

BUDGET PROCESS

General

Any budget process is required to meet a number of key objectives, in particular:

- To meet priority objectives of the Council
- To aid longer term planning and resource allocation
- To produce a balanced budget – a statutory requirement of Local Government
- To produce a robust budget, including adequate reserves – a statutory requirement for the HoF to review/assess and report this to full Council when approving the overall budget
- To ensure key statutory requirements around consultation are met
- To ensure statutory requirements around equalities, and here in Wales, the Well-being & Futures Generation Act, are met

Budget planning and setting the annual budget is becoming increasingly challenging as a combination of reduced WG funding and demands on services require annual significant savings to be made.

In terms of equalities issues and the Future Generations Act requirement – the key point is to ensure that decision making around budgets and services are made and communicated and consulted with full knowledge of the implications around the Acts requirement - not the decision itself.

Strategic Approach

The Council has had a medium – term approach to budget planning for the last 7 years or so. It has enabled the potential of the estimation and identification of the 3 key elements of (i) funding (ii) budget pressures and investments (iii) savings over a 3-4-year, medium term period.

The approach over the last 2 years has also explicitly identified how the MTFP is affected by the Council's Risk Register and Financial Resilience position

A key weakness in our application of the MTFP has been the identification of longer term savings / budget pressures and explicitly identifying funding for Council priorities.

The new Corporate Plan has been very explicit in setting out these and the '20 promises by 2022' enables the link between the MTFP and budgets and these promises to be made. This will need to be done. Many of the promises do not require additional funding but a small number do. Finance colleagues have worked with services to identify what additional funding is required and will ensure these are built into the MTFP and budget process.

The Council has now established 4 strategic groups, around the 4 key themes of the Council – Resilience, Aspirational, Modernised & Thriving. These groups have been tasked with the identification and delivery of the key projects required to deliver key aspects of the Corporate Plan and the savings required to meet the budget challenge. The individual projects are more transformational and strategic relative to the more tactical savings, though these will also inevitably feature in future service / budget changes.

In terms of the Wellbeing and Future Generations Act, the key issues around the budget setting process is to explain and demonstrate how the goals and five ways of working were considered when making proposals and decisions. This is a key aspect of the service / budget change pro-forma as that allows us to demonstrate compliance with the requirement of the Act.

There is also a need to ensure that following the budget setting process we communicate with citizens and staff how the engagement process has impacted on the process, and how the final decisions will affect them.

Information

We are reviewing what detail is required when describing service / budget changes that are being proposed. The key is to ensure we fulfil our legal requirements and describe what impacts there will be on services provided and in all aspects, ensure proportionality.

Smaller savings / service changes will be easier to describe and to engage citizens if we simplify our current 'business case' pro-forma, in particular where there is very little or no impact on services. This will allow easier internal process, reporting and ensure focus is put to more appropriate service / budget changes.

Service areas are responsible for completing service / budget pro-forma's. In previous year's, the BIP team provided resources to ensure quality control and consistency but this resource has now been re-focussed and we are looking at what other level of peer review we could incorporate, as resources allow

Contingency and Achievability

In the current financial year – the Council has maintained its general contingency of £1.5m and it also has £2.2m allocated for budget overspend risks in out of county education/children's placements and Community Care budgets. The intention was to allocate this once plans were put in place to reduce current level of overspending – which is currently running at higher than the £2.2m

The Head of Finance has to confirm robustness of the overall budget and adequacy of reserves each year, when the overall budget is set by Council. For 2018/19, his report confirmed this but highlighted the need for underspending in 2 Council Tax related budgets, alongside the contingencies to enable a positive view on this. There is a need for service area budgets overspending in the above key areas to be brought down to ensure the overall budget remains robust and deliverable in the future.

The Council has a good track record in delivering savings. Heads of Service are responsible for ensuring they operate within their overall budget / cash-limit and the delivery of savings is crucial in this relation. It is monitored and reported to Senior Management and Cabinet Members on a monthly basis.