

Subject: Establishment of Policy and
Budget Review Panels

Status: For Publication

Report to: The Cabinet

Date: 7th June 2006

Report of: Executive Director of Resources

Portfolio

Holder: Leader of the Council
Finance and Risk Management

Key Decision:

NO

Forward Plan
Relevant Box

General Exception

Special Urgency

"X" In

1. PURPOSE OF REPORT

- 1.1 To seek approval from the Cabinet for a series of policy and budget reviews of the Council's various services as part of the process of preparing the budget for 2007/08 and strengthening the Council's approach to priority based budgeting.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report could potentially impact on all the corporate priorities as the proposals are intended to ensure a member led setting of priorities for resource allocation at a more detailed level than has previously been possible.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 There are no risk issues for members to consider arising from the specific proposals contained in this report.

4. BACKGROUND AND OPTIONS

- 4.1 Having set the budget for 2006/07 within the boundaries set out in the Medium Term Financial Strategy it is important that the Council now begins to plan its budgets for the coming years in an ordered and systematic way. This report sets out a process for achieving this and ensuring the process is driven by the Cabinet, who constitutionally are responsible for putting budget proposals to the Council..

- 4.2 It is worth before proceeding reminding members of the future financial position set out in the Financial Strategy. This highlights savings requirements before growth, as shown in the table below assuming a 3% increase in Council Tax.

	2007/08 £000	2008/09 £000	2009/10 £000
Forecast Budget Requirement	11,295	11,799	12,246
Headroom for Growth	0	0	0
Requirement for Savings	-117	-197	-251
Forecast Resources	11,178	11,485	11,798

- 4.3 It must be emphasised that these figures are relatively crude estimates and that they do not represent any sort of budget proposal. However, they do represent an appropriate guide for planning purposes.
- 4.4 In the context of the Council's overall change programme it is important that future budgets continue to direct resources into the Council's highest priorities and to sustaining the improvement journey. This means that the Council must do more than simply balance the budget in the way set out above. Savings in excess of the figures indicated will need to be made in order to ensure that resources can continue to be directed to service improvement.
- 4.5 In order to ensure that resources are effectively directed towards the Council's overall priorities it is necessary to review in some detail how the current budget delivers against the priorities. Clearly it is important that this process involves elected members, and that any review is completed prior to the heat of the budget process, with any decisions flowing from the review being progressed through the appropriate channels over the autumn.
- 4.6 To facilitate this it is proposed to hold a series of Policy and Budget Review Panels over the summer period. A panel will be held covering each of the Council's 9 Service Units. The panels will comprise:

Corporate	Service
Leader of the Council	Portfolio Holder
Portfolio Holder for Finance and Risk Management (or Deputy Leader where services in this portfolio are under review)	Head of Service
Independent Member	Service Accountant
Chief Executive	Service Manager(s), depending upon service area
Deputy Chief Executive (if in post)	
Executive Director of Resources	

- 4.7 Composition of the Panel in this way will allow there to be a degree of challenge to the status quo, which is necessary if the process is going to deliver results which will be of benefit across the organisation going forward. It is intended to try to secure the participation of an independent member of the panel with a business background who may be able to lend a different perspective to the debates from those of members and officers steeped in the traditional local government ways of doing things.

- 4.8 The Panel will examine in detail each element of the revenue and capital budgets of each service, using information presented in a standardised fashion, including information on volumes of activity and performance. This information and the notes of the various meetings will be made available through the intranet. The objective of the Panel Meetings can be summarised as follows:

To review the elements of the budget of each of the Council's service units and determine whether spending is in line with the Council's priorities and make recommendations for consideration as to changes in resource levels, or policies for particular services.

- 4.9 The Panels are not decision making bodies. However, it is anticipated that the meetings will result in recommendations which can then be considered through the appropriate decision making and consultation processes. A formal report on the outcome of all the Panel meetings will be presented at the Cabinet meeting on 19th September 2006, with recommendations for action as appropriate.
- 4.10 Pursuing a process of this sort will allow the Council to complete a detailed review of the totality of the budget in the context of developing proposals for change which can be considered on the basis of their policy merits in relation to the Council's priorities, rather than financial expediency at any particular point in time. This will also allow greater scrutiny by members of individual proposals for change as they are developed through the Overview and Scrutiny system.
- 4.11 There are many different ways in which the Council could approach an exercise of this sort. For example a complete zero base budget review fully reconstructing the whole budget based on policy priorities could be undertaken. However, this would require additional costly external resource to ensure it could be delivered in any reasonable sort of timescale. Alternatively member led groups could look at elements of the budget in a thematic way, for example how the Council's resources impact on younger people. While such approaches can generate interesting results they require a considerable research and information base in terms of the impacts of policy on particular groups to deliver a successful outcome. While the Council's information base is developing it cannot yet support such an exercise, although an exercise such as this might be interesting as an approach for scrutiny of the Cabinet's budget proposals. The option suggested is preferred as it is deliverable within the Council's existing resources and information base and in a time scale which will fit in with the overall budget and policy planning timetable which is attached in diagrammatic form.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 The process outlined in this report allows the Cabinet to develop proposals over time for consideration by the wider Council which will align the allocation of resources more closely with priorities and also allow the Council to meet the targets set out in the Medium Term Financial Strategy in terms of bringing the level of Council Tax closer to the average.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 There are no specific legal issues arising from the proposals set out in this report.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 There are no immediate Human Resources implications arising from this report.

8. CONCLUSION

8.1 This exercise represents an important change and opportunity for the Council. This is an opportunity to be proactive in managing resources rather than continually reacting to grant settlements, and for the Council to begin to control and set its own agenda.

9. RECOMMENDATION(S)

9.1 The Cabinet are recommended to agree the process for Policy and Budget Reviews set out in this report with a view to reporting back to the meeting on 19th September 2006.

10. CONSULTATION CARRIED OUT

10.1 Chief Executive, Head of Finance, Leader of the Council, Portfolio Holder for Finance and Risk Management

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No background papers

Policy and Budget Planning Process and Timetable

