

Meeting:	Cabinet
Date:	28 July 2005
Subject:	Service and Financial Planning 2006/2007
Key Decision:	No
Responsible Officers:	Director of Financial and Business Strategy & Director, Organisational Performance
Contact Officers:	Group Manager, Strategy & Performance
Portfolio Holder:	Finance and Performance Management
Status:	Part 1
Enclosure	Service and Financial Planning Process 2006/2007

Section 1: Summary

- 1.1 Under the Council's constitution, Cabinet is required to propose, and Council to agree, a timetable for the consideration of the budget.
- 1.2 In addition the Council is looking to develop its processes through which financial and service planning, and performance management are operated for the coming year.
- 1.3 Building on the significant developments in the budgeting and planning processes last year, it is proposed to continue the improvements this year.
- 1.4 Externally, the Audit Commission is placing increasing demands on Councils to manage and deliver value for money.

1.5 The Council is also responding to the requirement for improved engagement and consultation.

Decision Required

A. Cabinet is asked to agree the following proposals, which are detailed in the enclosed document:

1. **Timescales** – To agree the timescales set out in Appendix 4 of the enclosed report for running budget and service planning this year.
2. **Value for Money Framework** – To agree to run the service planning and budget process in a manner which is consistent with managing value for money. This entails:
 - i. Further integration of service planning, budgeting and corporate planning
 - ii. Running a high level service planning process which includes performance, planning and budgeting information
 - iii. Developing an organisational performance and finance challenge process for use in these processes which monitors performance and finance information consistently with Gershon reporting
3. **Medium Term Planning** – To agree to run the Corporate Plan and Service Plans over a three year time horizon such that budgeting, performance and planning processes operate to the same timescales.
4. **Communication** – To agree that improved internal and external communication is required and to agree with the proposals below.
5. **Corporate Plan** – To agree that the current corporate priorities should be retained for the next Corporate Plan and that the endorsement of the Corporate Plan 2006/9 should follow the Council elections in May 2006 and be published July 2006.

B. Cabinet is also asked to note the impact of the proposed Open Budget Process.

Reason for report

To recommend to Council a timetable for preparing the 2006/07 budget for consultation at the meeting of the Cabinet in December 2005 and to meet statutory requirements to set a legal budget, determine the Council Tax Base, and report the surplus or deficit on the Collection Fund.

Benefits

This report builds on the significant developments to the budgeting and planning processes last year. The proposals make improvements on last year's process and will ensure that the CPA requirements for evidencing value for money are strengthened.

Cost of Proposals

The proposals detailed in the enclosed report do not involve any new funding commitments for the council at this stage.

Risks

By not adopting these improved service and financial planning proposals the associated risks, include:

- resources not reaching targeted priorities;
- difficulties in bring about further improvements in service performance and delivery;
- lack of strategic focus on the budget changes;
- limited capacity in meeting the new CPA Use of Resources standards.

Implications if recommendations rejected

If these proposals are rejected, the Council will find that its ability to deliver its priorities in a cost-effective and efficient manner could be seriously hampered.

Section 2: Report

2.1 The principle changes proposed in the enclosed report this year are:

- *Open Budget Process* – The Council has decided to run an open budget process to increase consultation with residents. This will include an Assembly in the autumn which will consider priorities and elect a panel to scrutinise the process.
- *Communication* – The process will include higher levels of communication and support to Directorates, staff and managers involved in service planning and budgeting to embed an improved understanding of the rationale of the process, timescales and outputs.
- *Value for Money* – The Council is looking to further demonstrate that it manages delivering value for money through its planning and budgeting process. It is looking to further integrate the budgeting, service planning and performance management process around a value for money framework.

- *Medium Term Planning* – In support of integration, it is proposed to run the corporate and service planning process as a three year planning horizon to match the Medium Term Budget Strategy and reporting of Best Value Performance Indicators.

2.2 Comprehensive Performance Assessment (CPA) requirements

2.2.1 Under the proposed new CPA methodology, the Audit Commission is placing an increasing emphasis on Use of Resources and Value for Money in its key lines of enquiry going forward. The lines of enquiry provide clear guidance for how the Council should look to evolve the process going forward.

2.2.2 These principles underpin how the Council is looking to develop its processes this year. In summary the lines of enquiry will require the delivery of a number of practices and characteristics from this process:

- There is a medium term finance strategy in place and the organisation demonstrates how financial plans and strategies have contributed to corporate objectives.
- Performance measures and benchmarking are used to describe and evaluate how the organisation's asset base contributes to the achievement of corporate and service objectives and improvement priorities.
- Members monitor key financial health indicators and set challenging targets.
- Members and managers actively use benchmarking information
- The Council has detailed information on the full short and long term costs of its actions and takes account of these when making decisions.
- There is strong commitment to managing costs alongside quality of services. Innovative approaches are used and have achieved clear improvements in value for money

2.3 On 24 February the Council agreed its budget and Council tax for 2005/06 and the Medium Term Budget Strategy for the period 2005/06 to 2007/08. Further details are attached in Appendix 1 of the enclosed report.

2.4 There are a number of legal requirements in relation to the budget and Council Tax and these are set out in Appendix 2 of the enclosed report

2.5 The proposals set out in the enclosed report examine how the process operated for 2005/06 and what improvements are recommended for 2006/07.

3 Options considered

Not applicable

4. Consultation

See appendices 5, 6 and 7 of the enclosed report on the proposed service and financial planning process.

5. Financial Implications

This report of deals with financial matters throughout. See appendices.

6. Legal Implications

See appendix of the enclosed report

7. Equalities Impact

The proposed process includes cross checking in the key area of equalities.

8. Conclusion

This report builds on the significant developments made with the budgeting and planning processes last year. These proposals will ensure that more is now done in terms of driving these processes from a clear and precisely articulated set of corporate priorities and a strengthened service planning and performance management framework while at the same time recognising the Audit Commission's impetus for councils to deliver value for money.

Section 3: Supporting Information/ Background Documents

All the above references and appendices are included in the enclosed report: Service and Financial Planning Process 2006/2007 – circulated with the Supporting Documents pack.

Report considered by Overview and Scrutiny Committee on 26 April 2005 is included in the Supporting Documents Pack together with the report of the Pilot Community Budget Group.