

Committee:	Executive	Agenda Item No.:	13.
Date:	13th July 2009	Status	Open
Category	3. Part of the Budget and Policy Framework		
Subject:	Budget Strategy 2010/11 to 2012/13		
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.

1. The preparation of a comprehensive and robust budget strategy is an essential element of good financial management.
2. A draft Budget Strategy is attached as Appendix 1 to this report and covers the period 2010/11 to 2012/13. 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.
3. The Budget Strategy emphasises the need for robust systems for receiving bids for new developments and a strategy for identifying areas of potential savings.

4. The focus of the budget process will be heavily weighted to the generation of savings. This is based on the 2009/10 budget containing the following:

	General Fund Savings Target £	HRA Savings Target £	BDC Efficiency Target £
GF - Efficiency Savings	450,000		
GF - Vacancy factor	355,000		
HRA - Efficiency Savings		175,000	
HRA - Vacancy factor		100,000	
Funding from reserves	310,380		
<b>TOTAL</b>	<b>1,115,380</b>	<b>275,000</b>	<b>1,266,000</b>

5. Potential savings fall into 2 distinct categories:

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

Pure economic savings that do not qualify as efficiency savings:

- Reductions in services or budgets
- Increase in the actual fees and charges levied
- Introduction of new charges for services provided
- Increases in the total amount of income collected due to improvements in the economic climate

6. In addition to considering potential savings and bids for additional funds, Officers and Members will scrutinising and challenging 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.
7. This report will be considered by the Scrutiny Committee on July 14<sup>th</sup>. The comments of the Scrutiny Committee will be brought to Cabinet on July 21<sup>st</sup> prior to its presentation to Council on August 12<sup>th</sup>.
8. Members are requested to consider, comment on and approve the Budget Strategy so that the budget process can commence and Officers and Members can prepare for the key stages.

## **ISSUES FOR CONSIDERATION**

9. The timetable has been developed to include:
  - SMT dates for consideration of the reports to show the completeness of the reporting process
  - Additional Scrutiny meeting on 2<sup>nd</sup> February added to the meeting schedule to accord with previous practice
10. The content of the budget reports in year will seek to be developed to include more performance and finance links to enhance Members considerations.
11. Scrutiny, via the PPMGs, is actively considering various aspects of the budget. The reporting timetable for this work is:
  - their findings will be concluded at their meetings in September (week commencing 21<sup>st</sup>)
  - potential public consultation via the citizens panel / “Ask Derbyshire” in September
  - reported to the Scrutiny Committee on 13<sup>th</sup> October
  - reported to Executive on 2<sup>nd</sup> November.
12. These new arrangements with the PPMGs gives opportunity for feedback from Executive to the Scrutiny members via the PPMGs in December (week commencing 14<sup>th</sup>) and in January (week commencing 25<sup>th</sup>). This will extend the time that Scrutiny members have to consider budget proposals prior to the Scrutiny Committee on 2<sup>nd</sup> February when the formal budget report is presented.
13. Public consultation about the budget needs to be enhanced. Currently the main formal theme of consultation is the statutory event with the business community. It is proposed that the budget consultation be expanded for 2009/10 to include:
  - A meeting take place in each of the 4 main conurbations – Bolsover, Shirebrook, Clowne and South Normanton
  - This is to link into known contacts with the business sector (Clowne Business forum, Biz Fizz, Junction 28 contacts etc)
  - Use of the public via citizen panel in September / November
  - Consultation with the parish / town councils via the meetings already scheduled
  - Online consultation using the “Ask Derbyshire” facility linked to the work done on the citizen panel
14. The consultation in future years will be reviewed annually to ensure it remains appropriate and consistent with other Council consultation taking place to avoid consultation fatigue.

## **IMPLICATIONS**

Financial : None at this stage.  
Legal : None at this stage.  
Human Resources : None at this stage.

## **RECOMMENDATION**

**That the Council's Budget Strategy for 2010/11 to 2012/13 be considered and in accordance with the Budget and Policy Framework be forwarded through 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 2010/11 to 2012/13**

### **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

The Corporate Plan provides full details of the priorities and targets that support these aims.

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 2010/11 – 2012/13 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 2010/11. 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 provides a significant challenge for local government finance.

### **Efficiency Agenda**

Within CSR07 was the change from Gershon Efficiency Savings to expectations of 3% cashable efficiency savings each year. In addition the Government's Budget statements earlier this year indicated that for 2010/11 the efficiency target would be increased by 1%.

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 continue to develop and monitor 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, increases in costs associated with in energy, the impacts from the downturn in the economy 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 has been undertaking a Best Value Review of Discretionary Services and Charging Policies. Phase 1 of the reviews is now almost complete. The original consideration of this work outlined other areas for review once phase 1 was completed. 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 31<sup>st</sup> March 2009, the Council has over £4 million in Reserves. A report to Executive on 25<sup>th</sup> 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 31<sup>st</sup> March 2009) is £1.5 million. In accordance with the Reserves Policy approved by Executive on 25<sup>th</sup> 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. As at 31<sup>st</sup> March 2009 the balance is £850,000.

## **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 2009/10

DATE	MEETING	REPORTS TO CONSIDER
<b>JUNE</b>		
<b>23<sup>rd</sup></b>	<b>Cabinet</b>	➤ Budget Strategy 2010/11 onwards and timetable for 2009/10
<b>29<sup>th</sup></b>	<b>Audit Committee</b>	➤ Annual Governance Statement ➤ Provisional Accounts for 2008/09
<b>30<sup>th</sup></b>	<b>Council</b>	➤ Provisional Accounts for 2008/09 (incl summary of the Annual Governance Statement) ➤ Annual Treasury Management Report 2008/09
<b>JULY</b>		
<b>13<sup>th</sup></b>	<b>Executive</b>	➤ Budget Strategy 2010/11 onwards and timetable for 2009/10
<b>14<sup>th</sup></b>	<b>Scrutiny</b>	➤ Budget Strategy 2010/11 onwards and timetable for 2009/10
<b>21<sup>st</sup></b>	<b>Cabinet</b>	➤ Inform Cabinet of any Scrutiny feedback re Budget Strategy before Council report is considered
<b>23<sup>rd</sup></b>	<b>SMT</b>	➤ 1 <sup>st</sup> Quarter Performance & Budget Monitoring ( <i>incl Arrears, Borrowing and Investments</i> )
<b>AUGUST</b>		
<b>3<sup>rd</sup></b>		➤ Issue Revenue / Capital Budget Bid Applications and strategy for identifying potential savings
<b>10<sup>th</sup></b>	<b>Executive</b>	➤ 1 <sup>st</sup> Quarter Performance & Budget Monitoring ( <i>incl Arrears, Borrowing and Investments</i> )
<b>11<sup>th</sup></b>	<b>Scrutiny</b>	➤ 1 <sup>st</sup> Quarter Performance & Budget Monitoring ( <i>incl Arrears, Borrowing and Investments</i> )



<b>DATE</b>	<b>MEETING</b>	<b>REPORTS TO CONSIDER</b>
<b>12<sup>th</sup></b>	<b>Council</b>	➤ Budget Strategy 2010/11 onwards and timetable for 2009/10
<b>SEPTEMBER</b>		➤ PPMGs public consultation via Citizens panel / "Ask Derbyshire"
<b>30<sup>th</sup></b>		➤ Deadline for return of Revenue / Capital Budget Bids
<b>OCTOBER</b>		
<b>1<sup>st</sup> – 14<sup>th</sup></b>		➤ Evaluate Revenue / Capital Budget Bids
<b>13<sup>th</sup></b>	<b>Scrutiny</b>	➤ PPMGs report on budget scrutiny undertaken
<b>15<sup>th</sup></b>	<b>SMT</b>	➤ Half Year Budget and Performance Review ( <i>incl Arrears, Borrowing and Investments</i> )
<b>27<sup>th</sup></b>	<b>Cabinet</b>	➤ Half Year Budget and Performance Review ( <i>incl Arrears, Borrowing and Investments</i> )
<b>NOVEMBER</b>		➤ Submit of CSR07 savings target. ➤ Public consultation via Citizens panel / "Ask Derbyshire"
<b>2<sup>nd</sup></b>	<b>Executive</b>	➤ Half Year Budget and Performance Review ( <i>incl Arrears, Borrowing and Investments</i> ) ➤ PPMG / Scrutiny report on results from budget scrutiny
<b>10<sup>th</sup></b>	<b>Scrutiny</b>	➤ Half Year Budget and Performance Review ( <i>incl Arrears, Borrowing and Investments</i> )
<b>17<sup>th</sup></b>	<b>Cabinet</b>	➤ Draft General Fund Budget 2009/10 ( <i>including full details of all bids and savings</i> ) ➤ Fees and Charges
<b>30<sup>th</sup></b>	<b>Executive</b>	➤ Draft General Fund Budget 2009/10 ( <i>including full details of all bids and savings</i> ) ➤ Fees and Charges

<b>DATE</b>	<b>MEETING</b>	<b>REPORTS TO CONSIDER</b>
<b>DECEMBER</b>		
<b>1<sup>st</sup></b>	<b>Letter to DCC</b>	➤ Collection Fund Surplus / Deficit
<b>7<sup>th</sup></b>	<b>Scrutiny</b>	➤ Draft General Fund Budget 2009/10 (including full details of all bids and savings) ➤ Fees and Charges
<b>7<sup>th</sup></b>	<b>Parish Council Liaison</b>	➤ Budget Consultation
<b>14<sup>th</sup> to 18<sup>th</sup></b>	<b>PPMGs</b>	➤ Budget feedback
<b>JANUARY</b>		
<b>5<sup>th</sup></b>	<b>Cabinet</b>	➤ Proposed General Fund Budget (incl Revised Budget 2009/10) ➤ Proposed Housing Revenue Account (incl Revised Budget 2009/10) ➤ Proposed Capital Programme (incl Revised Budget 2009/10) ➤ Schedule of Fees and Charges
<b>11<sup>th</sup> to 22<sup>nd</sup></b>	<b>Ratepayers Consultation</b>	➤ Enhanced consultation with business ratepayers
<b>13<sup>th</sup></b>	<b>Council</b>	➤ Council Tax Base
<b>25<sup>th</sup> to 29<sup>th</sup></b>	<b>PPMGs</b>	Budget feedback
<b>FEBRUARY</b>		
<b>1<sup>st</sup></b>	<b>Executive</b>	➤ Proposed General Fund Budget (incl Revised Budget 2009/10) ➤ Proposed Housing Revenue Account (incl Revised Budget 2009/10) ➤ Proposed Capital Programme (incl Revised Budget 2009/10) ➤ Schedule of Fees and Charges

<b>DATE</b>	<b>MEETING</b>	<b>REPORTS TO CONSIDER</b>
<b>2<sup>nd</sup></b>	<b>Scrutiny</b>	<ul style="list-style-type: none"> <li>➤ Proposed General Fund Budget (<i>incl Revised Budget 2009/10</i>)</li> <li>➤ Proposed Housing Revenue Account (<i>incl Revised Budget 2009/10</i>)</li> <li>➤ Proposed Capital Programme (<i>incl Revised Budget 2009/10</i>)</li> <li>➤ Schedule of Fees and Charges</li> </ul>
<b>9<sup>th</sup></b>	<b>Cabinet / Labour Group</b>	<ul style="list-style-type: none"> <li>➤ Inform Cabinet of any Scrutiny feedback re final budget proposals before the Council report is considered</li> </ul>
<b>10<sup>th</sup></b>	<b>Council</b>	<ul style="list-style-type: none"> <li>➤ General Fund Budget</li> <li>➤ Housing Revenue Account</li> <li>➤ Capital Programme</li> <li>➤ Fees and Charges</li> </ul>
<b>MARCH</b>		
<b>1<sup>st</sup></b>	<b>Council</b>	<ul style="list-style-type: none"> <li>➤ Council Tax 2010/11</li> </ul>
<b>APRIL</b>		
<b>14<sup>th</sup></b>	<b>Council</b>	<ul style="list-style-type: none"> <li>➤ Treasury Management Strategy 2010/11</li> </ul>