
All wards will be affected.

**Other Ward
Implications:**

None

1. INTRODUCTION

- 1.1 The Budget and Policy Framework in the Council's Constitution includes a requirement for the Executive to publicise a timetable for making proposals to the Council for the budget, and its arrangements for consultation after publication of those initial proposals.
- 1.2 In July 2006, and previously in 2005, the Executive approved a budget strategy that was based upon a similar working model to that used by previous budget strategies. During the budget planning programme for 2007/08, however, the Budget Working Party expressed the view that the current strategy was not working as well as it had been previously and requested that a new strategy be developed. This report proposes a new budget strategy to be called a "resource planning strategy" that aims to deploy the appropriate resources to deliver the priority corporate objectives for a particular year.
- 1.3 The new 5 Year Corporate Plan is expected to be adopted by the Council in February 2007 and it is imperative that in future years the key objectives in the plan direct the allocation of resources.

2 FINANCIAL STRUCTURE

- 2.1 It is proposed that, at the highest level, the Council's financial resources be summarised under four headings:
 - **Recurring revenue** – previously established
 - **Additional Recurring revenue** – to be established in this round
 - **Non-recurring revenue** – one-off allocation this round
 - **Capital**
- 2.2 Under the Resource Planning Strategy, Corporate Team would be responsible for the initial work on allocation of additional recurring and non-recurring revenue, plus capital. All service teams and their managers would be responsible for the initial work on recurring expenditure. (Note: it would be Service Manager's responsibility to develop proposals for using their recurring finances with their teams, and it would be Corporate Team's responsibility to develop proposals for additional recurring and non-recurring revenue, and for capital, to be invested in the relevant team as appropriate.)

3 PROCESS FOR 2008/09 AND ONWARDS

- 3.1 The new features of the 'Resource Planning Strategy' are that it will be led by corporate priorities identified by the Executive, have appropriate resource allocation recommended by the new-named 'Resource Planning Working Group' (formerly Budget Working Group), and have the final Resource Plan approved by Full Council. The new process is as follows:
- 3.2 The Executive identify the priority corporate objectives for the following year, this would involve community consultation as in previous years but with an emphasis on objectives rather than service spending. The Executive would then task the

Resource Planning Working Group to recommend an appropriate allocation of resources for the delivery of these objectives to Full Council.

- 3.3 The Resource Planning Working Group would request that officers prepare resource plans for delivering the priority objectives along with appropriate savings plans to cover matters such as (a) Gershon savings, (b) 'Single Status' impact, (c) moderation of Council base budget, and (d) investment of surplus', etc.
- 3.4 Service Teams undertake a service review that links their recurring revenue finances to objectives under their responsibility and to their saving requirements, then they submit these plans to Corporate Team.
- 3.5 Corporate Team consider the priorities set by the Executive and draft allocations of additional recurring and non-recurring revenue, plus capital finance to the relevant service team plans.
- 3.6 The Resource Planning Working Group then considers plans from each Service Team in relation to what they offer in terms of delivery of corporate objectives and what level of resources they require. The Group then makes its recommendations to the Executive and thereon to Full Council.
- 3.7 Overview and Scrutiny Committee for Performance and Resources would be consulted for review of developments when (a) proposals for the following year's corporate priorities are recommended to Executive, at the beginning of the process, and (b) proposals for the resourcing of corporate priorities are submitted to Executive towards the end of the process.

4 ADVANTAGES AND IMPLICATIONS

- 4.1 The advantage of this new process for resource planning is that it links financial resources to priority corporate objectives, rather than treating them separately which leads to corporate objectives and financial planning being managed differently.
- 4.2 There are several important implications. First, that Service Managers and their teams become directly responsible for their financial resources. Second, that investment of surplus' from certain services are more clearly auditable and subject to Corporate Team -not service team- development. Third, that Elected Members make recommendations on the resourcing of objectives rather than on levels of spending.
- 4.3 There will be lower levels of discretionary financial resources available through this process as 'savings' will be targeted towards Gershon, Single Status, Base Budget, etc, and for the discretionary funds that are recovered priority will be made on investment through training, business planning and processes, and information & communication technology.

5 WIDER RESOURCE PLANNING AIMS

- 5.1 The strategy remains to keep the annual recurring budget (base) to 95% of the levy on Council Tax. i.e to 95% of the total the Council can bring in from grants, council tax and fees.

- 5.2 Any additions to the capital programme must either be met from capital receipts or use of the Major Projects Fund. The asset management plan currently assumes £300,000 pa to be raised from the sale of surplus assets. A significant amount of capital receipts prior to stock transfer received as part of the transfer have been set aside to continue funding private renovation grants for the next few years.

List of Consultees:

Corporate Team Resource Steering Group
Budget Working Party
OSC P&R