

Committee:	Executive	Agenda Item No.:	8
Date:	14 th July 2008	Status	Open
Category	3. Part of the Budget and Policy Framework		
Subject:	Budget Strategy 2009/10 to 2011/12		
Report by:	Director of Resources		
Other Officers Involved	Head of Finance		
Director	Director of Resources		
Relevant Portfolio Holder	Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

The development of Policy Led Budgeting will help to inform future spending plans and assist in the delivery of efficiency gain targets.

VALUE FOR MONEY

The Budget Process challenges existing spending levels and new spending proposals to ensure that resources are effectively used and directed towards the delivery of the Corporate Aims.

THE REPORT

The preparation of a comprehensive and robust budget strategy is an essential element of good financial management.

A draft Budget Strategy is attached as Appendix 1 to this report and covers the period 2009/10 to 2011/12. The strategy details the process to be adopted for compiling the Council's budgets during this period and highlights key issues for consideration when adopting the budget and determining future Council Tax levels.

OPTIONS FOR CONSIDERATION

The Budget Strategy emphasises the need for robust systems for receiving bids for new developments and a strategy for identifying areas of potential savings.

Potential savings fall into 2 distinct categories:

1. Savings that contribute towards the Comprehensive Spending Review 2007 expected levels:
 - Reduction in prices through smarter procurement
 - Revised working practices to improve the quality and/or quantity of existing services
 - Reduction in the level of resources required to achieve the same level of service
 - Better utilisation of assets
2. Pure economic savings that do not qualify as efficiency savings:
 - Cuts in services or budgets
 - Increase in fees and charges
 - Introduction of new charges for services provided

In addition to considering potential savings and bids for additional funds, Officers and Members will be requested to scrutinise and challenge existing spending levels to ensure that the use of Council resources is maximised and that spend is directed towards those services that contribute towards the Corporate Aims.

Members are requested to approve the Budget Strategy so that the budget process can commence and Officers and Members can prepare for the key stages.

IMPLICATONS

Financial: None at this stage

Legal: None

Human Resources: None

RECOMMENDATION(S)

1. **That the Council's Budget Strategy for 2009/10 to 2011/12 be considered and forwarded through the Budget and Policy Framework for consideration by Scrutiny and approval by Council.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To inform Members of the proposed three year budget strategy.

ATTACHMENTS: Y
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Services

BUDGET STRATEGY 2009/10 to 2011/12

A Strategic Approach to Budget Preparation

Our corporate aims reflect the challenges contained within our Corporate Plan. These in turn reflect both national and local priorities contained in the Sustainable Community Strategy 2006 – 2020, an ambitious long term plan reflecting and complementing the Local Area Agreement across Derbyshire.

The 6 Corporate Aims which have been identified to support the vision for the District are as follows:

1. Community Safety
2. Customer Focused Services
3. Environment
4. Regeneration
5. Social Inclusion
6. Strategic Organisational Development

Full details of the priorities and targets that support these aims can be found in the Corporate Plan.

During the budget process, Members will need to challenge existing spending levels to ensure that resources are effectively used and directed towards the delivery of the Corporate Aims.

Prioritising Resources

The Council's budgets for 2009/10 – 2011/12 will be compiled using prioritisation processes for both revenue and capital expenditure. The prioritisation process assesses:

- Contributions towards the Council's Corporate Aims
- Statutory obligations
- Financial implications
- Value for Money (including any associated efficiency gains)
- Risk Assessment

A scoring team will be chosen to score each application and the ranked bids will then be placed into 3 broad categories of:-

1. Scored Bids – recurring spend
2. Scored Bids – one off spend
3. ICT related bids

The bids will then be submitted to Executive and Scrutiny for consideration prior to the confirmation of the Finance Settlement for 2009/10. Bids relating to ICT expenditure will be referred to the ICT Strategy Group, together with individual business cases in support

of the bid application. Any recommendations from the ICT strategy Group will then be forwarded to the Executive for funding approval.

Finance Settlement

The Government announced a three year grant settlement, which covered the financial years 2008/09 to 2010/11 within the 2007 Comprehensive Spending Review (CSR07). This reflects local government finance continues to be a challenging area.

Efficiency Gains

Within CSR07 was the change from Gershon Efficiency Savings to expectations of 3% cashable efficiency savings each year. Whilst there are returns to be submitted to Government to report on achievements made, these returns are only at a total level. The Council's detailed plans for achieving this may be subject to scrutiny by the external auditor as part of the Value for Money Assessment. Officers are currently developing plans to achieve this in partnership with the East Midlands Regional Improvement & Efficiency Partnership.

Economic Savings

In addition to the Efficiency Agenda, the Council needs to position itself to deal with other budget pressures, including:

- The requirement to maintain low Council Tax increases
- Spending pressures; for example, any costs associated with the implementation of Single Status, increase in energy costs etc
- Development of new and improved services to meet the needs of customers

To assist in this area, the Council will review its Base Budgets in order to identify any potential economic savings. It is important to note that these savings can be achieved by withdrawing the provision of certain services or generating additional income.

Best Value Review of Discretionary Services and Charging Policies

The Council is currently undertaking a Best Value Review of Discretionary Services and Charging Policies. This review should enable the Council to potentially release resources which can be redirected towards new and improved services to better meet the needs of customers and assist in the delivery of the Corporate Aims. The review team will aim to produce a 3 year action plan to address all of the recommendations arising from the review.

Reserves and Working Balances

As at 31st March 2008, the Council has over £3 million in Reserves. A report to Executive on 25th September 2006 approved a recommendation that General Fund Reserves should not fall below 5% of the gross expenditure. For 2008/09, the Council requires some £2 million in Reserves to comply with this recommendation. However, the Council will aim to maintain Reserves in excess of this 5% guideline due to the uncertainty surrounding any equal pay arrears, which have not yet been quantified.

The current working balance on the General Fund (as at 31st March 2008) is £1.4 million. In accordance with the Reserves Policy approved by Executive on 25th September 2006, this working balance will be monitored as part of the budget setting process to ensure that the minimum working balance does not fall below 10% of the Budget Requirement.

The Annual Audit and Inspection Letter 2004/05 highlighted that the Housing Revenue Account (HRA) balance in pounds per dwelling was in the lower quartile for District Councils (this position remains unaltered for the 2005/06 accounts). In order to move towards a higher figure per property, the Council should seek to maintain a minimum working balance of £1 million.

Timetable

A detailed timetable for compiling the budgets for 2009/10 – 2011/12 is attached to this strategy. The timetable is designed to inform Members and Officers of key dates and activities throughout the budget process. In addition, the Senior Management Team will be considering efficiencies and budget related items at various meetings throughout the year.

BUDGET TIMETABLE 2008/09

MONTH	DATE	MEETING	REPORTS TO CONSIDER
JUNE	17th	Cabinet	➤ Budget Strategy 2008/09 and timetable
	25th	Council	<ul style="list-style-type: none"> ➤ Annual Efficiency Statement Backward Look 2007/08 ➤ Annual Governance Statement ➤ Provisional Accounts for 2007/08 ➤ Annual Treasury Management Report 2007/08
JULY	8th		➤ Deadline for submission of Annual Efficiency Statement Backward Look 2007/08
	14th	Executive	➤ Budget Strategy 2008/09 and timetable
	22nd	Scrutiny	➤ Budget Strategy 2008/09 and timetable
	29th	Cabinet	➤ Inform Cabinet of any Scrutiny feedback re Budget Strategy before Council report is written
AUGUST	1st		➤ Issue Revenue / Capital Budget Bid Applications and strategy for identifying potential savings
	4th	Executive	<ul style="list-style-type: none"> ➤ Inform Cabinet of any Scrutiny feedback re Budget Strategy before the Council report is submitted ➤ Quarterly Budget Monitoring (<i>incl Arrears, Borrowing and Investments</i>)
	19th	Scrutiny	➤ Quarterly Budget Monitoring (<i>incl Arrears, Borrowing and Investments</i>)
	20th	Council	➤ Budget Strategy 2008/09 and timetable

MONTH	DATE	MEETING	REPORTS TO CONSIDER
SEPTEMBER	30th		➤ Deadline for return of Revenue / Capital Budget Bids
OCTOBER	1st – 14th		➤ Evaluate Revenue / Capital Budget Bids
	7th	Cabinet	➤ Half Year Budget Review <i>(incl Arrears, Borrowing and Investments)</i>
	22nd	Council	➤ CSR07 report – mid year
	27th	Executive	➤ Half Year Budget Review <i>(incl Arrears, Borrowing and Investments)</i>
	28th	Scrutiny	➤ Half Year Budget Review <i>(incl Arrears, Borrowing and Investments)</i>
NOVEMBER	1st		➤ Submission of CSR07 savings target.
	11th	Cabinet	➤ Draft General Fund Budget 2008/09 <i>(including full details of all bids and savings)</i> ➤ Fees and Charges
DECEMBER	1st	Letter to DCC	➤ Collection Fund Surplus / Deficit
	1st	Executive	➤ Draft General Fund Budget 2008/09 <i>(including full details of all bids and savings)</i> ➤ Fees and Charges
	10th	Scrutiny	➤ Draft General Fund Budget 2008/09 <i>(including full details of all bids and savings)</i> ➤ Fees and Charges

MONTH	DATE	MEETING	REPORTS TO CONSIDER
JANUARY	6th	Cabinet	<ul style="list-style-type: none"> ➤ Proposed General Fund Budget <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Housing Revenue Account <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Capital Programme <i>(incl Revised Budget 2008/09)</i> ➤ Schedule of Fees and Charges
	21st	Council	<ul style="list-style-type: none"> ➤ Council Tax Base ➤
	26th	Executive	<ul style="list-style-type: none"> ➤ Proposed General Fund Budget <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Housing Revenue Account <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Capital Programme <i>(incl Revised Budget 2008/09)</i> ➤ Schedule of Fees and Charges
	28th	Scrutiny	<ul style="list-style-type: none"> ➤ Proposed General Fund Budget <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Housing Revenue Account <i>(incl Revised Budget 2008/09)</i> ➤ Proposed Capital Programme <i>(incl Revised Budget 2008/09)</i> ➤ Schedule of Fees and Charges
FEBRUARY	3rd	Cabinet	<ul style="list-style-type: none"> ➤ Inform Cabinet of any Scrutiny feedback re final budget proposals before the Council report is submitted
	3rd	Ratepayers Consultation	<ul style="list-style-type: none"> ➤ Budget proposals ➤ NNDR Empty Property Relief changes
	4th	Council	<ul style="list-style-type: none"> ➤ Members Allowances 2009/10 ➤ General Fund Budget ➤ Housing Revenue Account ➤ Capital Programme ➤ Fees and Charges
MARCH	2nd	Council	<ul style="list-style-type: none"> ➤ Council Tax 2009/10
	18th	Council	Treasury Management Strategy 2009/10

