

Corporate Scrutiny Sub-Committee

29th May 2007



Budget & Medium Term Financial Plan 2008/9 – 2010/11 Budget Monitoring and Forecast Outturn 2007/8 Work Programme KEY DECISION CORP/TR/02/07

Report of Stuart Crowe, County Treasurer [Cabinet Portfolio Member for Resources, Councillor John Lethbridge]

Purpose of the Report

- 1 The purpose of the report is to –
 - Propose a process and an outline timetable for the production of the 2008/9 Budget and the Medium Term Financial Plan (MTFP) for 2008/9 – 2010/11.
 - Propose the framework for budget monitoring through 2007/8 and for forecasting the 2007/8 outturn.

Background

- 2 The County Council has a well established MTFP, taking a view of the revenue account and capital budget. In 2007 the County Council expects to receive from Government a three year financial settlement and this will enable more detailed planning to be undertaken.
- 3 A timetable needs to be agreed for the production of the revenue and capital budgets and MTFP taking into account -
 - A review of Council priorities.
 - The targets of the Local Area Agreement.
 - A review of progress during the current year.
 - Member decision making and scrutiny.
 - Consultation requirements.
 - Government announcements.
 - Annual efficiency Statements (Gershon).
 - Comprehensive Performance Assessment Framework (CPA).

Process

- 4 A proposed detailed timetable is shown in Appendix 2.

Budget and MTFP

- 5 The MTFP agreed by the County Council on 20th February 2007 identified a timetable to find a further £19.5m of savings for 2008/9 and £12.5m for 2009/10.
- 6 Our strategic approach to identifying savings is outlined in our strategic and financial planning cycle. This is supported by:
- **Scrutiny** of the Budget and MTFP via Corporate Management Team, Cabinet, Overview and Scrutiny and external consultation.
 - **Challenge** through areas such as Best Value Performance Indicator and Key Performance Indicator analysis, audit commission profiles and external inspections.
 - **Efficiency and Improvement Steering Group** which coordinates our efficiency programme through Gershon, Best Value, procurement and other business process reengineering projects.
 - **Management of the Council's property** through the asset management plan.
- These give focus on understanding value for money and instigate actions in areas highlighted for improvement.
- 7 This process is outlined in the timetable and is to be completed by 19th July. This will allow a period of consultation on the draft proposals and our priorities which will enable a budget for 2008/9 to be proposed in September / October 2007.
- 8 A consultation plan will be drawn up to ensure appropriate consultation with key stakeholders, local people and businesses. This will include a period of wide and detailed consultation during November in line with last years "Have your say" process. This reflects the need to consult on proposals before setting the budget, and ensures that the budget is based on robust estimates.
- 9 The Government's spending review (CSR07) is expected to be announced in the Autumn and our draft 3 year settlement should be received in early December. All indications are that the next three years will see settlements much lower than in the previous periods and that Councils will have to rely on efficiencies to deliver increased Government expectations before taking into account their own investment aspirations.
- 10 The MTFP will be completed by outlining plans for 2010/11 once there is certainty over the budget year in terms of growth, savings and resources. This work will take place in December and January.
- 11 During January and early February the budget and MTFP proposals will be finalised. Cabinet will take final decisions informed by the views of consultees and the final grant settlement.

- 12 It is proposed that at regular intervals through the budget process, "Budget Briefings" will continue to take place between Portfolio Holders (Resources and Services), Scrutiny, Chief Officers and the County Treasurer.
- 13 In addition, Overview and Scrutiny Committee will need to programme its approach around this timetable. Any further requirements will need to be factored into the timetable. The County Treasurer will work closely with Scrutiny to help meet their needs.
- 14 In July 2007 the outcome of consultation by the Government on the Council Council's proposal for Unitary Government in Durham will be known. It is possible that by April 2008 a new shadow authority will have been established and by April 2009 a new authority will be in place. These changes will clearly impact on the MTFP and will need to be factored into our planning as decisions are made.
- 15 As usual the process needs some degree of flexibility to reflect such things as Government announcements being later than expected. Nevertheless previous experience has proved the value of agreeing a timetable at this stage which can, if necessary, be subject to change.

Budget Monitoring through 2007/8

- 16 The revenue and capital budget will be monitored on a monthly basis by each of the services and reviewed centrally by the County Treasurer and reported to Corporate Management Team (CMT).
- 17 Reports will be presented to Cabinet on a quarterly basis for year to June, September, November (this is a two month period but facilitates the incorporation of this revised estimate into the budget process) and March. These reports will provide a full analysis of the following items:
 - Balanced Scorecard and Key Performance indicators;
 - Efficiency;
 - Revenue budget;
 - Capital budget;
 - Balance sheet and cash flow;
 - Savings identified in 2006/7 budget;
 - Contingencies;
 - Prudential Code;
 - Treasury Management;
 - Risk Management.
- 18 At the quarter end of September and November revised estimates of outturn will also be reported to Cabinet. **Budget revisions will not take place at any other time during 2007/8.**
- 19 In line with the Constitution, as part of this process we will also be seeking approval for the use of unspecified contingencies. This will be necessary to approve spending on items not specifically provided for in the detailed budget.

- 20 These reports will be prepared for each service as well as the County Council as a whole and will continue to be subject to a “Budget Briefing” review which will take place after Cabinet Briefing but before Cabinet.

Recommendation

- 21 It is recommended that:
- the proposed work programme and timetable is agreed;
 - the need for extended consultation is agreed.

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21st May 2007
p/reports/dct05-07

Appendix 1: Implications

Finance

No direct consequences, but provides the basis for decisions on the Budget for 2008/09 and the Medium Term Financial Plan.

Staffing

None

Equal opportunities

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities

None

Young people

None

Consultation

The budget process comes under closer scrutiny each year and time needs to be made available to consult widely on all proposals.

Appendix 2: Timetable

		MTFP	Budget	Priorities	Budget Monitoring Quarterly	Budget Monitoring Monthly
	2007					
Wednesday	06 June				Cabinet Briefing – Q4 2006/7	
Tuesday	12 June	Cabinet Briefing (TBA) - Reviews Draft MTFPv3				
Tuesday	19 June				Budget Briefing (TBA) Q4	
Thursday	21 June				Cabinet - Q4 2006/7	
Tuesday	26 June	Cabinet Briefing - Reviews draft MTFPv4		Cabinet Briefing - reviews priorities v2		
Thursday	28 June				County Council - approves Accounts	
Thursday	05 July	Labour Group reviews draft MTFPv5		Labour Group review priorities v3		
Thursday	19 July	Cabinet - agrees MTFPv6 for consultation		Cabinet - agrees Priorities v4 for consultation		
Tuesday	24 July				Cabinet Briefing - Q1 2007/8 Finance Section	
Tuesday	31 July	MTFPv6 Budget Briefing (TBA)		Priorities v4 Budget Briefing (TBA)		
Monday	06 August	MTFPv6 Consultation with TUs and NNDR		Priorities v4 Consultation with TUs and NNDR		
Tuesday	14 August				Budget Briefing (TBA) - Q1 2007/8	
Thursday	16 August				Cabinet - Q1 2007/8	

		MTFP	Budget	Priorities	Budget Monitoring Quarterly	Budget Monitoring Monthly
Monday	03 September	MTFPv6 consultation with Citizens Panel		Priorities v4 consultation with Citizens Panel		
Tuesday	18 September	Cabinet Briefing agrees draft MTFPv7		Cabinet Briefing agrees Priorities v5		
Thursday	11 October	Cabinet Agrees MTFPv8		Cabinet agrees Priorities v6		
Tuesday	16 October		Cabinet Briefing - Draft Budget v2			
Wednesday	24 October		Labour Group - Draft Budget v3			
Thursday	25 October		Budget Briefing (TBA) - Draft Budget v3			
Thursday	01 November		Cabinet - agree draft budget v3 for wide consultation - papers issued to consultees			
Tuesday	06 November				Cabinet Briefing - Q2 Finance Section	
Monday	26 November		Budget v2 Consultation with TUs NNDR and Citizens Panel			
Tuesday	27 November				Budget Briefing (TBA) - Q2	
Thursday	29 November				Cabinet - Q2	
Friday	30 November		Budget v2 consultation closes			
Monday	03 December		Settlement received from Government			

		MTFP	Budget	Priorities	Budget Monitoring Quarterly	Budget Monitoring Monthly
Tuesday	04 December		Cabinet Briefing - update no papers on Consultation response			
Wednesday	02 January				Cabinet Briefing - Q3 (Nov) Finance Section 2007/8	
Tuesday	15 January	Cabinet Briefing (TBA) agrees final draft MTFP	Cabinet Briefing (TBA) agrees final draft budget			
Monday	21 January	Draft final MTFP consultation with TUs NNDR and Citizens Panel	Draft Final Budget consultation with TUs NNDR and Citizens Panel			
Thursday	31 January	Cabinet agrees MTFP (TBA)	Cabinet agrees budget (TBA)		Cabinet - Q3 Finance Section (TBA)	
Tuesday	19 February				Budget Briefing - Q3 Finance & performance (TBA)	
Thursday	21 February				Cabinet - Q3 Finance & performance	
Tuesday	26 February	County Council - to agree MTFP	County Council - to agree Budget			