

Meeting:	Cabinet
Date:	17 July 2008
Subject:	Integrated Planning 2009-10 to 2011-12
Key Decision:	No
Responsible Officer:	Myfanwy Barrett, Corporate Director of Finance
Portfolio Holder:	Councillor David Ashton, Leader and Portfolio Holder for Strategy, Partnership and Finance
Exempt:	No
Enclosures:	Appendix 1 – Timetable Appendix 2 – Strategy for closing funding gaps

SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report sets out the framework for the development of the new corporate plan and medium term financial strategy for 2009-10 to 2011-12.

RECOMMENDATIONS:

That Cabinet

- Notes the timetable (Appendix 1)
- Approves the strategy for closing future funding gaps (Appendix 2)
- Approves the approach to consultation

REASON:

To promote effective medium term planning.

SECTION 2 – REPORT

Introduction

1. This report sets out the broad framework for the development of the new corporate plan and medium term financial strategy (MTFS) for 2009-10 to 2011-12.

Integrated Planning Framework

2. The Council operates an integrated planning framework. The framework is designed to ensure that the Corporate Plan, Directorate Service Improvements Plans and the medium term budget are developed in an integrated fashion.

Timetable

3. The timetable for producing the new corporate plan and MTFS for 2009-10 to 2011-12 is attached at Appendix 1. Members are asked to note the timetable.

Vision and Priorities

4. Cabinet approved the vision, corporate priorities and flagship actions for 2008-09 for the Council in February.
5. The agreed vision is to be recognised as one of the best London Councils by 2012, in a borough that is cosmopolitan, confident and cohesive. The Council's vision must be delivered with the commitment of our staff and partners specifically to create:
 - A place with quality neighbourhoods with clean and safe streets
 - A place where you can be proud of the Town Centre
 - A place which promotes the well-being of its communities
 - A place where the Council provides value for money services.
6. In line with these vision statements, a focussed set of six corporate priorities has been determined as follows:
 - Deliver cleaner streets, better environmental services and keep crime low
 - Redevelop the Town Centre
 - Improve the well-being of adults and children and the care of those who most need our help
 - Extend community use of schools while making education in Harrow even better
 - Improve the way we work for our residents
 - Develop communities where people from different backgrounds get on well together

7. The vision and priorities will be reviewed by the administration at a special meeting on 27 July. This is a critical part of the development of the new corporate plan.

The Year Ahead Statement

8. The Year Ahead Statement is a core element in the integrated planning framework. The Year Ahead Statement is a comprehensive document which sets out the vision and corporate priorities, the national and local policy framework, detailed performance and value for money data, and the financial position. It provides the context for the new medium term plans.
9. The Year Ahead Statement is in development and will be reported to cabinet in September.

Financial Context

10. When the current MTFs was approved in February the estimated funding gaps for 2009-10 and 2010-11 were £5.4m and £6.9m respectively. In the coming weeks these figures will be updated to reflect latest information and the MTFs will be rolled forward to include 2011-12.
11. It should be stressed that funding gaps in future years move continually as the national, regional and local policy framework shifts and new information comes to light.
12. The key risks and opportunities affecting the funding gaps in future years are set out below:
 - Some of the issues that arose during the closure of the 2007-08 accounts have an ongoing impact
 - The assumptions about inflation will be reviewed
 - Technical assumptions relating to interest rates, collection performance, and capitalisation will be reviewed
 - The degree of risk in the MTFs will be reviewed and this will inform decisions about reserves and provisions
 - The growth in demand for and cost/complexity of social care will be revisited
 - New developments at national level, for instance in relation to waste management, will be taken into account
 - The impact of some of the Council's major development projects will be taken into account, particularly in light of the current economic climate
 - Opportunities for efficiencies and savings will be considered
13. The position will be changing continually as new issues arise or existing issues are resolved.

Strategy for closing the funding gaps

14. The proposed strategy for closing future funding gaps is attached at Appendix 2. The strategy includes a number of strands and the overarching aim is to align resources with priorities.
15. The Council has recently established an Efficiency and Improvement Board which is chaired by the Corporate Director of Finance. The aim of the Board is to pull together the existing strands of the Council's efficiency programme including:
 - Strategic Property Review
 - Business Transformation Partnership
 - Service Reviews
 - Revenue Income Optimisation project
 - Procurement projects
 - West London Alliance shared services programme
16. The impact of the efficiency programme will be modelled over the next 3-5 years, with particular emphasis on the extent to which savings have been factored into the MTF5 so far and the scope to add new savings.
17. Directorates will also be producing plans for their own services.
18. The strategy for closing the funding gaps will be designed to focus resources more effectively and avoid across the board reductions in budgets.
19. An update on the strategy for closing the funding gaps will be presented to cabinet in October.

Improving the Process

20. Generally the 2008-09 planning round was very successful. In particular:
 - The budget was better integrated with the corporate plan and both were approved in February
 - There was effective engagement with cabinet and corporate directors throughout
 - Reports were clear and well received
 - There was a very good outcome – more focused priorities and flagship actions, and a robust prudent budget which included investment in priorities
21. There are however a number of areas for improvement
 - The approach to setting targets for savings to be identified needs to be more sophisticated (this will be achieved through the new Efficiency and Improvement Board outlined above)
 - The detailed timetabling will be improved

- The format of information to support growth and savings proposals will be consistent and comprehensive
- A more structured and rigorous impact assessment process will be applied – particularly in relation to equalities
- More use will be made of the budget module in the ERP system
- There will be better internal engagement with managers, staff and unions

Consultation

22. Following approval of the Year Ahead Statement in September, there will be general consultation on the Council's proposed vision and priorities.
23. Specific consultation on service/policy issues will need to be planned for September/October where it is required. Any statutory consultation must be completed before any assumptions about the financial implications of the proposal are made in the budget.
24. The general consultation will include the Residents' panel, the Harrow Strategic Partnership and its reference groups, and the Business Connection.
25. In addition to the general consultation, there will be challenge panels with the Portfolio Holders to review the draft plans.
26. This approach ensures that any matters arising from the consultation and challenge panels can be taken into account before the draft corporate plan and budget are produced and published in December.
27. The Overview and Scrutiny Committee has established a standing review of the budget, designed to look at longer term issues, and a Finance and Performance Sub Committee which focuses on the in year position. Both of these will provide evidence to support a review of the draft corporate plan and budget in December by the Overview and Scrutiny Committee. There may also be a further session in January if necessary.
28. The role of the Open Budget Panel this year is being considered. Three of the Open Budget members are now involved in the standing scrutiny review of the budget.
29. The stakeholder meetings that take place after the draft corporate plan and budget have been published in December will be for information sharing rather than consultation.

Financial Implications

30. This report is about the development of the new MTFS and therefore financial issues are integral to the report.

Performance Issues

31. The Year Ahead Statement will contain performance information to support the medium term planning process. Detailed performance information will form part of the Directorate Service Delivery Plans.

Risk Management Implications

32. As part of the budget process, a separate risk register will be developed to support the decision on the reserves policy.

Section 3 - Statutory Officer Clearance

Name: ...Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: ...20 June 2008		
Name: ...Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 20 June 2008		

Section 4 – Performance Officer Clearance

Name:Tom Whiting	<input checked="" type="checkbox"/>	Divisional Director (Strategy and Improvement)
Date:20 June 2008		

SECTION 5 - CONTACT DETAILS AND BACKGROUND PAPERS

Contact: Myfanwy Barrett, Corporate Director of Finance, 020 8420 9269

Background Papers:

Report to Cabinet on the Medium Term Budget Strategy, February 2008

Appendix 1

Timetable for Planning Process

Activity	Meeting	Date
Review of vision and priorities	Conservative group meeting	27 July 2008
Year Ahead Statement approved	Cabinet	18 September 2008
Consultation on priorities		September/October
Consultation on specific policy/service decisions (if required)		September/October
Update on progress on MTFS	Cabinet	23 October 2008
Review of draft plans	Challenge Panels (Improvement Boards)	October/November
Scrutiny of draft plans	Overview and Scrutiny	December
Draft Corporate Plan and MTFS approved	Cabinet	18 December 2008
Information meetings with Stakeholders	Various	January 2009
Final Corporate Plan and MTFS approved	Cabinet Council	12 February 2009 19 February 2009

Appendix 2

Strategy for Closing the Funding Gaps

Strand	Objectives
Priorities and resources	<ul style="list-style-type: none"> • Ensure resources are aligned to the new corporate priorities • Decide what is not a priority • Evaluate the scope for investment in priority areas
VFM	<ul style="list-style-type: none"> • Consider whether the Council can reduce spending in areas where it does not provide good value for money at present • Consider whether the Council should conduct market testing in areas that have not been subject to any competitive or benchmarking process for some time • Challenge services which are provided on an internal trading basis
Efficiency Programme	<p>Make realistic assumptions about outcome of the efficiency programme in the medium term in financial terms</p> <ul style="list-style-type: none"> • Strategic Property Review • Business Transformation Partnership • Service Reviews • Revenue Income Optimisation project • Procurement projects • WLA Shared Services programme
Capital Programme	<p>Review the capital programme to ensure that where relevant projects are delivering efficiency savings. Consider the impact of capital investment on the funding gap going forward.</p>
Directorate Plans	<p>Each Directorate to develop medium term plans for service transformation/improvement and identify scope for efficiencies.</p>
Concessionary Fares	<p>Assess the possible impact of London Councils' decision on freedom passes.</p>

Strand	Objectives
Technical Review	<p>The technical review will cover the following issues:</p> <ul style="list-style-type: none">• Risk, reserves and provisions• Capitalisation strategy• Collection fund target• Grant changes• Levies• Capital financing costs• Investment income